

# Investment Portfolio ICVC

**Annual Long Report for the year ended**  
31<sup>st</sup> October 2020



**Schroders**  
personalwealth

# Investment Portfolio ICVC

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## **The Company and Head Office**

Investment Portfolio ICVC  
1 London Wall  
London  
EC2Y 5EA

Incorporated in Great Britain under registered number IC000690. Authorised and regulated by the Financial Conduct Authority.

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## **Authorised Corporate Director (ACD), Alternative Investment Fund Manager (AIFM)\***

Scottish Widows Schroder Personal Wealth (ACD) Limited

*Registered Office:*

1 London Wall  
London  
EC2Y 5EB

*Correspondence Address:*

PO Box 560  
Darlington  
DL1 9ZB

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association.

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## **Investment Adviser\***

Schroder Investment Management Limited

*Registered Office:*

1 London Wall Place  
London  
EC2Y 5AU

*Correspondence Address:*

1 London Wall Place  
London  
EC2Y 5AU

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association.

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## **Depositary\***

State Street Trustees Limited

*Registered Office:*

20 Churchill Place  
Canary Wharf  
London  
E14 5HJ

*Correspondence Address:*

Quartermile 3  
10 Nightingale Way  
Edinburgh  
EH3 9EG

Authorised and regulated by the Financial Conduct Authority.

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## **Registrar\***

Link Fund Administrators Limited

65 Gresham Street  
London  
EC2V 7NQ

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## **Independent Auditors\***

PricewaterhouseCoopers LLP

Level 4  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

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\*The Company names and addresses form part of the Authorised Corporate Director's Report.

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\*Collectively, these comprise the Authorised Corporate Director's Report in accordance with the Financial Conduct Authority's (the "FCA") Collective Investment Schemes Sourcebook (the "COLL Sourcebook").

## About the Company

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Welcome to the Annual Long Report for the Investment Portfolio ICVC (the "Company") covering the year ended 31st October 2020 (the "Report"). The Authorised Corporate Director (the "ACD") and Alternative Investment Fund Manager (the "AIFM") of the Company is Scottish Widows Schroder Personal Wealth (ACD) Limited, a private company limited by shares which was incorporated in England and Wales on 11th December 2018. Its ultimate holding company is Scottish Widows Schroder Wealth Holdings Limited, which is incorporated in England and Wales.

From the period to 9th December 2019, the authorised corporate director of the company was Scottish Widows Unit Trust Managers Limited ("SWUTM"). SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc.

The Company is an Open-Ended Investment Company ("OEIC") with variable capital, incorporated in Great Britain under registration number IC000690 and is authorised and regulated by the Financial Conduct Authority (the "FCA") under regulation 12 of the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the "OEIC Regulations"), with effect from 7th August 2008.

Shareholders are not liable for the debts of the Company.

The Company is a non-UCITS retail scheme which complies with Chapter 5 of the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the "COLL Sourcebook") and the Investment Funds Sourcebook (the "FUND Sourcebook").

The Company is structured as an umbrella fund, in that the scheme property of the Company is currently divided among 11 sub-funds, each with different investment objectives. The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to the sub-fund. The investment objective, policies and a review of the investment activities during the year are disclosed in the Investment Markets Overview of the individual sub-funds. New sub-funds may be established from time to time by the ACD with the approval of the FCA and Depositary.

Each sub-fund would, if it were a separate investment company with variable capital, also be a non-UCITS retail scheme which complies with Chapter 5 of the COLL Sourcebook.

The assets of each sub-fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other sub-fund and shall not be available for such purpose.

Under the OEIC Regulations, the assets of each sub-fund can only be used to meet the liabilities of, or claims against, that sub-fund. This is known as segregated liability. Provisions for segregated liability between funds were introduced in the OEIC Regulations in 2012. Where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would recognise the segregated liability and cross-investments provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a sub-fund will always be completely protected from the liabilities of another sub-fund of the Company in every circumstance.

The Financial Statements have been prepared on an individual basis including the 11 sub-funds in existence during the year covered by this Annual Long Report, as permitted by the OEIC Regulations and the COLL Sourcebook.

The Report of the Authorised Corporate Director is defined as those items highlighted in the contents page in accordance with paragraph 4.5.9 of the COLL Sourcebook.

SPW's Value Assessment is available for review on SPW's website - [https://dl.spw.com/SPW\\_Assessment\\_of\\_Value\\_Report.pdf](https://dl.spw.com/SPW_Assessment_of_Value_Report.pdf)

During the year there have been a number of changes to the Company. These changes are detailed in the section Prospectus changes below.

### **Prospectus changes**

During the year and up to the date of this report, the following changes were made to the Company and therefore the following changes were reflected in the Prospectus of Investment Portfolio ICVC:

On 1st August 2020, the ACD reduced by 50 basis points the annual management charge on the A class shares for the Adventurous Solution, Balanced Solution, Cautious Solution, Defensive Solution, Discovery Solution, Dynamic Solution and Strategic Solution.

On 1st September 2020, the ACD reduced by 50 basis points the annual management charge on the A class shares for the Asset Allocator fund.

### **Important Information:**

A copy of the Prospectus is available on request.

### **Coronavirus**

Following the COVID-19 (Coronavirus) outbreak there has been an adverse impact on Global economies creating an on-going period of high volatility in financial markets. Given this uncertainty, the volatility could continue for a considerable amount of time. As the situation continues to evolve, so does the ACD's assessment of the risks facing the sub-funds and the Company as a whole, including impacts on our operations and supply chains and the degree to which these risks might crystallise.

### **Sub-fund cross-holdings**

As at 31st October 2020 there were no shares in sub-funds of the Investment Portfolio ICVC held by other sub-funds of the Company.

**Remuneration disclosures**

The Alternative Investment Fund Managers Directive (AIFMD) requires the annual report of an Alternative Investment Fund (AIF) to contain a remuneration disclosure. The requirements include, disclosing the total amount of remuneration paid by the Alternative Investment Fund Manager (AIFM) to its staff for the financial year, split into fixed and variable remuneration.

This section provides an analysis of remuneration awards made by Scottish Widows Schroder Personal Wealth (ACD) Limited ("SPW") to its AIFMD Identified Staff for SPW's financial year to 31st December 2019, together with an explanation of SPW's remuneration policies, structure and governance.

**Quantitative remuneration disclosure**

<b>Aggregate remuneration paid for the year ended 31st December 2019 to senior management and members of staff whose actions have a material impact on the risk profile of the AIFs (Identified Staff)</b>			
	<b>Senior management</b>	<b>Other members of staff with material impact</b>	<b>Total</b>
Fixed remuneration	£2,347,212	£584,538	£2,931,750
Variable remuneration	£3,609,400	£262,125	£3,871,525
Carried interest	-	-	-
<b>TOTAL</b>	<b>£5,956,612</b>	<b>£846,663</b>	<b>£6,803,275</b>
Number of Identified Staff <sup>1</sup>	10	4	14

<sup>1</sup>Excludes contractors as well as colleagues who receive remuneration in respect of their normal professional SPW activities only and do not receive any remuneration specifically in relation to A/FIA/FM activities. There are 5 additional individuals falling into this category.

Staff shown in the table above are employed by SPW in relation to activities relating to the management of AIFs/AIFMs and are subject to SPW remuneration policy. They also perform other SPW activities; no staff are directly employed by the AIFs/AIFMs. The investment management of the NURS funds for the year to 31st December 2018 was carried out by an external investment adviser, Aberdeen Asset Investments Limited (AAIL). This was also the case from 1st January to 21st November 2019, then Schroder Investment Management Limited took over management from 22nd November to 31st December 2019 and the fees paid for these services are disclosed in the external investment adviser fees table.

Some individuals are subject to more than one regulatory regime, e.g. AIFMD and CRD IV, therefore the enhanced CRD IV regulatory requirements such as clawback apply.

**Quantitative AIF/AIFM disclosure**

The table below shows the total net asset value of all funds the identified staff are responsible for, specifically highlighting the proportion of the assets related to the Scottish Widows Investment Portfolio ICVC.

As at 31st December 2019 the assets under management for all funds were as follows:		
	Net asset value £	% of total assets
Multi-Manager ICVC	5,681,801,648	43.60%
<b>Investment Portfolio ICVC</b>	<b>7,348,959,827</b>	<b>56.40%</b>
<b>Total: Schroders Personal Wealth</b>	<b>13,030,761,475</b>	<b>100.00%</b>

**External investment adviser fees**

The table below is a summary of the annual investment adviser fees paid to Schroder Investment Management for investment management services, for the year to 31st December 2019, specifically highlighting the proportion of the fees related to the Scottish Widows Investment Portfolio ICVC. Please note the impacted change from 22nd November above.

These fees are paid by Schroders Personal Wealth.

Annual investment adviser fees paid to Schroders Investment Management Limited for the year to 31st December 2019 were:		
	Fees £	% of total fees
Multi-Manager ICVC	134,037	44.29%
<b>Investment Portfolio ICVC</b>	<b>168,586</b>	<b>55.71%</b>
<b>Total: Schroders Personal Wealth</b>	<b>302,623</b>	<b>100.00%</b>

We only have December 2019 Investor fees given the movement from SWUTM to Schroders Personal Wealth on 9th December 2019.

### Quantitative remuneration disclosure (continued)

#### External investment adviser fees (continued)

Aberdeen Asset Investments Limited is subject to remuneration rules under Directive 2013/36/EU ("CRD IV") that are equally as effective as those applicable under the NURS regime. Staff employed by Aberdeen Asset Investments Limited who are "Identified Staff" for the purposes of the Guidelines published from time to time by the European Securities and Markets Authority are subject to remuneration rules commensurate with those which apply to Identified Staff of the NURS. Aberdeen Asset Investments Limited makes information on remuneration publicly available in accordance with the disclosure requirements.

#### Decision-making process for remuneration policy

SPW has a strong belief in aligning the remuneration delivered to SPW's executives with the successful performance of the business and, through this, the delivery of long-term, superior and sustainable returns to shareholders. It has continued to seek the views of shareholders and other key stakeholders with regard to remuneration policy and seeks to motivate, incentivise and retain talent while being mindful of the economic outlook. An essential component of SPW's approach to remuneration is the governance process that underpins it. This ensures that the policy is robustly applied and risk is managed appropriately.

The overarching purpose of the Remuneration Committee is to consider, agree and recommend to the Board an overall remuneration policy and philosophy for SPW that is defined by, supports and is closely aligned to its long-term business strategy, business objectives, risk appetite and values and recognises the interests of relevant stakeholders.

The remuneration policy governs all aspects of remuneration and applies in its entirety to all divisions, business units and companies in SPW, including wholly-owned overseas businesses and all colleagues, contractors and temporary staff. The Committee reviews the policy annually and pays particular attention to the top management population, including the highest paid colleagues in each division, those colleagues who perform senior management functions for SPW and Material Risk Takers (MRTs).

#### Governance and risk management

An essential component of the approach to remuneration is the governance process that underpins it. This ensures that the policy is robustly applied and risk is managed appropriately.

In addition to setting the overall remuneration policy and philosophy for SPW, the Remuneration Committee ensures that colleagues who could have a material impact on SPW's risk profile are provided with appropriate incentives and reward to encourage them to enhance the performance of SPW and that they are recognised for their individual contribution to the success of the organisation, whilst ensuring that there is no reward for excessive risk taking.

The Remuneration Committee appoints independent consultants to provide advice on specific matters according to their particular expertise. During the year, Mercer (part of the MMC SPW of companies) was the appointed adviser to the Remuneration Committee.

#### Composition of the Remuneration Committee

The SPW Remuneration Committee is made up of Lord Black well, Alan Dickinson, Stuart Sinclair, and Sara Weller.

#### Role of the relevant stakeholders

During 2019, the Committee has consulted extensively with a number of shareholders and key stakeholders, such as SPW's main regulators, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The Chairman of the Remuneration Committee has also met with SPW's recognised unions.

SPW conducts colleague surveys every six months to measure engagement and culture. The engagement survey includes specific questions relating to reward and discussions on SPW's remuneration approach takes place with union representatives during the annual pay review cycle and on relevant employee reward matters.

#### Link between pay and performance

SPW's approach to reward is intended to provide a clear link between remuneration and delivery of its key strategic objectives. To this end, the performance management process has been developed, with the close participation of SPW's Risk team, to embed performance measures across SPW's reward structure which are challenging and reflect SPW and divisional achievement in addition to personal contribution.

The use of a balanced scorecard approach to measure performance enables the Remuneration Committee to assess the performance of SPW and its senior executives in a consistent and performance-driven way. SPW's remuneration policy supports the business values and strategy, based on building long-term relationships with customers and colleagues and managing the financial consequences of business decisions across the entire economic cycle.

#### Design and structure of remuneration processes

When establishing the remuneration policy and associated frameworks, SPW is required to take into account its size, organisation and the nature, scope and complexity of its activities.

### Quantitative remuneration disclosure (continued)

#### Design and structure of remuneration processes (continued)

Remuneration is delivered via a combination of fixed and variable remuneration. Fixed remuneration reflects the role, responsibility and experience of a colleague. Variable remuneration is based on an assessment of individual, business area and SPW performance. The mix of variable and fixed remuneration is driven by seniority, grade and role. Taking into account the expected value of awards, the performance-related elements of pay make up a considerable proportion of the total remuneration package for Identified Staff, whilst maintaining an appropriate balance between the fixed and variable elements.

Remuneration for control functions is set in relation to benchmark market data to ensure that it is possible to attract and retain staff with the appropriate knowledge, experience and skills. An appropriate balance between fixed and variable compensation supports this approach. Generally, control function staff receive a higher proportion of fixed remuneration than other colleagues. Particular attention is paid to ensure remuneration for control function staff is linked to the performance of their function and independent from the business areas they control.

The information below summarises the different remuneration elements for Identified Staff.

#### Base salary

Base salaries are reviewed annually, taking into account individual performance and market information.

#### Benefits and all employee share plans

Core benefits for UK-based colleagues include pension, private medical insurance, life insurance and other benefits that may be selected through SPW's flexible benefits plan. Benefits can be amended or withdrawn in the following circumstances:

- to reflect a change to colleague contractual terms;
- termination of employment with SPW;
- to reflect a change of Reward Strategy/benefit provision;
- if the award would be inconsistent with any statutory or tax requirements.

#### Short-term variable remuneration arrangements

There is an annual discretionary bonus plan.

The plan is designed to reflect specific goals linked to the performance of SPW. The majority of colleagues participate in the plan.

#### Long Term Incentive Plan

SPW's long-term incentive plan for executives is dependent on the extent to which several measures from the business plan are achieved, including a mixture of strategic, financial and conduct metrics. The first year of the performance period is more highly weighted to the delivery of strategic or 'input' measures to reflect the need to transform our business. The second and third years of the performance period have a higher weighting towards financial performance or 'output'. Risk and conduct performance are considered throughout the three-year performance period.

#### Incentive Share Plan

The Incentive plan is a core part of the reward strategy and an important tool for aligning SPW's reward strategy to the long-term performance of the business.

Through the application of carefully considered, stretching target measures, SPW can ensure that awards are forfeited or restricted where performance does not meet the desired level.

The plan pays out in shares based on performance against SPW financial and other non-financial strategic targets measured over a three-year period. Shares are released in line with regulatory requirements and market practice.

#### Deferral, vesting and performance adjustment

For AIFMD Material Risk Takers, at least 40% of any bonus award will be deferred in equal proportions into a fund and as cash (note that this is still subject to approval). For all other colleagues, awards in excess of £40,000 will be deferred into a fund.

For all colleagues, any deferred variable remuneration amount is subject to performance adjustment (malus) in accordance with the Deferral and Performance Adjustment Policy.

## Statement of the Authorised Corporate Director's Responsibilities

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for the year ended 31st October 2020

The Financial Conduct Authority Collective Investment Schemes Sourcebook (the "COLL Sourcebook") requires the Authorised Corporate Director ("ACD") to prepare Financial Statements for each accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company and of its net revenue and the net capital gains/(losses) for the year.

In preparing the Financial Statements the ACD is required to:

- comply with the Prospectus, the Statement of Recommended Practice (IMA SORP) for Financial Statements of Authorised Funds issued in May 2014, the Instrument of Incorporation, United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- 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.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL Sourcebook, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of their knowledge and belief, there is no relevant audit information of which the auditors are unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the auditors are aware of that information.

The ACD is also responsible for the maintenance and integrity of the website on which the financial statements and auditors' report are published and distributed electronically. Please note that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Report of the Authorised Corporate Director

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In accordance with the requirements of the COLL Sourcebook as issued and amended by the Financial Conduct Authority, I hereby certify the Report on behalf of Scottish Widows Schroder Personal Wealth (ACD) Limited, the Authorised Corporate Director.



**Director**  
**Scottish Widows Schroder Personal Wealth (ACD) Limited**  
**25th February 2021**

# Statement of Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of the Investment Portfolio ICVC

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for the year ended 31st October 2020

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), 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;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out;
- the value of shares of the Company are calculated;
- 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 Company is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our 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 and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations, the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**State Street Trustees Limited**  
**25th February 2021**

# Independent Auditors' Report to the Shareholders of

## Investment Portfolio ICVC

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for the year ended 31st October 2020

### Report on the audit of the financial statements

#### Opinion

In our opinion, the financial statements of Investment Portfolio ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31st October 2020 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

Investment Portfolio ICVC (the "Company") is an Open Ended Investment Company ('OEIC') with 11 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Long Report (the "Annual Report"), which comprise: the Balance Sheets as at 31st October 2020; the Statements of Total Return; the Statements of Change in Net Assets Attributable to Shareholders for the year then ended; the Distribution Tables; the Summary of Significant Accounting Policies applicable to all sub-funds; and the notes to the financial statements for each of the sub-funds.

#### Basis for opinion

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

#### Independence

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

#### Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or any of the sub-funds' ability to continue as a going concern.

#### Reporting on other information

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

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

#### Report of the Authorised Corporate Director

In our opinion, the information given in the Report of the Authorised Corporate Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent Auditors' Report to the Shareholders of

## Investment Portfolio ICVC

(continued)

for the year ended 31st October 2020

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the Authorised Corporate Director for the financial statements*

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 6, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds 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 Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

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

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

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

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### **Opinion on matter required by the Collective Investment Schemes Sourcebook**

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

#### **Collective Investment Schemes Sourcebook exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Edinburgh**  
**25th February 2021**

## Summary of Significant Accounting Policies applicable to all sub-funds

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for the year ended 31st October 2020

### 1. Significant accounting basis and distribution policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (IMA) in May 2014; and the Collective Investment Schemes Sourcebook.

#### (b) Revenue

Dividend revenue from offshore reporting funds is recognised when the securities are quoted ex-dividend. Non-dividend revenue from offshore reporting funds is recognised when declared, and treated as revenue for taxation and distribution purposes.

Interest on deposits are recognised as earned. Revenue from debt securities is accounted for on an effective yield basis.

Revenue from other authorised collective investment schemes is recognised when the investments are quoted ex-dividend.

Where accumulation units or shares are held in another authorised collective investment scheme, the accumulation of revenue relating to the holding is recognised in the revenue account including any withholding taxes but excluding tax credits.

Equalisation on distributions received is deducted from the cost of the investment.

Revenue is allocated when earned in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

#### (c) Expenses

The underlying sub-funds may currently have up to five share classes; Class A, Class G, Class P, Class Q and Class X. Each share class suffers a different Authorised Corporate Director ("ACD") fee. Consequently the level of expenses attributable to each share class will differ.

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return. The only exception is interest on borrowing which is included in interest payable and similar charges in the Statement of Total Return.

The ACD's annual fee is charged to the revenue property of the respective sub-funds. Rebates are applied where ACD's fees are incurred by the underlying investments. Internal management fee rebates (rebates from Scottish Widows Schroder Wealth Holdings companies) are offset against the ACD's periodic charge, meaning in some circumstances the accrued ACD fee will be negative due to rebates received.

Where it is the policy of the underlying investment to charge its management fees to capital in determining its distribution, the Fund recognises such management rebates as capital within note 2 - Net capital gains/(losses) on an accruals basis. Otherwise the rebate is recognised as revenue on an accruals basis within note 3 - revenue, or note 4 - expenses if internal, and forms part of the distribution.

Expenses incurred in respect of, or attributable to, the sub-funds as a whole are allocated when incurred in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

#### (d) Distribution policy

The revenue from the sub-funds' investments accumulates during each accounting period. If revenue exceeds expenses during the period, the net revenue of the sub-funds is available for distribution (or re-investment) at share class level to the shareholders in accordance with the OEIC Regulations. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

#### (e) Taxation

Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses. UK dividend revenue is disclosed net of any related tax credit. Overseas dividends continue to be disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the taxation note.

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

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be taxable profits against which the reversal of underlying timing differences can be offset.

#### (f) Valuation of investments

The listed investments of the Company have been valued at market value on 31st October 2020 at (GMT) 12:00pm with the exception of the Solution Funds (Solutions funds consist of all Solutions funds referenced on the contents page). The Solution Funds have been valued at market value on 31st October 2020 at (GMT) 8:00am, excluding any accrued interest in the case of fixed interest securities. Market value is defined by the SORP as fair value, which is generally the bid value of each security. Where applicable, illiquid, unlisted, delisted, unapproved or suspended securities are based on the ACD's assessment of their fair value.

Open forward currency contracts are shown in the Portfolio Statement and are valued using contracted forward rates. The net gains/(losses) are reflected in "Forward currency contracts" in Net capital gains/(losses).

## Summary of Significant Accounting Policies applicable to all sub-funds

(continued)

for the year ended 31st October 2020

### 1. Significant accounting basis and distribution policies (continued)

#### (f) Valuation of investments (continued)

Open futures contracts are shown in the Portfolio Statement and are valued at their fair value as at balance sheet date. The fair value of long positions is the quoted bid price and fair value of short positions is the quoted offer price. The returns are either reflected in "Futures contracts" within Net capital gains/(losses) or are included within Revenue depending upon the nature of the transaction as per the accounting policy of derivatives (j).

For debt security investments where no independent price is readily available, an internal model price methodology is used. Credit spreads are often used as inputs into fair value modelling.

A review of all illiquid assets and prices obtained or calculated is conducted by the Investment Adviser on a monthly basis.

#### (g) Unquoted debt securities

In order to ensure that a fair value is recognised for unquoted or illiquid debt securities, there are primary, secondary and tertiary price sources in the first instance and an independent broker will be used if necessary. The primary, secondary and tertiary price sources are regularly compared with one another to ensure accuracy. A formal review is then carried out by the ACD which challenges the external valuation and includes consideration of the impact of any relevant movements in underlying variables such as:

- underlying movements in the relevant markets, for example credit spreads;
- how current transactions are being priced in the market;
- how the security is structured; and
- any supporting quantitative analysis as appropriate, for example with reference to Bloomberg or internal models.

Investments in collective investment schemes have been valued at the single price as at the last business day of the year.

Investments in other collective investment schemes have been valued at bid price for dual priced funds and at the single price for single priced funds as at the last business day of the year.

#### (h) Exchange rates

All transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates applicable at the end of the accounting year at the appropriate valuation point.

#### (i) Dilution adjustment

In certain circumstances (as detailed in the Prospectus) the ACD may charge a dilution adjustment on the creation or cancellation of shares, which is paid into the capital of the relevant sub-fund on an accruals basis. The adjustment is intended to cover certain dealing charges not included in the mid-market value of the sub-fund used in calculating the share price, which could have a diluting effect on the sub-fund.

#### (j) Equalisation

Equalisation only applies to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

#### (k) Derivatives

Some of the sub-funds may enter into permitted transactions such as derivative contracts or forward foreign currency contracts. The treatment of the returns from derivatives depends upon the nature of the transaction. Both motives and circumstances are used to determine whether returns should be treated as capital or revenue.

Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are capital and included within gains/(losses) on investments in the Statement of Total Return. Similarly where they are for generating or protecting revenue, and the circumstances support this, the returns are revenue and included within net revenue in the Statement of Total Return. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction. Any open positions in these types of transactions at the year end are included in the Balance Sheet at their mark to market value.

#### (l) Securities Financing Transactions

Please note there have been no Securities Financing Transactions, therefore no Securities Financing Transactions disclosure is presented.

### 2. Significant accounting judgements and estimates

The sub-funds make judgements and estimates when applying its significant accounting policies which affect the amounts of income and expenses recognised during the financial period and the amounts of assets and liabilities reported at the end of the financial period.

## Summary of Significant Accounting Policies applicable to all sub-funds

(continued)

for the year ended 31st October 2020

### 2. Significant accounting judgements and estimates (continued)

Estimates are continually assessed based on historical experience and other factors, including expectations of future events, in order to ensure they are reasonable under the circumstances.

#### (a) Judgements

In the process of applying the sub-funds' accounting policies, the ACD has not made any judgements which have a significant effect on the amounts recognised within the financial statements.

#### (b) Estimates

In the process of applying the sub-funds' accounting policies, the ACD has not made any estimates which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements.

### Investment Markets Overview

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for the year ended 31st October 2020

#### Investment Objective and Policy

To provide capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to shares, the remainder may provide exposure to a mix of asset classes (including, but not limited to, property assets and fixed interest securities) and absolute return strategies\*.

\*Absolute return strategies aim to provide positive returns regardless of market conditions.

At least 65% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 25% of the Fund may provide exposure to fixed interest securities. This may include sterling denominated and overseas high yield bond\*\* funds and sterling denominated and overseas investment grade bond\*\* funds. These may include corporate, government, covered bonds and index-linked bonds.

A maximum of 15% of the Fund may provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management). It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

\*\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

for the year ended 31st October 2020

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the fund began. The Fund is ranked at 5* because, based on simulated data, it would have experienced medium to high levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 23rd July 2020.</p>	<p>Typically lower rewards, lower risks</p> <p style="text-align: right;">Typically higher rewards, higher risks</p>							
	←	1	2	3	4	5	6	7

### Investment Review

Performance	01/11/19 to 31/10/20 %	16/09/19 to 31/10/19 %
Adventurous Solution A Accumulation	(11.24)	n/a

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

As the Fund was launched on 16th September 2019, there is insufficient data available to provide a useful indication of performance to investors for the year ended 31st October 2019.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -11.2% in the 12 months to 31st October 2020.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

**Portfolio Statement**

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (97.77%, 31/10/19 99.70%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen UK Property Feeder Unit Trust A Acc	199,455	258	1.88
BNY Mellon Insight Global Absolute Return Fund W Acc	670	1	0.01
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	75,704	428	3.12
Schroder Sterling Liquidity Fund X Inc†‡	2,690,597	2,691	19.60
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund A Acct	195,413	420	3.06
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	1,231,739	4,635	33.75
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	2,365,428	4,567	33.26
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	22,217	216	1.57
Vontobel Commodity Fund G GBP Acc	2,323	209	1.52
		13,425	97.77
<b>TOTAL FINANCIALS</b>		<b>13,425</b>	<b>97.77</b>
<b>DERIVATIVES (-1.08%, 31/10/19 0.02%)</b>			
<b>Forward Currency Contracts</b>			
Bought CHF485,000 for GBP410,714 Settlement 24/11/2020~		0	0.00
Bought EUR138,000 for GBP125,295 Settlement 24/11/2020		(1)	(0.01)
Bought JPY33,080,000 for GBP242,929 Settlement 24/11/2020		2	0.01
Bought USD263,000 for GBP202,275 Settlement 24/11/2020		1	0.01
Bought USD56,000 for GBP42,836 Settlement 24/11/2020		1	0.01
Bought USD1,306,000 for GBP1,010,900 Settlement 24/11/2020~		0	0.00
Sold CAD74,000 for GBP43,132 Settlement 24/11/2020~		0	0.00
Sold CHF172,000 for GBP145,561 Settlement 24/11/2020~		0	0.00
Sold EUR160,000 for GBP145,078 Settlement 24/11/2020		1	0.01
		4	0.03
<b>Futures Contracts</b>			
E Mini Russell 2000 Index Futures December 2020	5	(15)	(0.11)
EURO STOXX 50 Index Futures December 2020	8	(28)	(0.21)
FTSE 100 Index Futures December 2020	23	(88)	(0.64)
Mini TOPIX Index Futures December 2020	21	(6)	(0.04)
MSCI Emerging Markets Index Futures December 2020	10	8	0.06
S&P 500 E Mini Index Futures December 2020	4	(23)	(0.17)
		(152)	(1.11)
<b>TOTAL DERIVATIVES</b>		<b>(148)</b>	<b>(1.08)</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>13,277</b>	<b>96.69</b>
<b>Net other assets</b>		<b>455</b>	<b>3.31</b>
<b>Total net assets</b>		<b>13,732</b>	<b>100.00</b>

All holdings are in Collective Investment Schemes or represent securities quoted on a Listed Securities Market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

~The market value of the holding is below £500 and is therefore rounded down to £0.

†This investment is a related party (see note 11).

‡Cash equivalents.

◇Asset managed by the Investment Adviser.

## Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inc†‡	12,044	Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	15,568
FTSE 100 Index Futures June 2020	4,318	Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	11,443
MSCI Emerging Markets Index Futures June 2020	4,005	Schroder Sterling Liquidity Fund X Inc†‡	9,353
S&P 500 E Mini Index Futures June 2020	2,867	Aberdeen Standard UK Equity Index Managed Fund A Acc	8,724
S&P 500 E Mini Index Futures September 2020	2,694	Schroders Personal Wealth Multi-Manager UK Equity Income Fund A Acct	6,421
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	2,002	FTSE 100 Index Futures June 2020	4,405
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	1,641	MSCI Emerging Markets Index Futures June 2020	4,152
S&P 500 E Mini Index Futures December 2020	1,437	Russell Emerging Markets Equity Fund I Acc	3,065
iShares USD Corporate Bond UCITS#	1,381	S&P 500 E Mini Index Futures September 2020	2,632
FTSE 100 Index Futures December 2020	1,357	S&P 500 E Mini Index Futures June 2020	2,596

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure. The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 11).

‡Cash equivalents.

#Exchange Traded Fund.

◇Asset managed by the Investment Adviser.

**Comparative Table**

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>
<b>Share Class A - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	217.12	218.92
Return before operating charges*	(20.77)	(1.28)
Operating charges	(3.65)	(0.52)
Return after operating charges*	(24.42)	(1.80)
Distributions	(1.86)	(1.22)
Retained distributions on accumulation shares	1.86	1.22
Closing net asset value per share	192.70	217.12
*after direct transaction cost of:	0.01	0.00
<b>Performance</b>		
Return after charges^	(11.25)%	(0.82)%
<b>Other information</b>		
Closing net asset value (£000)	4,498	5,595
Closing number of shares	2,334,353	2,577,000
Operating charges#	1.80%	1.82%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	228.50	219.50
Lowest share price	162.30	212.50

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 14 which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>
<b>Share Class G - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	175.27	176.62
Return before operating charges*	(16.93)	(1.05)
Operating charges	(2.32)	(0.30)
Return after operating charges*	(19.25)	(1.35)
Distributions	(2.05)	(1.10)
Retained distributions on accumulation shares	2.05	1.10
Closing net asset value per share	156.02	175.27
*after direct transaction cost of:	0.01	0.00
<b>Performance</b>		
Return after charges	(10.98)%	(0.76)%
<b>Other information</b>		
Closing net asset value (£000)	9,234	11,473
Closing number of shares	5,918,817	6,545,700
Operating charges#	1.41%	1.32%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	184.60	177.10
Lowest share price	131.20	171.40

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class X - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	261.38	263.07
Return before operating charges*	(40.76)	(1.63)
Operating charges	(0.27)	(0.06)
Return after operating charges*	(41.03)	(1.69)
Distributions	-	(1.95)
Retained distributions on accumulation shares	-	1.95
Return to shareholder as a result of class closure	(220.35)	-
Closing net asset value per share	-	261.38
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(15.70)%	(0.64)%
<b>Other information</b>		
Closing net asset value (£000)	-	53,483
Closing number of shares	-	20,462,050
Operating charges#	0.23%	0.17%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	275.90	263.90
Lowest share price	196.40	255.50

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019 and closed on 24th April 2020.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

**Statement of Total Return**

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Income			
Net capital losses	2	(10,645)	(989)
Revenue	3	717	478
Expenses	4	127	44
Interest payable and similar charges		(1)	-
Net revenue before taxation		843	522
Taxation	5	(88)	(20)
Net revenue after taxation		755	502
<b>Total return before distributions</b>		<b>(9,890)</b>	<b>(487)</b>
Distributions	6	(769)	(505)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(10,659)</b>	<b>(992)</b>

**Statement of Change in Net Assets Attributable to Shareholders**

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>70,551</b>	-
Assets transferred from SW Investment Solutions Funds ICVC†	-	71,594
Amounts receivable on creation of shares	2,296	337
Less: Amounts payable on cancellation of shares	(48,621)	(891)
	(46,325)	(554)
Change in net assets attributable to shareholders from investment activities	(10,659)	(992)
Retained distributions on accumulation shares	165	503
<b>Closing net assets attributable to shareholders</b>	<b>13,732</b>	<b>70,551</b>

† This transaction involves a related party (see note 11).

Notes to the Financial Statements are on pages 22 to 29.

# Adventurous Solution

## Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		10,747	68,624
<b>Current assets</b>			
Debtors	8	58	94
Cash and bank balances	9	439	158
Cash equivalents‡		2,691	1,783
<b>Total assets</b>		<b>13,935</b>	<b>70,659</b>
<b>Liabilities</b>			
Investment liabilities		(161)	(51)
<b>Creditors</b>			
Bank overdrafts		(12)	(45)
Other creditors	10	(30)	(12)
<b>Total liabilities</b>		<b>(203)</b>	<b>(108)</b>
<b>Net assets attributable to shareholders</b>		<b>13,732</b>	<b>70,551</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current year and comparative period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 22 to 29.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital losses

The net capital losses during the year comprise:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Non-derivative securities	(10,706)	(1,001)
Futures contracts	(131)	16
Forward currency contracts	79	(17)
ACD's periodic charge rebates taken to capital	72	17
Fund of funds rebates taken to capital	1	-
Currency gains/(losses)	10	(4)
Transaction charges	(6)	-
Compensation~	36	-
Net capital losses*	<u>(10,645)</u>	<u>(989)</u>

\*Includes realised losses of £10,325,000 and unrealised losses of £320,000 (31/10/19: realised losses of £57,000 and unrealised losses of £932,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting period.

~Compensation received from Schroder Investment Management with regards to the trading error.

### 3. Revenue

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	494	434
Interest distributions	15	-
Offshore distributions	159	31
Fund of funds rebates	47	13
Windfall from project rose**	2	-
Total revenue	<u>717</u>	<u>478</u>

\*\*Current year figure relates to windfall received in relation to project rose to cover shortfall deficit.

### 4. Expenses

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge*	<u>(129)</u>	<u>(45)</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	<u>4</u>	<u>1</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**4. Expenses (continued)**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Other expenses:</b>		
Audit fee	10	1
Expense capping adjustment**	(12)	(1)
	(2)	-
Total expenses	(127)	(44)

Expenses include irrecoverable VAT.

\*The current year and prior period ACD charge is in a negative net rebate position as the internal rebates received are higher than the expenses inherent in the underlying holdings.

\*\*Relating to the reimbursement of non-ACD expenses by the ACD in excess of 0.02% of the Net Asset Value. This is a related party transaction. The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £9,750 (31/10/19 : £8,400).

**5. Taxation****(a) Analysis of charge in year:**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Corporation tax	78	20
Corporation tax prior year adjustment	10	-
Double tax relief	(3)	-
Irrecoverable overseas tax	3	-
Total taxation (note 5b)	88	20

**(b) Factors affecting total tax charge for the year:**

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue before taxation	843	522
Corporation tax of 20%	169	104
<b>Effects of:</b>		
Franked UK income*	(90)	(84)
Overseas non-taxable revenue*	(5)	(3)
Taxable income taken to capital	14	3
Irrecoverable overseas tax	3	-
Corporation tax prior year adjustment	10	-
Double tax relief	(3)	-
Income taxed in prior year	(10)	-
Total tax charge for year (note 5a)	88	20

\*As an authorised OEIC these items are not subject to corporation tax.

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

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current year or prior period.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Final	165	503
Add: Revenue deducted on cancellation of shares	616	3
Deduct: Revenue received on creation of shares	(12)	(1)
Net distribution for the year	769	505

*Details of the distributions per share are set out in the Distribution Tables on page 30.*

**7. Movement between net revenue and net distributions**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue after taxation	755	502
Tax charge on rebates taken to capital	14	3
Net distribution for the year	769	505

**8. Debtors**

	31/10/20 £000	31/10/19 £000
Sales awaiting settlement	46	-
Amounts receivable for issue of shares	3	-
Accrued revenue	-	1
Fund of funds rebates receivable	3	9
Income tax receivable	5	2
Expense capping adjustment receivable	1	-
Debtors from conversion	-	82
Total debtors	58	94

**9. Cash and bank balances**

	31/10/20 £000	31/10/19 £000
Cash and bank balances	15	53
Amounts held at futures clearing houses and brokers	424	105
Total cash and bank balances	439	158

**10. Other creditors**

	31/10/20 £000	31/10/19 £000
Amounts payable for cancellation of shares	-	31
Accrued expenses*	16	(38)
Corporation tax payable	14	19
Total other creditors	30	12

\*Prior period accrued expenses were in a negative net rebate position due to the level of expenses inherent in the underlying holdings.

for the year ended 31st October 2020

### 11. Related party transactions

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited, which amount to £72,287 (31/10/19: £17,339).

Amounts paid to/from the ACD in respect of ACD fees are disclosed in notes 2 and 4, with £3,183 (31/10/19: £40,357) due at the year end (inclusive of the expense reimbursement in note 8).

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 14,072,634 shares (31/10/19: 17,253,714 shares) with a cost of £16,828,743 (31/10/19: £48,629,892) and sales of 23,711,448 shares (31/10/19: 1,131,724 shares) with sales proceeds of £43,787,416 (31/10/19: £2,027,929).

The Fund has a related party holding of 6,483,177 shares (31/10/19: 16,121,990 shares) and value of £12,313,018 (31/10/19: £46,156,260) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £279,737 (31/10/19: £424,359).

During the year to 31st October 2020 assets valued at £nil were transferred to the sub-fund from related parties (31/10/19: £71,593,884).

Compensation disclosed in note 2 includes amounts received from Schroders Investment Management at a value of £36,000.

Revenue received in note 3 of £2,000 is in relation to project Rose, held under Lloyds Banking Group PLC.

#### *Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	31/10/20	31/10/19
	%	%
ACD and associates of the ACD	0.00	75.80

### 12. Share classes

The sub-fund has two share classes in issue (31/10/2019: three).

The ACD's periodic charge on each share class is as follows:

	31/10/20
	%
Share Class A - Accumulation:	1.15
Share Class G - Accumulation:	1.15

Share Class X Accumulation was closed on 24th April 2020.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 17 to 19.

The distributions per share class are given in the Distribution Tables on page 30.

for the year ended 31st October 2020

## 12. Share classes (continued)

### Reconciliation of the shares movement in the year:

	01/11/19 Opening shares in issue	Creations	Cancellations	31/10/20 Closing shares in issue
Share Class A - Accumulation	2,577,000	58,200	(300,847)	2,334,353
Share Class G - Accumulation	6,545,700	287,599	(914,482)	5,918,817
Share Class X - Accumulation	20,462,050	694,817	(21,156,867)	-

There are no conversions in the year to report.

## 13. Capital commitments and contingent liabilities

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

## 14. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 13. The risks inherent in the sub-fund's investment portfolio are as follows:

### (a) Currency risk

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £18,571 (31/10/19: £24,664).

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/20 £000	Currency exposure 31/10/19 £000
Canadian dollar	(43)	-
Euro	(38)	10
Japanese yen	241	672
Swiss franc	265	-
US dollar	1,432	1,784
Total	1,857	2,466

### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash holding of £14,919 (31/10/19: holding £53,016) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £412,126 (31/10/19: cash £60,123), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**14. Risk management policies, derivatives and other financial instruments (continued)***(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the Fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/20</b>	<b>31/10/20</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	8	32
Forward currency contracts	5	31
Total Financial derivative instrument exposure	<b>13</b>	<b>63</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	2,948	1,923
Forward currency contracts	1,830	1,404
Total Financial derivative instrument exposure	<b>4,778</b>	<b>3,327</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>4,778</b>	<b>3,327</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
HSBC Bank - Forward currency contracts	2	(17)
Lloyds Bank - Forward currency contracts	1	-
Morgan Stanley - Forward currency contracts	1	-
Merrill Lynch - Futures contracts	(152)	29
Total counterparty exposure	<b>(148)</b>	<b>12</b>

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	413	92
EUR Cash - Merrill Lynch	10	13
JPY Cash - Merrill Lynch	1	(43)
USD Cash - Merrill Lynch	(12)	(2)

for the year ended 31st October 2020

#### 14. Risk management policies, derivatives and other financial instruments (continued)

##### (d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depository, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

##### (e) Market price risk and fair value of financial assets and liabilities

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

The sub-fund invests principally in collective investment schemes managed withing Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £132,774 (31/10/19: £703,564).

##### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	112.77	107.30
Commitment leverage	2.5	104.71

##### (g) Credit risk

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20	16/09/19 to 31/10/19	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000	£000	£000
Collective Investment Schemes	19,541	73,512	66,354	2,616
<b>Commissions</b>				
Futures~	1	0	(1)	0
<b>Total net trades in the year after transaction costs</b>	<u>19,542</u>	<u>73,512</u>	<u>66,353</u>	<u>2,616</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	%	%
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/19: 0.00%).

**16. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	8	(160)	32	(3)
Level 2	13,430	(1)	70,375	(48)
Level 3	-	-	-	-
Total fair value	<u>13,438</u>	<u>(161)</u>	<u>70,407</u>	<u>(51)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Adventurous Solution

### Distribution Tables

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for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 1st November 2019

Group 2 Final Shares purchased on or between 1st November 2019 and 31st October 2020

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distributions payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1 Final	(p) 1.8648	(p) -	(p) 1.8648	(p) 1.2228
Group 2 Final	(p) 1.3340	(p) 0.5308	(p) 1.8648	(p) 1.2228

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distributions payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1 Final	(p) 2.0530	(p) -	(p) 2.0530	(p) 1.0998
Group 2 Final	(p) 1.4714	(p) 0.5816	(p) 2.0530	(p) 1.0998

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distributions payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1 Final	(p) N/a	(p) N/a	(p) N/a	(p) 1.9545
Group 2 Final	(p) N/a	(p) N/a	(p) N/a	(p) 1.9545

Share Class X Accumulation was closed on 24th April 2020.

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 63.24% of the dividend, is received as franked investment income.

Final - 35.23% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 1.53% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

# Asset Allocator Fund

## Investment Markets Overview

for the year ended 31st October 2020

### Investment Objective and Policy

The Fund provides a tactical investment strategy by seeking a total return (income and growth) from an actively managed exposure to a wide range of asset classes.

The Investment Adviser has discretion over these tactical allocations and may significantly vary the Fund's exposure to shares, bonds, cash, commodities, property and foreign currencies in order to take advantage of market opportunities. The Fund may use derivatives to achieve the required exposure to these investments.

The Fund is likely to gain exposure to a range of asset classes including shares (which may include UK, overseas and emerging market shares), fixed interest securities (including corporate bonds, high yield bonds\*, covered bonds and government bonds), property, commodities, cash and cash like investments and foreign currencies. These assets may cover a wide range of geographic regions including emerging markets.

As a consequence of the tactical changes which can be made by the Investment Adviser all or a substantial portion of the Fund may at any time provide exposure to shares or fixed interest securities or cash and cash like investments.

Investments in these asset classes can be made directly or indirectly through permitted derivative contracts and/or investment in units and/or shares of collective investment schemes, companies and other vehicles which invest in such assets.

Derivatives, including but not limited to futures, options, swaps and forward contracts, may be used for investment purposes and efficient portfolio management (including hedging).

The Fund may take long and short positions in markets and securities through derivative contracts but total net derivatives exposure may not exceed the limits in the FCA Rules\*\*.

\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*Long exposure to an asset means the Fund could benefit if that asset rises in value. Short exposure to an asset means the Fund could benefit if that asset falls in value.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

The Fund is, however, used as part of the Schroders Personal Wealth Investment Portfolio Service, as a component of portfolios that are managed to a multi asset benchmark for the portfolio as a whole. Reporting of performance against this portfolio benchmark is made available to investors as part of the Schroders Personal Wealth Investment Portfolio Service and is the appropriate way to assess the performance of the Fund.

If considered only on a stand-alone basis, investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to equities, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>The Fund is ranked at 4* because it has experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 1st September 2020.</p>	<p style="text-align: center;">Typically lower rewards, lower risks</p> <p style="text-align: center;">←</p>							<p style="text-align: center;">Typically higher rewards, higher risks</p> <p style="text-align: center;">→</p>						
	1	2	3	4	5	6	7							

**Investment Markets Overview**

(continued)

for the year ended 31st October 2020

**Investment Review**

<b>Performance</b>	<b>01/11/19 to 31/10/20 %</b>	<b>01/11/18 to 31/10/19 %</b>	<b>01/11/17 to 31/10/18 %</b>	<b>01/11/16 to 31/10/17 %</b>	<b>01/11/15 to 31/10/16 %</b>
Asset Allocator Fund A Accumulation	(7.02)	5.47	(4.15)	3.82	6.03

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -9.5% in the 12 months to 31st October 2020. The benchmark returned -2.5% in the same period.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

Schroder Investment Management Limited  
November 2020

# Asset Allocator Fund

## Portfolio Statement

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.17%, 31/10/19 87.11%)</b>			
<b>Collective Investment Schemes</b>			
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	57,745	71,072	5.03
Federated Short-Term Sterling Prime Fund 3 Inc	47,823,573	47,824	3.39
JP Morgan Global Corporate Bond Fund I2 GBP (Hedged) Inc	1,056,546	112,152	7.94
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	7,740,963	107,754	7.62
Schroder Sterling Liquidity Fund X Inct†‡	321,474,782	321,475	22.74
Schroders Personal Wealth Multi-Manager International Equity Fund P Inct	106,624,257	387,472	27.41
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund P Inct	89,347,619	137,685	9.74
		1,185,434	83.87
<b>Exchange Traded Funds</b>			
iShares JP Morgan USD Emerging Markets Bond UCITS	873,592	73,459	5.20
iShares USD Corporate Bond UCITS	724,242	71,671	5.07
L&G Longer Dated All Commodities UCITS	3,495,910	35,837	2.53
Lyxor Commodities Thomson Reuters/CoreCommodity CRB TR UCITS Acc	3,348,082	35,327	2.50
		216,294	15.30
<b>TOTAL FINANCIALS</b>		<b>1,401,728</b>	<b>99.17</b>
<b>FIXED INCOME (0.00%, 31/10/19 12.16%)</b>			
<b>DERIVATIVES (-0.38%, 31/10/19 1.63%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR2,967,000 for GBP2,693,838 Settlement 24/11/2020		(25)	0.00
Bought JPY450,460,000 for GBP3,308,034 Settlement 24/11/2020		14	0.00
Bought USD89,758,000 for GBP69,556,821 Settlement 24/11/2020		(435)	(0.03)
Sold EUR28,876,000 for GBP25,740,904 Settlement 03/12/2020		(233)	(0.02)
Sold HKD317,825,000 for GBP31,694,162 Settlement 24/11/2020		129	0.01
Sold JPY5,418,895,000 for GBP38,031,764 Settlement 03/12/2020		(1,938)	(0.14)
Sold USD186,013,000 for GBP143,863,565 Settlement 24/11/2020		617	0.05
Sold USD4,031,000 for GBP3,073,064 Settlement 24/11/2020		(31)	0.00
Sold USD282,071,000 for GBP209,304,586 Settlement 03/12/2020		(7,904)	(0.56)
		(9,806)	(0.69)

**Portfolio Statement**

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
Australian Government Bond 10 Year Futures December 2020	159	131	0.01
Canadian Government Bond 10 Year Futures December 2020	93	(37)	0.00
E Mini Russell 2000 Index Futures December 2020	2,366	(5,270)	(0.37)
EURO STOXX 50 Index Futures December 2020	161	(497)	(0.04)
FTSE 100 Index Futures December 2020	(621)	2,786	0.20
German Euro Bund Futures December 2020	222	455	0.03
Mini TOPIX Index Futures December 2020	416	(102)	(0.01)
MSCI Emerging Markets Index Futures December 2020	3,548	4,126	0.29
S&P 500 E Mini Index Futures December 2020	(701)	3,395	0.24
US Treasury Note 10 Year Ultra Bond Futures December 2020	597	(553)	(0.04)
		4,434	0.31
<b>TOTAL DERIVATIVES</b>		<b>(5,372)</b>	<b>(0.38)</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>1,396,356</b>	<b>98.79</b>
<b>Net other assets</b>		<b>17,138</b>	<b>1.21</b>
<b>Total net assets</b>		<b>1,413,494</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

## Asset Allocator Fund

### Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inct# <sup>◇</sup>	938,080	S&P 500 E Mini Index Futures September 2020	656,689
S&P 500 E Mini Index Futures September 2020	679,960	Schroder Sterling Liquidity Fund X Inct# <sup>◇</sup>	616,605
S&P 500 E Mini Index Futures December 2020	371,249	S&P 500 E Mini Index Futures December 2020	461,268
S&P 500 E Mini Index Futures June 2020	314,997	NASDAQ 100 E Mini Index Futures September 2020	295,620
NASDAQ 100 E Mini Index Futures September 2020	282,782	S&P 500 E Mini Index Futures June 2020	288,665
NASDAQ 100 E Mini Index Futures December 2020	207,082	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc	232,666
MSCI Emerging Markets Index Futures September 2020	181,823	NASDAQ 100 E Mini Index Futures December 2020	213,605
MSCI Emerging Markets Index Futures June 2020	162,575	MSCI Emerging Markets Index Futures September 2020	178,188
iShares USD Corporate Bond UCITS#	152,486	US Treasury Note 10 Year Ultra Bond Futures June 2020	163,406
US Treasury Note 10 Year Ultra Bond Futures June 2020	150,545	MSCI Emerging Markets Index Futures June 2020	162,687

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>#</sup>Exchange Traded Fund.

<sup>◇</sup>Asset managed by the Investment Adviser.

## Asset Allocator Fund

### Comparative Table

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	129.23	122.50	127.79
Return before operating charges*	(7.56)	9.09	(2.99)
Operating charges	(2.38)	(2.36)	(2.30)
Return after operating charges*	(9.94)	6.73	(5.29)
Distributions	(1.05)	(0.90)	(0.53)
Retained distributions on accumulation shares	1.05	0.90	0.53
Closing net asset value per share	119.29	129.23	122.50
*after direct transaction cost of:	0.02	0.01	0.02
<b>Performance</b>			
Return after charges^	(7.69)%	5.49%	(4.14)%
<b>Other information</b>			
Closing net asset value (£000)	83	869	587
Closing number of shares	69,660	673,000	479,500
Operating charges#	1.89%	1.88%	1.81%
Direct transaction costs	0.01%	0.01%	0.02%
<b>Prices**</b>			
Highest share price	134.80	130.20	131.10
Lowest share price	108.20	116.70	121.50

#Operating charges are representative of the ongoing charges figure.

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 32 which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>(p)</b>	<b>(p)</b>	<b>(p)</b>
<b>Share Class P - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	122.22	116.64	122.24
Return before operating charges*	(7.63)	8.37	(3.19)
Operating charges	(0.70)	(0.69)	(0.63)
Return after operating charges*	(8.33)	7.68	(3.82)
Distributions	(2.12)	(2.10)	(1.78)
Closing net asset value per share	111.77	122.22	116.64
*after direct transaction cost of:	0.01	0.01	0.02
<b>Performance</b>			
Return after charges	(6.82)%	6.58%	(3.13)%
<b>Other information</b>			
Closing net asset value (£000)	117,497	125,923	112,243
Closing number of shares	105,124,762	103,025,927	96,226,627
Operating charges#	0.60%	0.58%	0.52%
Direct transaction costs	0.01%	0.01%	0.02%
<b>Prices**</b>			
Highest share price	127.80	124.20	125.80
Lowest share price	102.80	111.30	116.90

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

# Asset Allocator Fund

## Comparative Table

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class Q - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	122.24	116.66	122.25
Return before operating charges*	(7.66)	8.36	(3.19)
Operating charges	(0.62)	(0.62)	(0.55)
Return after operating charges*	(8.28)	7.74	(3.74)
Distributions	(2.18)	(2.16)	(1.85)
Closing net asset value per share	111.78	122.24	116.66
*after direct transaction cost of:	0.01	0.01	0.02
<b>Performance</b>			
Return after charges	(6.77)%	6.63%	(3.06)%
<b>Other information</b>			
Closing net asset value (£000)	1,295,914	1,420,238	1,400,770
Closing number of shares	1,159,356,639	1,161,864,850	1,200,772,250
Operating charges#	0.54%	0.52%	0.45%
Direct transaction costs	0.01%	0.01%	0.02%
<b>Prices**</b>			
Highest share price	127.90	124.20	125.80
Lowest share price	102.80	111.30	116.90

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

## Asset Allocator Fund

### Statement of Total Return

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Income			
Net capital (losses)/gains	2	(132,735)	71,565
Revenue	3	33,779	33,513
Expenses	4	(2,184)	(2,318)
Interest payable and similar charges		(61)	(44)
Net revenue before taxation		31,534	31,151
Taxation	5	(4,443)	(3,691)
Net revenue after taxation		27,091	27,460
<b>Total return before distributions</b>		<b>(105,644)</b>	<b>99,025</b>
Distributions	6	(27,119)	(27,537)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(132,763)</b>	<b>71,488</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,547,030</b>	<b>1,513,600</b>
Amounts receivable on creation of shares	73,732	28,641
Less: Amounts payable on cancellation of shares	(74,525)	(66,714)
	(793)	(38,073)
Dilution adjustment	18	9
Change in net assets attributable to shareholders from investment activities	(132,763)	71,488
Retained distributions on accumulation shares	2	6
<b>Closing net assets attributable to shareholders</b>	<b>1,413,494</b>	<b>1,547,030</b>

Notes to the Financial Statements are on pages 41 to 49.

# Asset Allocator Fund

## Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		1,091,906	1,357,013
<b>Current assets</b>			
Debtors	8	6,013	6,807
Cash and bank balances	9	30,235	1,250
Cash equivalents‡		321,475	212,423
<b>Total assets</b>		<b>1,449,629</b>	<b>1,577,493</b>
<b>Liabilities</b>			
Investment liabilities		(17,025)	(8,546)
<b>Creditors</b>			
Bank overdrafts		(3,486)	(12)
Distribution payable		(14,335)	(17,603)
Other creditors	10	(1,289)	(4,302)
<b>Total liabilities</b>		<b>(36,135)</b>	<b>(30,463)</b>
<b>Net assets attributable to shareholders</b>		<b>1,413,494</b>	<b>1,547,030</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 41 to 49.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Non-derivative securities	(67,125)	53,807
Futures contracts	(49,604)	18,759
Forward currency contracts	(13,242)	(2,381)
ACD's periodic charge rebates taken to capital	70	88
Fund of funds rebates taken to capital	70	300
Currency (losses)/gains	(2,893)	995
Transaction charges	(11)	(3)
Net capital (losses)/gains*	<u>(132,735)</u>	<u>71,565</u>

\*Includes realised losses of £72,083,000 and unrealised losses of £60,652,000 (31/10/19: realised losses of £27,274,000 and unrealised gains of £98,839,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

### 3. Revenue

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	9,456	13,086
Interest distributions	58	-
Offshore distributions	22,236	15,670
Bank interest	164	271
Interest on debt securities	1,864	4,486
Compensation#	1	-
Total revenue	<u>33,779</u>	<u>33,513</u>

#Compensation payments to cover debit interest charges after an internal IT issue on 3rd October.

### 4. Expenses

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>1,921</u>	<u>2,057</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	157	165
Safe custody fees	17	7
	<u>174</u>	<u>172</u>

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

## 4. Expenses (continued)

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
<b>Other expenses:</b>		
Audit fee	11	11
Registration fees	923	982
Expense capping adjustment†	(845)	(904)
	<u>89</u>	<u>89</u>
Total expenses	<u>2,184</u>	<u>2,318</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q Income share class no registration fee has been deducted and this has been borne by the ACD.

The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £11,980 (31/10/19 : £10,330).

## 5. Taxation

## (a) Analysis of charge in year:

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Corporation tax	<u>4,443</u>	<u>3,691</u>

## (b) Factors affecting total tax charge for the year:

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

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Net revenue before taxation	31,534	31,151
Corporation tax of 20% (2019: 20%)	<u>6,307</u>	<u>6,230</u>
<b>Effects of:</b>		
Franked UK income*	(1,892)	(2,617)
Taxable income taken to capital	28	78
Total tax charge for year (note 5a)	<u>4,443</u>	<u>3,691</u>

\*As an authorised OEIC these items are not subject to corporation tax.

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

## (c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**6. Distributions**

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

	<b>01/11/19 to 31/10/20</b>	<b>01/11/18 to 31/10/19</b>
	<b>£000</b>	<b>£000</b>
Interim	12,753	9,799
Final	14,336	17,608
	<u>27,089</u>	<u>27,407</u>
Add: Revenue deducted on cancellation of shares	438	257
Deduct: Revenue received on creation of shares	(408)	(127)
Net distributions for the year	<u><u>27,119</u></u>	<u><u>27,537</u></u>

*Details of the distributions per share are set out in the Distribution Tables on pages 50 to 51.*

**7. Movement between net revenue and net distributions**

	<b>01/11/19 to 31/10/20</b>	<b>01/11/18 to 31/10/19</b>
	<b>£000</b>	<b>£000</b>
Net revenue after taxation	27,091	27,460
Undistributed revenue	-	(1)
Tax charge on rebates taken to capital	28	78
Net distributions for the year	<u><u>27,119</u></u>	<u><u>27,537</u></u>

**8. Debtors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts receivable for issue of shares	2,171	68
Accrued revenue	3,773	6,589
Fund of funds rebates receivable	1	72
Expense capping adjustment receivable	68	78
Total debtors	<u><u>6,013</u></u>	<u><u>6,807</u></u>

**9. Cash and bank balances**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Cash and bank balances	2,206	-
Amounts held at futures clearing houses and brokers	28,029	1,250
Total cash and bank balances	<u><u>30,235</u></u>	<u><u>1,250</u></u>

**10. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	85	1,724
Accrued expenses	270	307
Corporation tax payable	934	2,271
Total other creditors	<u><u>1,289</u></u>	<u><u>4,302</u></u>

for the year ended 31st October 2020

### 11. Related party transactions

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited investments, which amount to £69,691 (31/10/19: £88,306).

Amounts paid to the ACD in respect of ACD and registration fees are disclosed in notes 2 and 4, with £222,145 (31/10/19: £256,844) due at the year end.

Amounts paid by the ACD in respect of the Expense capping adjustments are disclosed in note 4 with £67,810 (31/10/19: £78,305) due at the year end.

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 983,591,201 shares (31/10/19: nil shares) with a cost of £1,043,930,372 (31/10/19: £nil) and sales of 666,326,574 shares (31/10/19: 6,655,574 shares) with sales proceeds of £713,208,177 (31/10/19: £24,000,000).

The sub-fund has a related party holding of 517,446,658 shares (31/10/19: 200,182,029 shares) and value of £846,632,013 (31/10/19: £553,199,958) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £8,774,763 (31/10/19: £10,044,997).

#### *Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	<b>31/10/20</b>	<b>31/10/19</b>
	%	%
ACD and associates of the ACD	0.01	0.01

#### *Material Shareholders*

Boltro Nominees Limited held 8.99% of the sub-fund at 31st October 2020 (31/10/19: 55.15%).

Perry Nominees Limited held 11.77% of the sub-fund at 31st October 2020 (31/10/19: 32.02%).

for the year ended 31st October 2020

## 12. Share classes

The sub-fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	31/10/20
	%
Share Class A - Accumulation:	1.00
Share Class P - Income:	0.20
Share Class Q - Income:	0.20

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 36 to 38.

The distributions per share class are given in the Distribution Tables on pages 50 to 51.

### Reconciliation of the shares movement in the year:

	01/11/19			31/10/20
	Opening shares			Closing shares
	in issue	Creations	Cancellations	in issue
Share Class A - Accumulation	673,000	57,160	(660,500)	69,660
Share Class P - Income	103,025,927	4,856,020	(2,757,185)	105,124,762
Share Class Q - Income	1,161,864,850	59,805,986	(62,314,197)	1,159,356,639

## 13. Capital commitments and contingent liabilities

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

## 14. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 31. The risks inherent in the sub-fund's investment portfolio are as follows:

### (a) Currency risk

The sub-fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Schroder Investment Management Limited and the Scottish Widows Schroder Wealth Holdings Limited whose prices are quoted in Sterling. As a result, the sub-fund does not have any direct exposure to foreign currency movements. However, some of the sub-fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the sub-funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been a decrease or increase of approximately £1,704,769 (31/10/19: £2,577,757).

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure	Currency exposure
	31/10/20	31/10/19
	£000	£000
Australian dollar	694	-
Canadian dollar	(40)	-
Euro	(23,239)	(53,503)
Hong Kong dollar	(31,565)	-
Japanese yen	(36,641)	(16,525)
US dollar	(79,686)	(187,748)
Total	(170,477)	(257,776)

The sub-fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the sub-fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the sub-fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the sub-fund in circumstances where no such hedging transactions are undertaken.

for the year ended 31st October 2020

#### 14. Risk management policies, derivatives and other financial instruments (continued)

##### (b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cashflow from the sub-fund's investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The sub-fund's net cash holding of £2,205,699 (31/10/19: overdraft £11,663) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £24,542,758 (31/10/19: cash £1,249,443), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

##### (c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the sub-fund's exposure by the use of derivatives rather than through the sale and purchase by the sub-fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	10,893	12,161
Forward currency contracts	760	21,514
Total Financial derivative instrument exposure	<b>11,653</b>	<b>33,675</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	552,902	401,103
Forward currency contracts	385,955	535,583
Total Financial derivative instrument exposure	<b>938,857</b>	<b>936,686</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>01/11/18 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>938,857</b>	<b>936,686</b>

for the year ended 31st October 2020

**14. Risk management policies, derivatives and other financial instruments (continued)****Counterparties to financial derivative instruments and efficient portfolio management techniques**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Goldman Sachs - Forward currency contracts	-	7,016
HSBC Bank - Forward currency contracts	(10,381)	4,653
Lloyds Bank - Forward currency contracts	617	4,184
Morgan Stanley - Forward currency contracts	(11)	-
UBS - Forward currency contracts	(31)	-
Merrill Lynch - Futures contracts	4,434	9,276
Total counterparty exposure	<b>(5,372)</b>	<b>25,129</b>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

**Collateral**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	27,249	1,249
AUD Cash - Merrill Lynch	563	-
CAD Cash - Merrill Lynch	(3)	-
EUR Cash - Merrill Lynch	109	-
JPY Cash - Merrill Lynch	108	-
USD Cash - Merrill Lynch	(3,483)	-

**(d) Liquidity risk**

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

**(e) Market price risk and fair value of financial assets and liabilities**

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

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

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £13,963,563 (31/10/19: £15,608,901).

**(f) Leverage**

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**14. Risk management policies, derivatives and other financial instruments (continued)**

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	148.32	165.18
Commitment leverage	59.34	128.17

*(g) Credit risk*

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**15. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20	01/11/18 to 31/10/19	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	£000	£000	£000	£000
Collective Investment Schemes	1,568,031	496,658	1,439,511	539,352
Fixed Income	-	-	202,608	-
<b>Trades in the year before transaction costs</b>	<b>1,568,031</b>	<b>496,658</b>	<b>1,642,119</b>	<b>539,352</b>
<b>Commissions</b>				
Collective Investment Schemes	-	-	-	(23)
Futures	93	37	(88)	(45)
Total commissions	93	37	(88)	(68)
<b>Total net trades in the year after transaction costs</b>	<b>1,568,124</b>	<b>496,695</b>	<b>1,642,031</b>	<b>539,284</b>

**Total transaction cost expressed as a percentage of asset class trades**

	Purchases		Sales	
	01/11/19 to 31/10/20	01/11/18 to 31/10/19	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	%	%	%	%
Collective Investment Schemes	-	-	-	0.00

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	%	%
Commissions	0.01	0.01

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.04% (31/10/19: 0.02%).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**16. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	227,187	(6,459)	280,428	(2,885)
Level 2	1,186,194	(10,566)	1,289,008	(5,661)
Level 3	-	-	-	-
Total fair value	<u>1,413,381</u>	<u>(17,025)</u>	<u>1,569,436</u>	<u>(8,546)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Asset Allocator Fund

### Distribution Tables

for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2019

Final Shares purchased prior to 1st May 2020

Group 2 Interim Shares purchased on or between 1st November 2019 and 30th April 2020

Final Shares purchased on or between 1st May 2020 and 31st October 2020

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
Interim	0.4009	-	0.4009	0.1284
Final	0.6450	-	0.6450	0.7688
Group 2	(p)	(p)	(p)	(p)
Interim	-	-	-	0.1284
Final	-	-	-	0.7688

#### Share Class P - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
Interim	1.0104	-	1.0104	0.7383
Final	1.1073	-	1.1073	1.3626
Group 2	(p)	(p)	(p)	(p)
Interim	0.5775	0.4329	1.0104	0.7383
Final	0.5430	0.5643	1.1073	1.3626

#### Share Class Q - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
Interim	1.0411	-	1.0411	0.7686
Final	1.1361	-	1.1361	1.3942
Group 2	(p)	(p)	(p)	(p)
Interim	0.3899	0.6512	1.0411	0.7686
Final	0.5463	0.5898	1.1361	1.3942

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Interim - 42.76% of the dividend, is received as franked investment income.

Interim - 57.24% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

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for the year ended 31st October 2020

**Corporate shareholder information (unaudited) for all share classes (continued)**

Final - 27.28% of the dividend, is received as franked investment income.

Final - 72.72% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

### Investment Markets Overview

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for the year ended 31st October 2020

#### Investment Objective and Policy

To provide capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to shares with the remainder providing exposure to fixed interest securities, property assets and absolute return strategies\*.

\*Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 25% and 65% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

Between 15% and 45% of the Fund will provide exposure to fixed interest securities. This will include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. It may also invest in overseas corporate and government bond funds and high yield bond funds\*\*.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to Shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The Fund may invest substantially or entirely in other collective investment schemes. This may include collective investment schemes managed by the ACD, the Investment Adviser and their associates. Such collective investment schemes are established principally in the UK and EEA Member States.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stock lending.

\*\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

for the year ended 31st October 2020

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because, based on simulated data, it would have experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 23rd July 2020.</p>	Typically lower rewards, lower risks		Typically higher rewards, higher risks					
	←	→	1	2	3	4	5	6

### Investment Review

Performance	01/11/19 to 31/10/20 %	16/09/19 to 31/10/19 %
Balanced Solution A Accumulation	(7.71)	n/a

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

As the Fund was launched on 16th September 2019, there is insufficient data available to provide a useful indication of performance to investors for the year ended 31st October 2019.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -7.7% in the 12 months to October 31, 2020.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

## Balanced Solution

### Portfolio Statement

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.60%, 31/10/19 99.80%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Corporate Bond Fund A Inc	18,319,630	22,738	5.48
Aberdeen UK Property Feeder Unit Trust A Acc	34,152,033	44,161	10.64
BNY Mellon Insight Global Absolute Return Fund W Acc	7,352,217	8,554	2.06
Nordea 1 Diversified Return Fund BD GBP Acc	70,118	8,190	1.97
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	9,035,070	51,048	12.30
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct†	254,217	26,204	6.31
Schroder Sterling Liquidity Fund X Inc†‡	28,608,308	28,608	6.89
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund A Acct	5,866,144	12,600	3.04
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	26,098,530	98,209	23.66
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	41,500,677	80,138	19.31
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	453,660	4,425	1.07
Vontobel Commodity Fund G GBP Acc	49,912	4,501	1.09
		389,376	93.82
<b>Exchange Traded Funds</b>			
iShares Core GBP Corporate Bond UCITS	153,611	24,002	5.78
		24,002	5.78
<b>TOTAL FINANCIALS</b>		<b>413,378</b>	<b>99.60</b>
<b>DERIVATIVES (-0.07%, 31/10/19 -0.03%)</b>			
<b>Forward Currency Contracts</b>			
Bought CHF12,785,000 for GBP10,826,855 Settlement 24/11/2020		(6)	0.00
Bought EUR241,000 for GBP218,812 Settlement 24/11/2020		(1)	0.00
Bought JPY52,625,000 for GBP386,461 Settlement 24/11/2020		4	0.00
Bought USD6,664,000 for GBP5,125,313 Settlement 24/11/2020		31	0.01
Bought USD1,118,000 for GBP855,183 Settlement 24/11/2020		10	0.00
Bought USD5,640,000 for GBP4,370,741 Settlement 24/11/2020		(6)	0.00
Sold CAD1,466,000 for GBP854,482 Settlement 24/11/2020		3	0.00
Sold CHF5,074,000 for GBP4,294,047 Settlement 24/11/2020~		0	0.00
Sold EUR5,208,000 for GBP4,722,295 Settlement 24/11/2020		13	0.00
Sold USD883,000 for GBP683,480 Settlement 24/11/2020~		0	0.00
Sold USD2,724,000 for GBP2,106,619 Settlement 24/11/2020		(1)	0.00
		47	0.01

**Portfolio Statement**

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
E Mini Russell 2000 Index Futures December 2020	140	(389)	(0.09)
EURO STOXX 50 Index Futures December 2020	28	(101)	(0.02)
FTSE 100 Index Futures December 2020	40	(194)	(0.05)
Mini TOPIX Index Futures December 2020	52	(20)	(0.01)
MSCI Emerging Markets Index Futures December 2020	233	193	0.05
S&P 500 E Mini Index Futures December 2020	(27)	169	0.04
UK Long Gilt Futures December 2020	47	(19)	0.00
		(361)	(0.08)
<b>TOTAL DERIVATIVES</b>		<b>(314)</b>	<b>(0.07)</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>413,064</b>	<b>99.53</b>
<b>Net other assets</b>		<b>1,968</b>	<b>0.47</b>
<b>Total net assets</b>		<b>415,032</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and is therefore rounded down to £0.

## Balanced Solution

### Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inct‡	175,397	Schroder Sterling Liquidity Fund X Inct‡	146,788
S&P 500 E Mini Index Futures September 2020	63,397	Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	66,678
FTSE 100 Index Futures June 2020	53,151	S&P 500 E Mini Index Futures September 2020	62,196
S&P 500 E Mini Index Futures June 2020	52,488	Aberdeen Standard UK Equity Index Managed Fund A Acc	60,909
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct	50,576	FTSE 100 Index Futures June 2020	55,456
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	42,053	Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc	49,965
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	34,506	S&P 500 E Mini Index Futures June 2020	49,674
S&P 500 E Mini Index Futures December 2020	31,490	Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	48,736
NASDAQ 100 E Mini Index Futures September 2020	25,816	Schroders Personal Wealth Multi-Manager UK Equity Income Fund A Acct	45,319
MSCI Emerging Markets Index Futures June 2020	24,979	S&P 500 E Mini Index Futures December 2020	34,956

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 11).

‡Cash equivalents.

◇Asset managed by the Investment Adviser.

## Balanced Solution

### Comparative Table

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class A - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	175.22	176.11
Return before operating charges*	(10.54)	(0.46)
Operating charges	(2.99)	(0.43)
Return after operating charges*	(13.53)	(0.89)
Distributions	(1.99)	(0.72)
Retained distributions on accumulation shares	1.99	0.72
Closing net asset value per share	161.69	175.22
*after direct transaction cost of:	0.01	0.00
<b>Performance</b>		
Return after charges^	(7.72)%	(0.51)%
<b>Other information</b>		
Closing net asset value (£000)	92,029	107,985
Closing number of shares	56,917,143	61,629,400
Operating charges#	1.80%	1.88%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	180.40	176.70
Lowest share price	142.20	173.20

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 53 which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>
<b>Share Class G - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	146.87	147.54
Return before operating charges*	(8.95)	(0.40)
Operating charges	(1.98)	(0.27)
Return after operating charges*	(10.93)	(0.67)
Distributions	(2.09)	(0.68)
Retained distributions on accumulation shares	2.09	0.68
Closing net asset value per share	135.94	146.87
*after direct transaction cost of:	0.01	0.00
<b>Performance</b>		
Return after charges	(7.44)%	(0.45)%
<b>Other information</b>		
Closing net asset value (£000)	322,189	375,404
Closing number of shares	237,015,692	255,607,200
Operating charges#	1.42%	1.38%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	151.40	148.00
Lowest share price	119.30	145.20

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table****(continued)**

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class X - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	210.72	211.42
Return before operating charges*	(13.45)	(0.64)
Operating charges	(0.44)	(0.06)
Return after operating charges*	(13.89)	(0.70)
Distributions	(4.87)	(1.23)
Retained distributions on accumulation shares	4.87	1.23
Closing net asset value per share	196.83	210.72
*after direct transaction cost of:	0.01	0.00
<b>Performance</b>		
Return after charges	(6.59)%	(0.33)%
<b>Other information</b>		
Closing net asset value (£000)	814	352,648
Closing number of shares	413,568	167,354,400
Operating charges#	0.21%	0.23%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	217.60	212.20
Lowest share price	171.90	208.10

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

## Balanced Solution

### Statement of Total Return

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Income			
Net capital losses	2	(88,150)	(7,728)
Revenue	3	14,932	4,895
Expenses	4	(2,830)	(325)
Interest payable and similar charges		(18)	(2)
Net revenue before taxation		12,084	4,568
Taxation	5	(1,724)	(336)
Net revenue after taxation		10,360	4,232
<b>Total return before distributions</b>		<b>(77,790)</b>	<b>(3,496)</b>
Distributions	6	(10,509)	(4,260)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(88,299)</b>	<b>(7,756)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>836,037</b>	-
Assets transferred from SW Investment Solutions Funds ICVC†	-	849,670
Amounts receivable on creation of shares	3,994	647
Less: Amounts payable on cancellation of shares	(342,813)	(10,752)
	(338,819)	(10,105)
Dilution adjustment	(1)	-
Change in net assets attributable to shareholders from investment activities	(88,299)	(7,756)
Retained distributions on accumulation shares	6,114	4,228
<b>Closing net assets attributable to shareholders</b>	<b>415,032</b>	<b>836,037</b>

†This transaction involves a related party (see note 11).

Notes to the Financial Statements are on pages 62 to 69.

## Balanced Solution

### Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		385,193	814,693
<b>Current assets</b>			
Debtors	8	836	3,480
Cash and bank balances	9	2,410	709
Cash equivalents‡		28,608	20,099
<b>Total assets</b>		<b>417,047</b>	<b>838,981</b>
<b>Liabilities</b>			
Investment liabilities		(737)	(667)
<b>Creditors</b>			
Bank overdrafts		(430)	(614)
Other creditors	10	(848)	(1,663)
<b>Total liabilities</b>		<b>(2,015)</b>	<b>(2,944)</b>
<b>Net assets attributable to shareholders</b>		<b>415,032</b>	<b>836,037</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current year and comparative period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 62 to 69.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital losses

The net capital losses during the year comprise:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Non-derivative securities	(91,291)	(7,632)
Futures contracts	1,177	357
Forward currency contracts	1,225	(635)
ACD's periodic charge rebates taken to capital	729	144
Fund of funds rebates taken to capital	15	2
Currency (losses)/gains	(57)	36
Transaction charges	(10)	-
Compensation~	62	-
Net capital losses*	<u>(88,150)</u>	<u>(7,728)</u>

\*Includes realised losses of £65,627,000 and unrealised losses of £22,523,000 (31/10/19: realised losses of £463,000 and unrealised losses of £7,265,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting period.

~Compensation received from Schroder Investment Management with regards to the trading error.

### 3. Revenue

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	5,919	3,661
Interest distributions	2,463	-
Offshore distributions	4,746	859
Bank interest	3	-
Fund of funds rebates	1,801	375
Total revenue	<u>14,932</u>	<u>4,895</u>

### 4. Expenses

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>2,751</u>	<u>311</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	65	12
Safe custody fees	4	1
	<u>69</u>	<u>13</u>
<b>Other expenses:</b>		
Audit fee	10	1
Total expenses	<u>2,830</u>	<u>325</u>

Expenses include irrecoverable VAT.

The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £9,750 (31/10/19 : £8,400).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**5. Taxation****(a) Analysis of charge in year:**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Corporation tax	1,642	336
Corporation tax prior year adjustment	82	-
Double tax relief	(48)	-
Irrecoverable overseas tax	48	-
Total current tax	<u>1,724</u>	<u>336</u>
Total taxation (note 5b)	<u><u>1,724</u></u>	<u><u>336</u></u>

**(b) Factors affecting total tax charge for the year:**

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue before taxation	12,084	4,568
Corporation tax of 20%	<u>2,417</u>	<u>914</u>
<b>Effects of:</b>		
Franked UK income*	(790)	(597)
Overseas non-taxable revenue*	(52)	(10)
Taxable income taken to capital	149	29
Irrecoverable overseas tax	48	-
Adjustments in respect of prior years	82	-
Income taxed in prior year	(82)	-
Double tax relief	(48)	-
Total tax charge for year (note 5a)	<u><u>1,724</u></u>	<u><u>336</u></u>

\*As an authorised OEIC these items are not subject to corporation tax.

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

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in current year or prior period.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Final	6,114	4,228
Add: Revenue deducted on cancellation of shares	4,410	35
Deduct: Revenue received on creation of shares	(15)	(3)
Net distribution for the year	<u><u>10,509</u></u>	<u><u>4,260</u></u>

Details of the distributions per share are set out in the Distribution Tables on page 70.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**7. Movement between net revenue and net distributions**

	<b>01/11/19 to 31/10/20</b>	<b>16/09/19 to 31/10/19</b>
	<b>£000</b>	<b>£000</b>
Net revenue after taxation	10,360	4,232
Undistributed revenue	-	(1)
Tax charge on rebates taken to capital	149	29
Net distribution for the year	<u>10,509</u>	<u>4,260</u>

**8. Debtors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Sales awaiting settlement	-	564
Amounts receivable for issue of shares	12	194
Accrued revenue	220	12
Fund of funds rebates receivable	227	249
Corporation tax recoverable	41	-
Income tax receivable	336	135
Debtors from conversion	-	2,326
Total debtors	<u>836</u>	<u>3,480</u>

**9. Cash and bank balances**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts held at futures clearing houses and brokers	<u>2,410</u>	<u>709</u>

**10. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	594	1,201
Accrued expenses	254	126
Corporation tax payable	-	336
Total other creditors	<u>848</u>	<u>1,663</u>

for the year ended 31st October 2020

### 11. Related party transactions

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited investments, which amount to £728,625 (31/10/19: £143,541).

Amounts paid to the ACD in respect of ACD fees are disclosed in note 2 and 4, with £234,362 (31/10/19: 110,329) due at the year end.

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 210,457,981 shares (31/10/19: 119,957,733 shares) with a cost of £315,199,767 (31/10/19: £335,521,906) and sales of 219,248,215 shares (31/10/19: 8,839,623 shares) with sales proceeds of £337,532,137 (31/10/19: £17,639,170).

The sub-fund has a related party holding of 102,327,876 shares (31/10/19: 111,118,110 shares) and value of £245,758,922 (31/10/19: £314,847,390) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £2,687,201 (31/10/19: £2,981,577).

During the year to 31st October 2020 assets valued at £nil were transferred to the sub-fund from related parties (31/10/19: £849,669,707).

#### *Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	<b>31/10/20</b>	<b>31/10/19</b>
	%	%
ACD and associates of the ACD	0.20	42.15

### 12. Share classes

The sub-fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	<b>31/10/20</b>
	%
Share Class A - Accumulation:	1.15
Share Class G - Accumulation:	1.15
Share Class X - Accumulation:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 57 to 59.

The distributions per share class are given in the Distribution Tables on page 70.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**12. Share classes (continued)****Reconciliation of the shares movement in the year:**

	01/11/19 Opening shares in issue	Creations	Cancellations	31/10/20 Closing shares in issue
Share Class A - Accumulation	61,629,400	434,824	(5,147,081)	56,917,143
Share Class G - Accumulation	255,607,200	1,112,679	(19,704,187)	237,015,692
Share Class X - Accumulation	167,354,400	824,345	(167,765,177)	413,568

There are no conversions in the year to report.

**13. Capital commitments and contingent liabilities**

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

**14. Risk management policies, derivatives and other financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 52. The risks inherent in the sub-fund's investment portfolio are as follows:

*(a) Currency risk*

A portion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The sub-fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £132,986 (31/10/19: £243,681).

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/20 £000	Currency exposure 31/10/19 £000
Canadian dollar	(851)	-
Euro	(4,581)	58
Japanese yen	454	8,586
Swiss franc	6,527	-
US dollar	11,750	15,724
Total	13,299	24,368

*(b) Interest rate risk profile of financial assets and liabilities*

The sub-fund receives revenue from holdings in collective investment schemes. The cash flow from the sub-fund's underlying investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The sub-fund's net cash overdraft of £187,075 (31/10/19: overdraft £599,090) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £2,166,921 (31/10/19: cash £694,768), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**14. Risk management policies, derivatives and other financial instruments (continued)***(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The sub-fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the sub-fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the sub-fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	362	385
Forward currency contracts	61	3
Total Financial derivative instrument exposure	<b>423</b>	<b>388</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	31,540	22,597
Forward currency contracts	19,854	15,643
Total Financial derivative instrument exposure	<b>51,394</b>	<b>38,240</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>51,394</b>	<b>38,240</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
HSBC Bank - Forward currency contracts	45	(634)
Lloyds Bank - Forward currency contracts	4	-
Morgan Stanley - Forward currency contracts	3	-
Royal Bank of Canada - Forward currency contracts	1	-
UBS - Forward currency contracts	(6)	-
Merrill Lynch - Futures contracts	(361)	355
Total counterparty exposure	<b>(314)</b>	<b>(279)</b>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	2,315	622
EUR Cash - Merrill Lynch	11	88
JPY Cash - Merrill Lynch	84	-
USD Cash - Merrill Lynch	(243)	(15)

for the year ended 31st October 2020

#### 14. Risk management policies, derivatives and other financial instruments (continued)

##### (d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

##### (e) Market price risk and fair value of financial assets and liabilities

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £4,130,643 (31/10/19: £8,341,251).

##### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	129.69	105.34
Commitment leverage	2.99	104.41

##### (g) Credit risk

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Collective Investment Schemes	381,883	864,448	719,022	25,985
<b>Commissions</b>				
Futures~	11	0	(11)	0
<b>Total net trades in the year after transaction costs</b>	<b>381,894</b>	<b>864,448</b>	<b>719,011</b>	<b>25,985</b>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	%	%
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.02% (31/10/19: 0.00%).

**16. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	24,364	(723)	385	(30)
Level 2	389,437	(14)	834,407	(637)
Level 3	-	-	-	-
Total fair value	<b>413,801</b>	<b>(737)</b>	<b>834,792</b>	<b>(667)</b>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Balanced Solution

### Distribution Tables

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for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 1st November 2019

Group 2 Final Shares purchased on or between 1st November 2019 and 31st October 2020

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) 1.9886	(p) -	(p) 1.9886	(p) 0.7176
Group 2 Final	(p) 1.3429	(p) 0.6457	(p) 1.9886	(p) 0.7176

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) 2.0937	(p) -	(p) 2.0937	(p) 0.6783
Group 2 Final	(p) 1.2026	(p) 0.8911	(p) 2.0937	(p) 0.6783

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) 4.8684	(p) -	(p) 4.8684	(p) 1.2262
Group 2 Final	(p) 4.8684	(p) -	(p) 4.8684	(p) 1.2262

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 41.44% of the dividend, is received as franked investment income.

Final - 56.82% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 1.74% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

### Investment Markets Overview

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for the year ended 31st October 2020

#### Investment Objective and Policy

To provide an income and some potential for capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to fixed interest securities, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets and shares) and absolute return strategies\*.

\*Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 45% and 75% of the Fund will provide exposure to fixed interest securities. This will include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. It may also invest in overseas corporate and government bonds funds and high yield bond\*\* funds.

A maximum of 35% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates. Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to Shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

\*\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

As at 17.01.2019 the Fund would have sat within the "Mixed Investment 0-35% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

for the year ended 31st October 2020

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because, based on simulated data, it would have experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 11th September 2020.</p>	<p>Typically lower rewards, lower risks</p> <p style="text-align: right;">Typically higher rewards, higher risks</p>							
	←	1	2	3	4	5	6	7

### Investment Review

Performance	01/11/19 to 31/10/20 %	16/09/19 to 31/10/19 %
Cautious Solution A Accumulation	(2.65)	n/a

Source: Lipper. Basis: Gross revenue reinvested and net of expenses.

As the Fund was launched on 16th September 2019, there is insufficient data available to provide a useful indication of performance to investors for the year ended 31st October 2019.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -2.6% in the 12 months to 31st October 2020.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

## Cautious Solution

### Portfolio Statement

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.28%, 31/10/19 99.57%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Corporate Bond Fund A Inc	27,557,501	34,204	8.46
Aberdeen UK Property Feeder Unit Trust A Inc	42,452,527	35,626	8.81
BNY Mellon Insight Global Absolute Return Fund W Acc	7,205,912	8,384	2.07
Invesco Corporate Bond Fund (UK) Z Inc	10,206,880	22,753	5.63
Nordea 1 Diversified Return Fund BD GBP Acc	74,515	8,704	2.15
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	8,680,771	49,046	12.13
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct∅	314,922	32,461	8.03
Schroder Sterling Liquidity Fund X Inc†∅	46,451,551	46,451	11.48
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund A Inc†	5,229,809	7,939	1.96
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct†	9,004,993	33,886	8.38
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct†	14,391,338	27,790	6.87
		307,244	75.97
<b>Exchange Traded Funds</b>			
iShares Core GBP Corporate Bond UCITS	603,466	94,292	23.31
		94,292	23.31
<b>TOTAL FINANCIALS</b>		<b>401,536</b>	<b>99.28</b>
<b>DERIVATIVES (0.03%, 31/10/19 0.00%)</b>			
<b>Forward Currency Contracts</b>			
Bought CHF12,236,000 for GBP10,361,940 Settlement 24/11/2020		(6)	0.00
Bought EUR8,972,000 for GBP8,145,976 Settlement 24/11/2020		(34)	(0.01)
Bought JPY826,305,000 for GBP6,068,120 Settlement 24/11/2020		61	0.01
Bought USD5,313,000 for GBP4,086,253 Settlement 24/11/2020		26	0.01
Bought USD12,834,000 for GBP9,934,067 Settlement 24/11/2020		(2)	0.00
Bought USD5,354,000 for GBP4,149,039 Settlement 24/11/2020		(6)	0.00
Sold CHF4,854,000 for GBP4,107,864 Settlement 24/11/2020~		0	0.00
Sold EUR5,210,000 for GBP4,724,108 Settlement 24/11/2020		13	0.00
		52	0.01

**Portfolio Statement**

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
Australian Government Bond 10 Year Futures December 2020	25	21	0.00
E Mini Russell 2000 Index Futures December 2020	135	(375)	(0.09)
EURO STOXX 50 Index Futures December 2020	(10)	36	0.01
FTSE 100 Index Futures December 2020	21	(63)	(0.02)
German Euro Bund Futures December 2020	81	158	0.04
MSCI Emerging Markets Index Futures December 2020	199	165	0.04
S&P 500 E Mini Index Futures December 2020	(46)	287	0.07
UK Long Gilt Futures December 2020	31	(12)	0.00
US Treasury Note 10 Year Ultra Bond Futures December 2020	97	(135)	(0.03)
		82	0.02
<b>TOTAL DERIVATIVES</b>		<b>134</b>	<b>0.03</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>401,670</b>	<b>99.31</b>
<b>Net other assets</b>		<b>2,792</b>	<b>0.69</b>
<b>Total net assets</b>		<b>404,462</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and is therefore rounded down to £0.

## Cautious Solution

### Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inc†‡	130,281	Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc	126,795
iShares Core GBP Corporate Bond UCITS#	94,506	Schroder Sterling Liquidity Fund X Inc†‡	83,829
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct †	52,774	Aberdeen Standard Corporate Bond Fund A Inc	55,625
S&P 500 E Mini Index Futures September 2020	48,608	S&P 500 E Mini Index Futures September 2020	47,156
NASDAQ 100 E Mini Index Futures September 2020	24,810	S&P 500 E Mini Index Futures December 2020	30,266
S&P 500 E Mini Index Futures December 2020	24,326	NASDAQ 100 E Mini Index Futures September 2020	26,048
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	23,624	Payden Absolute Return Bond Fund GBP Acc	25,445
FTSE 100 Index Futures June 2020	21,575	Aberdeen Standard Global High Yield Bond Fund A Inc	25,038
US Ultra Treasury Note 10 Year Futures June 2020	20,999	Candriam Bonds Total Return S GBP (Hedged) Acc	24,756
US Ultra Treasury Note 10 Year Futures March 2020	18,242	Aberdeen Standard UK Equity Index Managed Fund A Acc	22,690

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 12).

‡Cash equivalents.

#Exchange Traded Fund.

†Asset managed by the Investment Adviser.

## Cautious Solution

### Comparative Table

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class A - Accumulation (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	154.49	154.57
Return before operating charges*	(1.82)	0.25
Operating charges	(2.30)	(0.33)
Return after operating charges*	(4.12)	(0.08)
Distributions	(2.63)	(0.32)
Retained distributions on accumulation shares	2.63	0.32
Closing net asset value per share	150.37	154.49
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges^	(2.67)%	(0.05)%
<b>Other information</b>		
Closing net asset value (£000)	54,307	61,727
Closing number of shares	36,115,300	39,954,700
Operating charges#	1.52%	1.62%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	157.60	155.30
Lowest share price	135.00	153.70

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 72 which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation (Gross) was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class A - Income (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	112.99	113.28
Return before operating charges*	(1.35)	0.18
Operating charges	(1.67)	(0.24)
Return after operating charges*	(3.02)	(0.06)
Distributions	(1.91)	(0.23)
Closing net asset value per share	108.06	112.99
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(2.67)%	(0.05)%
<b>Other information</b>		
Closing net asset value (£000)	8,019	9,047
Closing number of shares	7,420,775	8,006,700
Operating charges#	1.52%	1.62%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	115.20	113.80
Lowest share price	98.34	112.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Income (Gross) was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class G - Accumulation (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	130.49	130.48
Return before operating charges*	(1.54)	0.20
Operating charges	(1.46)	(0.19)
Return after operating charges*	(3.00)	0.01
Distributions	(2.71)	(0.36)
Retained distributions on accumulation shares	2.71	0.36
Closing net asset value per share	127.49	130.49
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(2.30)%	0.01%
<b>Other information</b>		
Closing net asset value (£000)	330,042	365,805
Closing number of shares	258,879,468	280,324,300
Operating charges#	1.15%	1.12%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	133.30	131.10
Lowest share price	114.20	129.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation (Gross) was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class G - Income (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	112.02	112.31
Return before operating charges*	(1.32)	0.19
Operating charges	(1.25)	(0.17)
Return after operating charges*	(2.57)	0.02
Distributions	(2.31)	(0.31)
Closing net asset value per share	107.14	112.02
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(2.29)%	0.02%
<b>Other information</b>		
Closing net asset value (£000)	12,094	13,364
Closing number of shares	11,288,333	11,930,400
Operating charges#	1.15%	1.12%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	114.30	112.80
Lowest share price	97.56	111.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Income (Gross) was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class X - Accumulation (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	181.07	180.84
Return before operating charges*	(12.80)	0.30
Operating charges	(0.22)	(0.07)
Return after operating charges*	(13.02)	0.23
Distributions	(1.32)	(0.70)
Retained distributions on accumulation shares	1.32	0.70
Return to shareholder as a result of class closure	(168.05)	-
Closing net asset value per share	-	181.07
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(7.19)%	0.13%
<b>Other information</b>		
Closing net asset value (£000)	-	211,119
Closing number of shares	-	116,595,100
Operating charges#	0.25%	0.28%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	185.50	181.80
Lowest share price	159.00	180.10

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019 and closed on 24th April 2020.

Prices for Share Class X Accumulation (Gross) are not published externally, as this is an internal share class.

## Cautious Solution

### Statement of Total Return

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Income			
Net capital losses	2	(36,725)	(1,735)
Revenue	3	14,672	2,551
Expenses	4	(3,122)	(439)
Interest payable and similar charges		(7)	(2)
Net revenue before taxation		11,543	2,110
Taxation	5	(73)	(108)
Net revenue after taxation		11,470	2,002
<b>Total return before distributions</b>		<b>(25,255)</b>	<b>267</b>
Distributions	6	(11,537)	(2,015)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(36,792)</b>	<b>(1,748)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>661,062</b>	-
Assets transferred from SW Investment Solutions Funds ICVC†	-	670,619
Amounts receivable on creation of shares	2,260	1,081
Less: Amounts payable on cancellation of shares	(231,755)	(10,828)
	(229,495)	(9,747)
Dilution adjustment	2	-
Change in net assets attributable to shareholders from investment activities	(36,792)	(1,748)
Retained distributions on accumulation shares	9,685	1,938
<b>Closing net assets attributable to shareholders</b>	<b>404,462</b>	<b>661,062</b>

†This transaction involves a related party (see note 11).

Notes to the Financial Statements are on pages 83 to 91.

## Cautious Solution

### Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		355,852	633,098
<b>Current assets</b>			
Debtors	8	1,853	4,343
Cash and bank balances	9	1,809	233
Cash equivalents‡		46,451	25,910
<b>Total assets</b>		<b>405,965</b>	<b>663,584</b>
<b>Liabilities</b>			
Investment liabilities		(633)	(808)
Provision for liabilities	10	(14)	(95)
<b>Creditors</b>			
Bank overdrafts		(17)	(205)
Distribution payable		(83)	(55)
Other creditors	11	(756)	(1,359)
<b>Total liabilities</b>		<b>(1,503)</b>	<b>(2,522)</b>
<b>Net assets attributable to shareholders</b>		<b>404,462</b>	<b>661,062</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current year and comparative period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 83 to 91.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital losses

The net capital losses during the year comprise:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Non-derivative securities	(40,510)	(1,638)
Futures contracts	1,658	364
Forward currency contracts	1,819	(616)
ACD's periodic charge rebates taken to capital	366	63
Currency (losses)/gains	(49)	92
Transaction charges	(9)	-
Net capital losses*	<u>(36,725)</u>	<u>(1,735)</u>

\*Includes realised losses of £22,099,000 and unrealised losses of £14,626,000 (31/10/19: realised losses of £59,000 and unrealised losses of £1,676,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting period.

### 3. Revenue

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	3,057	1,477
Interest distributions	5,100	-
Offshore distributions	4,191	640
Bank interest	2	-
Fund of funds rebates	2,322	434
Total revenue	<u>14,672</u>	<u>2,551</u>

### 4. Expenses

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>3,051</u>	<u>427</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	57	10
Safe custody fees	4	1
	<u>61</u>	<u>11</u>
<b>Other expenses:</b>		
Audit fee	10	1
Total expenses	<u>3,122</u>	<u>439</u>

Expenses include irrecoverable VAT.

The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £9,750 (31/10/19 : £8,400).

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**5. Taxation****(a) Analysis of charge in year:**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Corporation tax	154	13
Double tax relief	(28)	-
Irrecoverable overseas tax	28	-
Total current tax	154	13
Total deferred tax (note 5c)	(81)	95
Total taxation (note 5b)	73	108

**(b) Factors affecting total tax charge for the year:**

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue before taxation	11,543	2,110
Corporation tax of 20%	2,309	422
<b>Effects of:</b>		
Franked UK income*	(334)	(200)
Overseas non-taxable revenue*	(53)	-
Taxable income taken to capital	73	13
Irrecoverable overseas tax	28	-
Tax deductible interest distributions	(1,922)	(127)
Double tax relief	(28)	-
Total tax charge for year (note 5a)	73	108

\*As an authorised OEIC these items are not subject to corporation tax.

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

**(c) Deferred taxation:**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Provision at the start of the year	95	-
Deferred tax (credit)/charge in profit and loss account for the year (note 5a)	(81)	95
Provision at the end of the year	14	95
Provision consists of:		
Revenue taxable in different periods	14	95

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**6. Distributions**

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

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000
First interim	3,653	-
Second interim	1,925	-
Third interim	2,863	-
Final	1,655	1,994
	<hr/>	<hr/>
	10,096	1,994
Add: Revenue deducted on cancellation of shares	1,448	24
Deduct: Revenue received on creation of shares	(7)	(3)
	<hr/>	<hr/>
Net distributions for the year	11,537	2,015

*Details of the distributions per share are set out in the Distribution Tables on page 92.*

**7. Movement between net revenue and net distributions**

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000
Net revenue after taxation	11,470	2,002
Undistributed revenue	(6)	-
Tax charge on rebates taken to capital	73	13
	<hr/>	<hr/>
Net distributions for the year	11,537	2,015

**8. Debtors**

	31/10/20	31/10/19
	£000	£000
Sales awaiting settlement	-	179
Amounts receivable for issue of shares	197	3
Accrued revenue	982	680
Fund of funds rebates receivable	338	282
Income tax receivable	336	95
Debtors from conversion	-	3,104
	<hr/>	<hr/>
Total debtors	1,853	4,343

**9. Cash and bank balances**

	31/10/20	31/10/19
	£000	£000
Cash and bank balances	188	-
Amounts held at futures clearing houses and brokers	1,621	233
	<hr/>	<hr/>
Total cash and bank balances	1,809	233

**10. Provision for liabilities**

	31/10/20	31/10/19
	£000	£000
Deferred taxation	14	95

for the year ended 31st October 2020

**11. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	390	1,098
Accrued expenses	240	248
Corporation tax payable	126	13
Total other creditors	<u>756</u>	<u>1,359</u>

**12. Related party transactions**

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited investments, which amount to £365,576 (31/10/19: £63,200).

Amounts paid to the ACD in respect of ACD fees are disclosed in note 2 and 4, with £220,174 (31/10/19: 234,488) due at the year end.

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 148,277,446 shares (31/10/19: 45,994,982 shares) with a cost of £222,778,679 (31/10/19: £94,368,401) and sales of 118,016,669 shares (31/10/19: 863,146 shares) with sales proceeds of £148,426,113 (31/10/19: £1,301,624).

The sub-fund has a related party holding of 75,392,613 shares (31/10/19: 45,131,836 shares) and value of £148,526,684 (31/10/19: £92,538,386) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £1,233,373 (31/10/19: £998,208).

During the year to 31st October 2020 assets valued at £nil were transferred to the sub-fund from related parties (31/10/19: £670,619,282).

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>%</b>	<b>%</b>
ACD and associates of the ACD	0.05	31.96

for the year ended 31st October 2020

### 13. Share classes

The sub-fund has two share classes in issue (31/10/2019: three).

The ACD's periodic charge on each share class is as follows:

	31/10/20
	%
Share Class A - Accumulation (Gross):	0.85
Share Class A - Income (Gross):	0.85
Share Class G - Accumulation (Gross):	0.85
Share Class G - Income (Gross):	0.85

Share Class X Accumulation was closed on 24th April 2020.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 76 to 80.

The distributions per share class are given in the Distribution Tables on pages 90 to 91.

#### Reconciliation of the shares movement in the year:

	01/11/19			31/10/20
	Opening shares			Closing shares
	in issue	Creations	Cancellations	in issue
Share Class A - Accumulation (Gross)	39,954,700	127,200	(3,966,600)	36,115,300
Share Class A - Income (Gross)	8,006,700	9,047	(594,972)	7,420,775
Share Class G - Accumulation (Gross)	280,324,300	758,160	(22,202,992)	258,879,468
Share Class G - Income (Gross)	11,930,400	9,981	(652,048)	11,288,333
Share Class X - Accumulation (Gross)	116,595,100	602,256	(117,197,356)	-

There are no conversions in the year to report.

### 14. Capital commitments and contingent liabilities

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

### 15. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 71. The risks inherent in the sub-fund's investment portfolio are as follows:

#### (a) Currency risk

A portion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The sub-fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £342,730 (31/10/19: £243,343).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)**

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure	Currency exposure
	31/10/20	31/10/19
	£000	£000
Australian dollar	34	-
Euro	3,648	4,648
Ghanaian cedi	-	(24)
Japanese yen	6,113	10,127
Swiss franc	6,248	-
US dollar	18,230	9,583
Total	<u>34,273</u>	<u>24,334</u>

*(b) Interest rate risk profile of financial assets and liabilities*

The sub-fund receives revenue from holdings in regulated collective investment schemes and exchange traded funds. The cash flow from the sub-fund's investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The sub-fund's net cash holding of £187,995 (31/10/19: overdraft £205,125) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £1,604,056 (31/10/19: cash £233,174), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

*(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The sub-fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the sub-fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the sub-fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

Financial derivative instrument exposure - fair value	31/10/20	31/10/19
	£000	£000
Exchange traded derivatives	667	622
Forward currency contracts	100	169
Total Financial derivative instrument exposure	<u>767</u>	<u>791</u>

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

## 15. Risk management policies, derivatives and other financial instruments (continued)

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	54,650	17,913
Forward currency contracts	33,965	19,101
Total Financial derivative instrument exposure	<b>88,615</b>	<b>37,014</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>88,615</b>	<b>37,014</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
BNP Paribas - Forward currency contracts	(2)	-
HSBC Bank - Forward currency contracts	39	(615)
Morgan Stanley International - Forward currency contracts	21	-
UBS - Forward currency contracts	(6)	-
Merrill Lynch - Futures contracts	82	598
Total counterparty exposure	<b>134</b>	<b>(17)</b>

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	1,453	222
AUD Cash - Merrill Lynch	13	-
EUR Cash - Merrill Lynch	53	11
JPY Cash - Merrill Lynch	(17)	-
USD Cash - Merrill Lynch	102	-

*(d) Liquidity risk*

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

*(e) Market price risk and fair value of financial assets and liabilities*

The sub-fund invests principally in regulated collective investment schemes. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

for the year ended 31st October 2020

### 15. Risk management policies, derivatives and other financial instruments (continued)

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £4,016,703 (31/10/19: £6,582,003).

#### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	153.69	105.10
Commitment leverage	1.47	103.91

#### (g) Credit risk

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

### 16. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20	16/09/19 to 31/10/19	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000	£000	£000
Collective Investment Schemes	353,368	675,491	572,066	16,349
<b>Commissions</b>				
Futures~	7	0	(7)	0
<b>Total net trades in the year after transaction costs</b>	<b>353,375</b>	<b>675,491</b>	<b>572,059</b>	<b>16,349</b>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

#### Total transaction cost expressed as a percentage of average net asset value

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	%	%
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.07% (31/10/19: 0.00%).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**17. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	94,959	(585)	14,784	(24)
Level 2	307,344	(48)	644,224	(784)
Level 3	-	-	-	-
Total fair value	402,303	(633)	659,008	(808)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Cautious Solution

### Distribution Tables

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for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2019  
Second interim Shares purchased prior to 1st February 2020  
Third interim Shares purchased prior to 1st May 2020  
Final Shares purchased prior to 1st August 2020

Group 2 First interim Shares purchased on or between 1st November 2019 and 31st January 2020  
Second interim Shares purchased on or between 1st February 2020 and 30th April 2020  
Third interim Shares purchased on or between 1st May 2020 and 31st July 2020  
Final Shares purchased on or between 1st August 2020 and 31st October 2020

#### Share Class A - Accumulation (Gross)

	Gross revenue (p)	Equalisation (p)	Distributions paid/payable to 31/12/2020 (p)	Distributions paid to 31/12/2019 (p)
Group 1				
First interim	0.5935	-	0.5935	-
Second interim	0.5388	-	0.5388	-
Third interim	0.8856	-	0.8856	-
Final	0.6155	-	0.6155	0.3206
Group 2				
First interim	0.2880	0.3055	0.5935	-
Second interim	0.2596	0.2792	0.5388	-
Third interim	0.4316	0.4540	0.8856	-
Final	0.3331	0.2824	0.6155	0.3206

#### Share Class A - Income (Gross)

	Gross revenue (p)	Equalisation (p)	Distributions paid/payable to 31/12/2020 (p)	Distributions paid to 31/12/2019 (p)
Group 1				
First interim	0.4340	-	0.4340	-
Second interim	0.3925	-	0.3925	-
Third interim	0.6429	-	0.6429	-
Final	0.4441	-	0.4441	0.2349
Group 2				
First interim	0.2453	0.1887	0.4340	-
Second interim	0.2138	0.1787	0.3925	-
Third interim	0.3588	0.2841	0.6429	-
Final	0.2477	0.1964	0.4441	0.2349

**Distribution Tables****(continued)**

for the year ended 31st October 2020

**Share Class G - Accumulation (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.6668	-	0.6668	-
Second interim	0.6073	-	0.6073	-
Third interim	0.9108	-	0.9108	-
Final	0.5217	-	0.5217	0.3564
Group 2	(p)	(p)	(p)	(p)
First interim	0.4119	0.2549	0.6668	-
Second interim	0.1565	0.4508	0.6073	-
Third interim	0.4219	0.4889	0.9108	-
Final	0.2264	0.2953	0.5217	0.3564

**Share Class G - Income (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.5724	-	0.5724	-
Second interim	0.5185	-	0.5185	-
Third interim	0.7745	-	0.7745	-
Final	0.4402	-	0.4402	0.3069
Group 2	(p)	(p)	(p)	(p)
First interim	0.2879	0.2845	0.5724	-
Second interim	0.0199	0.4986	0.5185	-
Third interim	0.2986	0.4759	0.7745	-
Final	-	0.4402	0.4402	0.3069

**Share Class X - Accumulation (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	1.3166	-	1.3166	-
Second interim	N/a	N/a	N/a	-
Third interim	N/a	N/a	N/a	-
Final	N/a	N/a	N/a	0.6957
Group 2	(p)	(p)	(p)	(p)
First interim	0.8669	0.4497	1.3166	-
Second interim	N/a	N/a	N/a	-
Third interim	N/a	N/a	N/a	-
Final	N/a	N/a	N/a	0.6957

The Fund was launched on 16th September 2019.

Share Class X Accumulation (Gross) was closed on 24th April 2020.

### Investment Markets Overview

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for the year ended 31st October 2020

#### Investment Objective and Policy

To provide an income with the potential for some capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to fixed interest securities, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets and shares) and absolute return strategies\*.

\*Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 40% and 80% of the Fund will provide exposure to fixed interest securities. This will include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. It may also invest in overseas corporate and government bond funds and high yield bond\*\* funds.

A maximum of 30% of the Fund will provide exposure to shares. This may include UK, overseas and emerging market shares.

A maximum of 20% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging).

If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stock lending.

\*\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

for the year ended 31st October 2020

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because it has experienced medium levels of volatility over the past 5 years. *As disclosed in the key investor information document dated 11th September 2020.	Typically lower rewards, lower risks                      Typically higher rewards, higher risks							
	←	1	2	3	4	5	6	7

**Investment Review**

Performance	01/11/19 to 31/10/20 %	16/09/19 to 31/10/19 %
Defensive Solution A Accumulation	(1.12)	n/a

Source: Lipper. Basis: Gross revenue reinvested and net of expenses.

As the Fund was launched on 16th September 2019, there is insufficient data available to provide a useful indication of performance to investors for the year ended 31st October 2019.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -1.1% in the 12 months to 31st October 2020.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

## Defensive Solution

### Portfolio Statement

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (98.83%, 31/10/19 98.92%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Corporate Bond Fund A Inc	1,203,406	1,494	9.75
Aberdeen UK Property Feeder Unit Trust A Inc	1,434,449	1,204	7.85
BNY Mellon Insight Global Absolute Return Fund W Acc	258,142	300	1.96
Invesco Corporate Bond Fund (UK) Z Inc	624,559	1,392	9.08
Nordea 1 Diversified Return Fund BD GBP Acc	2,719	318	2.08
Payden Absolute Return Bond Fund GBP Acc	28,535	324	2.11
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	192,505	1,088	7.10
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct ◊	10,732	1,106	7.21
Schroder Sterling Liquidity Fund X Inc†‡◊	1,783,222	1,783	11.63
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund A Inc†	191,322	290	1.89
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	185,141	697	4.55
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	386,714	747	4.87
		10,743	70.08
<b>Exchange Traded Funds</b>			
iShares Core GBP Corporate Bond UCITS	28,210	4,408	28.75
		4,408	28.75
<b>TOTAL FINANCIALS</b>		<b>15,151</b>	<b>98.83</b>
<b>DERIVATIVES (0.06%, 31/10/19 0.00%)</b>			
<b>Forward Currency Contracts</b>			
Bought CHF455,000 for GBP385,309 Settlement 24/11/2020~		0	0.00
Bought EUR401,000 for GBP364,081 Settlement 24/11/2020		(2)	(0.01)
Bought JPY37,324,000 for GBP274,096 Settlement 24/11/2020		3	0.02
Bought USD232,000 for GBP178,432 Settlement 24/11/2020		1	0.00
Bought USD203,000 for GBP157,317 Settlement 24/11/2020~		0	0.00
Bought USD592,000 for GBP458,233 Settlement 24/11/2020~		0	0.00
Sold CHF184,000 for GBP155,716 Settlement 24/11/2020~		0	0.00
Sold EUR198,000 for GBP179,534 Settlement 24/11/2020~		0	0.00
		2	0.01

**Portfolio Statement**

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
Australian Government Bond 10 Year Futures December 2020	1	1	0.00
E Mini Russell 2000 Index Futures December 2020	5	(14)	(0.09)
German Euro Bund Futures December 2020	4	8	0.05
MSCI Emerging Markets Index Futures December 2020	7	6	0.04
S&P 500 E Mini Index Futures December 2020	(2)	12	0.08
UK Long Gilt Futures December 2020~	1	0	0.00
US Treasury Note 10 Year Ultra Bond Futures December 2020	4	(5)	(0.03)
		8	0.05
<b>TOTAL DERIVATIVES</b>		<b>10</b>	<b>0.06</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>15,161</b>	<b>98.89</b>
<b>Net other assets</b>		<b>170</b>	<b>1.11</b>
<b>Total net assets</b>		<b>15,331</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and is therefore rounded down to £0.

## Defensive Solution

### Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inc†‡	7,411	Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc	12,693
iShares Core GBP Corporate Bond UCITS#	4,421	Aberdeen Standard Corporate Bond Fund A Inc	6,675
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct †	3,923	Schroder Sterling Liquidity Fund X Inc†‡	5,628
S&P 500 E Mini Index Futures September 2020	1,785	Invesco Corporate Bond Fund (UK) Z Inc	2,760
US Treasury Note 10 Year Ultra Bond Futures June 2020	1,770	Schroder International Selection Fund Multi-Asset Total Return X GBP (Hedged) Acct †	2,540
US Treasury Note 10 Year Ultra Bond Futures March 2020	1,446	Aberdeen UK Property Feeder Unit Trust A Inc	2,523
US Treasury Note 10 Year Ultra Bond Futures December 2019	1,431	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc‡	2,346
iShares USD Corporate Bond UCITS#	1,304	Candriam Bonds Total Return S GBP (Hedged) Acc	2,178
Canadian Government Bond 10 Year Futures June 2020	1,203	US Treasury Note 10 Year Ultra Bond Futures June 2020	1,900
FTSE 100 Index Futures June 2020	995	Payden Absolute Return Bond Fund GBP Acc	1,787

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 12).

‡Cash equivalents.

#Exchange Traded Fund.

†Asset managed by the Investment Adviser.

## Defensive Solution

### Comparative Table

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class A - Accumulation (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	142.61	142.66
Return before operating charges*	0.52	0.26
Operating charges	(2.14)	(0.31)
Return after operating charges*	(1.62)	(0.05)
Distributions	(2.87)	(0.16)
Retained distributions on accumulation shares	2.87	0.16
Closing net asset value per share	140.99	142.61
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges^	(1.14)%	(0.04)%
<b>Other information</b>		
Closing net asset value (£000)	3,449	3,699
Closing number of shares	2,445,980	2,593,900
Operating charges#	1.53%	1.64%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	145.40	143.30
Lowest share price	127.20	142.00

#Operating charges are representative of the ongoing charges figure.

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 94 which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation (Gross) was launched on 16th September 2019.

## Defensive Solution

### Comparative Table

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class A - Income (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	106.82	106.98
Return before operating charges*	0.37	0.19
Operating charges	(1.59)	(0.23)
Return after operating charges*	(1.22)	(0.04)
Distributions	(2.13)	(0.12)
Closing net asset value per share	103.47	106.82
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(1.14)%	(0.04)%
<b>Other information</b>		
Closing net asset value (£000)	499	528
Closing number of shares	482,027	494,300
Operating charges#	1.53%	1.64%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	108.70	107.50
Lowest share price	94.97	106.50

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Income (Gross) was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class G - Accumulation (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	126.20	126.16
Return before operating charges*	0.46	0.23
Operating charges	(1.43)	(0.19)
Return after operating charges*	(0.97)	0.04
Distributions	(3.01)	(0.22)
Retained distributions on accumulation shares	3.01	0.22
Closing net asset value per share	125.23	126.20
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(0.77)%	0.03%
<b>Other information</b>		
Closing net asset value (£000)	10,822	11,587
Closing number of shares	8,641,212	9,181,700
Operating charges#	1.15%	1.14%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	128.80	126.80
Lowest share price	112.80	125.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation (Gross) was launched on 16th September 2019.

## Defensive Solution

### Comparative Table

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class G - Income (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	110.11	110.27
Return before operating charges*	0.39	0.21
Operating charges	(1.24)	(0.17)
Return after operating charges*	(0.85)	0.04
Distributions	(2.61)	(0.20)
Closing net asset value per share	106.65	110.11
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(0.77)%	0.04%
<b>Other information</b>		
Closing net asset value (£000)	561	736
Closing number of shares	526,137	668,500
Operating charges#	1.15%	1.14%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	112.20	110.80
Lowest share price	97.96	109.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Income (Gross) was launched on 16th September 2019.

## Defensive Solution

### Comparative Table

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class X - Accumulation (Gross)</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	167.13	166.90
Return before operating charges*	(9.36)	0.29
Operating charges	(0.20)	(0.06)
Return after operating charges*	(9.56)	0.23
Distributions	(1.15)	(0.48)
Retained distributions on accumulation shares	1.15	0.48
Return to shareholder as a result of class closure	(157.57)	-
Closing net asset value per share	-	167.13
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(5.72)%	0.14%
<b>Other information</b>		
Closing net asset value (£000)	-	37,319
Closing number of shares	-	22,329,100
Operating charges#	0.26%	0.29%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	171.10	167.80
Lowest share price	149.90	166.30

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation (Gross) was launched on 16th September 2019 and closed on 24th April 2020.

Prices for Share Class X Accumulation (Gross) are not published externally, as this is an internal share class.

## Defensive Solution

### Statement of Total Return

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Income			
Net capital losses	2	(3,072)	(78)
Revenue	3	952	156
Expenses	4	(113)	(16)
Interest payable and similar charges		-	-
Net revenue before taxation		839	140
Taxation	5	(4)	(8)
Net revenue after taxation		835	132
<b>Total return before distributions</b>		<b>(2,237)</b>	<b>54</b>
Distributions	6	(837)	(133)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(3,074)</b>	<b>(79)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>53,869</b>	-
Asset transferred from SW Investment Solutions Funds ICVC†	-	53,690
Amounts receivable on creation of shares	1,449	802
Less: Amounts payable on cancellation of shares	(37,503)	(677)
	(36,054)	125
Change in net assets attributable to shareholders from investment activities	(3,074)	(79)
Retained distributions on accumulation shares	590	133
<b>Closing net assets attributable to shareholders</b>	<b>15,331</b>	<b>53,869</b>

†This investment is a related party (see note 12).

Notes to the Financial Statements are on pages 106 to 114.

## Defensive Solution

### Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		13,399	50,128
<b>Current assets</b>			
Debtors	8	82	445
Cash and bank balances	9	130	171
Cash equivalents‡		1,783	3,224
<b>Total assets</b>		<b>15,394</b>	<b>53,968</b>
<b>Liabilities</b>			
Investment liabilities		(21)	(67)
Provision for liabilities	10	-	(7)
<b>Creditors</b>			
Bank overdrafts		(1)	-
Distribution payable		(5)	(2)
Other creditors	11	(36)	(23)
<b>Total liabilities</b>		<b>(63)</b>	<b>(99)</b>
<b>Net assets attributable to shareholders</b>		<b>15,331</b>	<b>53,869</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current year and comparative period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 106 to 114.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital losses

The net capital losses during the year comprise:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Non-derivative securities	(3,271)	(67)
Futures contracts	104	28
Forward currency contracts	89	(51)
ACD's periodic charge rebates taken to capital	18	4
Currency (losses)/gains	(4)	8
Transaction charges	(8)	-
Net capital losses*	<u>(3,072)</u>	<u>(78)</u>

\*Includes realised losses of £2,653,000 and unrealised losses of £419,000 (31/10/19: realised losses of £7,000 and unrealised losses of £71,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting period.

### 3. Revenue

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	167	87
Interest distributions	380	-
Offshore distributions	239	31
Fund of funds rebates	166	38
Total revenue	<u>952</u>	<u>156</u>

### 4. Expenses

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>114</u>	<u>15</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	<u>4</u>	<u>1</u>
<b>Other expenses:</b>		
Audit fee	10	1
Expense capping adjustment*	<u>(15)</u>	<u>(1)</u>
	<u>(5)</u>	<u>-</u>
Total expenses	<u>113</u>	<u>16</u>

Expenses include irrecoverable VAT.

\*Relating to the reimbursement of non-ACD expenses by the ACD in excess of 0.02% of the Net Asset Value. This is a related party transaction. The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £9,750 (31/10/19 : £8,400).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**5. Taxation****(a) Analysis of charge in year:**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Corporation tax	10	1
Double tax relief	(2)	-
Irrecoverable overseas tax	3	-
Total current tax	<u>11</u>	<u>1</u>
Total deferred tax (note 5c)	<u>(7)</u>	<u>7</u>
Total taxation (note 5b)	<u><u>4</u></u>	<u><u>8</u></u>

**(b) Factors affecting total tax charge for the year:**

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue before taxation	<u>839</u>	<u>140</u>
Corporation tax of 20%	168	28
<b>Effects of:</b>		
Franked UK income*	(15)	(10)
Overseas non-taxable revenue*	(5)	-
Taxable income taken to capital	4	1
Irrecoverable overseas tax	3	-
Tax deductible interest distributions	(149)	(11)
Double tax relief	(2)	-
Total tax charge for year (note 5a)	<u><u>4</u></u>	<u><u>8</u></u>

\*As an authorised OEIC these items are not subject to corporation tax.

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

**(c) Deferred taxation:**

	01/11/19 to 31/10/20 £000	31/10/19 to 31/10/19 £000
Provision at the start of the year	7	-
Deferred tax charge in profit and loss account for the year (note 5a)	<u>(7)</u>	<u>7</u>
Provision at the end of the year	<u>-</u>	<u>7</u>
Revenue taxable in different periods	<u><u>-</u></u>	<u><u>7</u></u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**6. Distributions**

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
First interim	326	-
Second interim	56	-
Third interim	159	-
Final	74	134
	<hr/>	<hr/>
	615	134
Add: Revenue deducted on cancellation of shares	228	1
Deduct: Revenue received on creation of shares	(6)	(2)
	<hr/>	<hr/>
Net distributions for the year	837	133

*Details of the distributions per share are set out in the Distribution Tables on page 115.*

**7. Movement between net revenue and net distributions**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue after taxation	835	132
Tax charge on rebates taken to capital	4	1
Double tax relief	(2)	-
	<hr/>	<hr/>
Net distribution for the year	837	133

**8. Debtors**

	31/10/20 £000	31/10/19 £000
Amounts receivable for issue of shares	-	43
Accrued revenue	40	45
Fund of funds rebates receivable	15	24
Income tax receivable	24	7
Expense capping adjustment receivable	3	1
Debtors from conversion	-	325
	<hr/>	<hr/>
Total debtors	82	445

**9. Cash and bank balances**

	31/10/20 £000	31/10/19 £000
Cash and bank balances	81	157
Amounts held at futures clearing houses and brokers	49	14
	<hr/>	<hr/>
Total cash and bank balances	130	171

**10. Provision for liabilities**

	31/10/20 £000	31/10/19 £000
Deferred taxation	-	7
	<hr/>	<hr/>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**11. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	5	13
Accrued expenses	23	9
Corporation tax payable	8	1
Total other creditors	<u>36</u>	<u>23</u>

**12. Related party transactions**

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Personal Wealth Limited, which amount to £17,507 (31/10/19: £3,801).

Amounts paid to the ACD in respect of ACD fees are disclosed in note 2 and 4, with £6,559 (31/10/19: £6,172) due at the year end (inclusive of the expense reimbursement in note 8).

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 8,085,330 shares (31/10/19: 2,574,128 shares) with a cost of £12,434,300 (31/10/19: £5,627,398) and sales of 7,964,317 shares (31/10/19: 138,011 shares) with sales proceeds of £11,834,791 (31/10/19: £320,125).

The sub-fund has a related party holding of 2,557,130 shares (31/10/19: 2,436,118 shares) and value of £4,623,286 (31/10/19: £5,261,833) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £56,835 (31/10/19: £51,079).

During the year to 31st October 2020 assets valued at £nil were transferred to the sub-fund from related parties (31/10/19: £53,690,409).

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>%</b>	<b>%</b>
ACD and associates of the ACD	0.00	69.31

for the year ended 31st October 2020

### 13. Share classes

The sub-fund has two share classes in issue (31/10/2019: three).

The ACD's periodic charge on each share class is as follows:

	31/10/20
	%
Share Class A - Accumulation (Gross):	0.85
Share Class A - Income (Gross):	0.85
Share Class G - Accumulation (Gross):	0.85
Share Class G - Income (Gross):	0.85

Share Class X Accumulation was closed on 24th April 2020.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 99 to 103.

The distributions per share class are given in the Distribution Tables on page 115.

### Reconciliation of the shares movement in the year:

	01/11/19			31/10/20
	Opening shares			Closing shares
	in issue	Creations	Cancellations	in issue
Share Class A - Accumulation (Gross)	2,593,900	6,530	(154,450)	2,445,980
Share Class A - Income (Gross)	494,300	71	(12,344)	482,027
Share Class G - Accumulation (Gross)	9,181,700	195,029	(735,517)	8,641,212
Share Class G - Income (Gross)	668,500	2,773	(145,136)	526,137
Share Class X - Accumulation (Gross)	22,329,100	724,916	(23,054,016)	-

There are no conversions in the year to report.

### 14. Capital commitments and contingent liabilities

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

### 15. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 94. The risks inherent in the sub-fund's investment portfolio are as follows:

#### (a) Currency risk

A portion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The sub-fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £15,015 (31/10/19: £18,546).

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

	Currency exposure	Currency exposure
	31/10/20	31/10/19
	£000	£000
Currency		
Australian dollar	3	-
Euro	194	378
Japanese yen	276	742

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

## 15. Risk management policies, derivatives and other financial instruments (continued)

Currency	Currency exposure	Currency exposure
	31/10/20	31/10/19
	£000	£000
Swiss franc	229	-
US dollar	800	735
Total	1,502	1,855

## (b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cash flow from the sub-fund's underlying investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing an income return.

The sub-fund's net cash holding of £81,168 (31/10/19: holding £157,136) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £48,754 (31/10/19: cash £14,394), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

## (c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The sub-fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the sub-fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the sub-fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

Financial derivative instrument exposure - fair value	31/10/20	31/10/19
	£000	£000
Exchange traded derivatives	27	51
Forward currency contracts	4	14
Total Financial derivative instrument exposure	31	65

Financial derivative instrument exposure - notional	31/10/20	31/10/19
	£000	£000
Exchange traded derivatives	2,188	1,353
Forward currency contracts	1,484	1,442
Total Financial derivative instrument exposure	3,672	2,795

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

Efficient portfolio management techniques	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000
Underlying exposure obtained through EPM techniques	3,672	2,795

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)****Counterparties to financial derivative instruments and efficient portfolio management techniques**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
HSBC Bank - Forward Currency Contracts	1	(51)
Morgan Stanley - Forward currency contracts	1	-
Merrill Lynch - Futures contracts	8	49
Total counterparty exposure	<b>10</b>	<b>(2)</b>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

**Collateral**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	40	13
AUD Cash - Merrill Lynch	2	-
EUR Cash - Merrill Lynch	3	1
JPY Cash - Merrill Lynch	(1)	-
USD Cash - Merrill Lynch	5	-

*(d) Liquidity risk*

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

*(e) Market price risk and fair value of financial assets and liabilities*

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £151,612 (31/10/19: £532,850).

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)**

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	-	104.54
Commitment leverage	-	103.30

*(g) Credit risk*

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**16. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20	16/09/19 to 31/10/19	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000	£000	£000
Collective Investment Schemes	19,608	56,612	54,651	3,294
<b>Commissions</b>				
Futures~	0	0	0	0
<b>Total net trades in the year after transaction costs</b>	19,608	56,612	54,651	3,294

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	%	%
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to non-equity investment instruments.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.09% (31/10/19: 0.00%).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**17. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	4,435	(19)	1,132	(2)
Level 2	10,747	(2)	52,220	(65)
Level 3	-	-	-	-
Total fair value	15,182	(21)	53,352	(67)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Defensive Solution

### Distribution Tables

for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2019  
 Second interim Shares purchased prior to 1st February 2020  
 Third interim Shares purchased prior to 1st May 2020  
 Final Shares purchased prior to 1st August 2020

Group 2 First interim Shares purchased on or between 1st November 2019 and 31st January 2020  
 Second interim Shares purchased on or between 1st February 2020 and 30th April 2020  
 Third interim Shares purchased on or between 1st May 2020 and 31st July 2020  
 Final Shares purchased on or between 1st August 2020 and 31st October 2020

#### Share Class A - Accumulation (Gross)

	Gross revenue (p)	Equalisation (p)	Distributions paid/payable to 31/12/2020 (p)	Distributions paid to 31/12/2019 (p)
Group 1				
First interim	0.4959	-	0.4959	-
Second interim	0.3881	-	0.3881	-
Third interim	1.3214	-	1.3214	-
Final	0.6634	-	0.6634	0.1600
Group 2				
First interim	0.1601	0.3358	0.4959	-
Second interim	0.1140	0.2741	0.3881	-
Third interim	0.7978	0.5236	1.3214	-
Final	0.3464	0.3170	0.6634	0.1600

#### Share Class A - Income (Gross)

	Gross revenue (p)	Equalisation (p)	Distributions paid/payable to 31/12/2020 (p)	Distributions paid to 31/12/2019 (p)
Group 1				
First interim	0.3714	-	0.3714	-
Second interim	0.2897	-	0.2897	-
Third interim	0.9835	-	0.9835	-
Final	0.4889	-	0.4889	0.1200
Group 2				
First interim	-	-	-	-
Second interim	-	-	-	-
Third interim	-	-	-	-
Final	-	-	-	0.1200

**Distribution Tables****(continued)**

for the year ended 31st October 2020

**Share Class G - Accumulation (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.5987	-	0.5987	-
Second interim	0.4943	-	0.4943	-
Third interim	1.3274	-	1.3274	-
Final	0.5891	-	0.5891	0.2241
Group 2	(p)	(p)	(p)	(p)
First interim	0.3660	0.2327	0.5987	-
Second interim	0.0243	0.4700	0.4943	-
Third interim	0.5739	0.7535	1.3274	-
Final	0.2040	0.3851	0.5891	0.2241

**Share Class G - Income (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.5223	-	0.5223	-
Second interim	0.4293	-	0.4293	-
Third interim	1.1486	-	1.1486	-
Final	0.5068	-	0.5068	0.1960
Group 2	(p)	(p)	(p)	(p)
First interim	0.1982	0.3241	0.5223	-
Second interim	0.1430	0.2863	0.4293	-
Third interim	0.5926	0.5560	1.1486	-
Final	-	-	-	0.1960

**Share Class X - Accumulation (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	1.1534	-	1.1534	-
Second interim	N/a	N/a	N/a	-
Third interim	N/a	N/a	N/a	-
Final	N/a	N/a	N/a	0.4829
Group 2	(p)	(p)	(p)	(p)
First interim	0.5164	0.6370	1.1534	-
Second interim	N/a	N/a	N/a	-
Third interim	N/a	N/a	N/a	-
Final	N/a	N/a	N/a	0.4829

Share Class X Accumulation (Gross) was closed on 24th April 2020.

### Investment Markets Overview

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for the year ended 31st October 2020

#### Investment Objective and Policy

To provide an income and potential for capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to fixed interest securities and shares, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets) and absolute return strategies\*.

\*Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 20% and 55% of the Fund will provide exposure to fixed interest securities. This will include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. It may also invest in overseas corporate and government bond funds and high yield bond\*\* funds.

Between 20% and 55% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates. Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to Shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

\*\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

As at 17.01.2019 the Fund would have sat within the "Mixed Investment 20-60% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

for the year ended 31st October 2020

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>The Fund is ranked at 4 * because it has experienced medium to high levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 23rd July 2020.</p>	<p style="text-align: center;">Typically lower rewards, lower risks</p> <p style="text-align: center;">←</p>							<p style="text-align: center;">Typically higher rewards, higher risks</p> <p style="text-align: center;">→</p>						
	1	2	3	4	5	6	7							

### Investment Review

Performance	01/11/19 to 31/10/20 %	16/09/19 to 31/10/19 %
Discovery Solution A Accumulation	(6.42)	n/a

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

As the Fund was launched on 16th September 2019, there is insufficient data available to provide a useful indication of performance to investors for the year ended 31st October 2019.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -6.4% in the 12 months to 31st October 2020.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

**Portfolio Statement**

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.52%, 31/10/19 99.58%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Corporate Bond Fund A Inc	11,520,456	14,299	7.13
Aberdeen UK Property Feeder Unit Trust A Inc	26,039,878	21,853	10.90
BNY Mellon Insight Global Absolute Return Fund W Acc	3,495,300	4,066	2.03
iShares UK Gilts All Stocks Index Fund H Inc	7,194,925	9,073	4.53
Nordea 1 Diversified Return Fund BD GBP Acc	34,790	4,064	2.03
Payden Absolute Return Bond Fund GBP Acc	361,474	4,112	2.05
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	3,575,761	20,203	10.08
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct †	117,781	12,140	6.06
Schroder Sterling Liquidity Fund X Inc † ‡	12,003,456	12,003	5.99
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund A Inc †	3,261,322	4,951	2.47
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct †	8,545,740	32,158	16.05
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct †	14,733,757	28,451	14.20
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	219,203	2,138	1.07
Vontobel Commodity Fund G GBP Acc	23,990	2,163	1.08
		171,674	85.67
<b>Exchange Traded Funds</b>			
iShares Core GBP Corporate Bond UCITS	177,581	27,747	13.85
		27,747	13.85
<b>TOTAL FINANCIALS</b>		<b>199,421</b>	<b>99.52</b>
<b>DERIVATIVES (-0.12%, 31/10/19 -0.02%)</b>			
<b>Forward Currency Contracts</b>			
Bought CHF6,112,000 for GBP5,175,845 Settlement 24/11/2020		(3)	0.00
Bought EUR623,000 for GBP565,642 Settlement 24/11/2020		(2)	0.00
Bought JPY106,827,000 for GBP784,503 Settlement 24/11/2020		8	0.00
Bought USD3,195,000 for GBP2,457,289 Settlement 24/11/2020		15	0.01
Bought USD1,520,000 for GBP1,176,545 Settlement 24/11/2020~		0	0.00
Bought USD2,679,000 for GBP2,076,101 Settlement 24/11/2020		(3)	0.00
Sold CHF2,433,000 for GBP2,059,010 Settlement 24/11/2020~		0	0.00
Sold EUR2,724,000 for GBP2,469,956 Settlement 24/11/2020		7	0.00
		22	0.01

**Portfolio Statement**

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
E Mini Russell 2000 Index Futures December 2020	67	(186)	(0.09)
EURO STOXX 50 Index Futures December 2020	28	(100)	(0.05)
FTSE 100 Index Futures December 2020	10	(48)	(0.03)
Mini TOPIX Index Futures December 2020	75	(23)	(0.01)
MSCI Emerging Markets Index Futures December 2020	113	93	0.05
S&P 500 E Mini Index Futures December 2020	(2)	12	0.00
		(252)	(0.13)
<b>TOTAL DERIVATIVES</b>		<b>(230)</b>	<b>(0.12)</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>199,191</b>	<b>99.40</b>
<b>Net other assets</b>		<b>1,197</b>	<b>0.60</b>
<b>Total net assets</b>		<b>200,388</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and is therefore rounded down to £0.

**Material Portfolio Changes**

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inct‡ <sup>◇</sup>	75,726	Schroder Sterling Liquidity Fund X Inct‡ <sup>◇</sup>	63,723
	30,497	Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc	46,876
S&P 500 E Mini Index Futures September 2020		S&P 500 E Mini Index Futures September 2020	29,787
iShares Core GBP Corporate Bond UCITS#	27,699		
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct <sup>◇</sup>	23,581	Aberdeen Standard UK Equity Index Managed Fund A Acc	24,487
S&P 500 E Mini Index Futures June 2020	19,254	Aberdeen Standard Corporate Bond Fund A Inc	19,455
FTSE 100 Index Futures June 2020	17,998	FTSE 100 Index Futures June 2020	18,897
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct†	15,925	Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct†	18,848
S&P 500 E Mini Index Futures December 2020	15,289	S&P 500 E Mini Index Futures June 2020	18,210
	12,490	Schroders Personal Wealth Multi-Manager UK Equity Income Fund A Inct	17,721
NASDAQ 100 E Mini Index Futures September 2020		Schroders Personal Wealth Multi-Manager International Equity Fund A Acct†	16,954
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct†	9,752		

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 12).

‡Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

**Comparative Table**

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>
<b>Share Class A - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	168.17	168.61
Return before operating charges*	(8.32)	(0.09)
Operating charges	(2.45)	(0.35)
Return after operating charges*	(10.77)	(0.44)
Distributions	(2.34)	(0.59)
Retained distributions on accumulation shares	2.34	0.59
Closing net asset value per share	157.40	168.17
*after direct transaction cost of:	0.01	0.00
<b>Performance</b>		
Return after charges^	(6.40)%	(0.26)%
<b>Other information</b>		
Closing net asset value (£000)	36,049	41,394
Closing number of shares	22,903,407	24,614,500
Operating charges#	1.53%	1.61%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	172.20	169.30
Lowest share price	140.70	166.70

#Operating charges are representative of the ongoing charges figure.

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 117 which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class A - Income</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	126.19	126.97
Return before operating charges*	(6.23)	(0.07)
Operating charges	(1.83)	(0.27)
Return after operating charges*	(8.06)	(0.34)
Distributions	(1.75)	(0.44)
Closing net asset value per share	116.38	126.19
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(6.39)%	(0.27)%
<b>Other information</b>		
Closing net asset value (£000)	4,847	5,548
Closing number of shares	4,165,271	4,396,600
Operating charges#	1.53%	1.61%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	129.20	127.50
Lowest share price	105.20	125.50

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Income was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>
<b>Share Class G - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	138.95	139.24
Return before operating charges*	(6.99)	(0.09)
Operating charges	(1.52)	(0.20)
Return after operating charges*	(8.51)	(0.29)
Distributions	(2.34)	(0.56)
Retained distributions on accumulation shares	2.34	0.56
Closing net asset value per share	130.44	138.95
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(6.12)%	(0.21)%
<b>Other information</b>		
Closing net asset value (£000)	149,160	171,720
Closing number of shares	114,347,681	123,580,600
Operating charges#	1.15%	1.11%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	142.40	139.80
Lowest share price	116.40	137.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class G - Income</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	120.57	121.31
Return before operating charges*	(6.05)	(0.07)
Operating charges	(1.31)	(0.18)
Return after operating charges*	(7.36)	(0.25)
Distributions	(2.01)	(0.49)
Closing net asset value per share	111.20	120.57
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(6.10)%	(0.21)%
<b>Other information</b>		
Closing net asset value (£000)	10,332	11,934
Closing number of shares	9,291,086	9,898,000
Operating charges#	1.15%	1.11%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	123.60	121.80
Lowest share price	100.60	120.00

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Income was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class X - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	195.43	195.67
Return before operating charges*	(21.41)	(0.17)
Operating charges	(0.22)	(0.07)
Return after operating charges*	(21.63)	(0.24)
Distributions	(1.22)	(0.96)
Retained distributions on accumulation shares	1.22	0.96
Return to shareholder as a result of class closure	(173.80)	-
Closing net asset value per share	-	195.43
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(11.07)%	(0.12)%
<b>Other information</b>		
Closing net asset value (£000)	-	159,823
Closing number of shares	-	81,779,100
Operating charges#	0.24%	0.26%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	200.60	196.50
Lowest share price	164.20	193.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019 and closed on 24th April 2020.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

**Statement of Total Return**

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Income			
Net capital losses	2	(36,297)	(2,417)
Revenue	3	7,455	1,990
Expenses	4	(1,083)	(133)
Interest payable and similar charges		(7)	(1)
Net revenue before taxation		6,365	1,856
Taxation	5	(995)	(159)
Net revenue after taxation		5,370	1,697
<b>Total return before distributions</b>		<b>(30,927)</b>	<b>(720)</b>
Distributions	6	(5,430)	(1,708)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(36,357)</b>	<b>(2,428)</b>

**Statement of Change in Net Assets Attributable to Shareholders**

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>390,419</b>	-
Assets transferred from SW Investment Solutions Funds ICVC†	-	398,787
Amounts receivable on creation of shares	1,082	88
Less: Amounts payable on cancellation of shares	(159,023)	(7,652)
Change in net assets attributable to shareholders from investment activities	(157,941)	(7,564)
Retained distributions on accumulation shares	4,267	1,624
<b>Closing net assets attributable to shareholders</b>	<b>200,388</b>	<b>390,419</b>

† This transaction involves a related party (see note 12).

Notes to the Financial Statements are on pages 129 to 136.

# Discovery Solution

## Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		187,553	375,609
<b>Current assets</b>			
Debtors	8	827	2,223
Cash and bank balances	9	1,251	217
Cash equivalents‡		12,003	13,465
<b>Total assets</b>		<b>201,634</b>	<b>391,514</b>
<b>Liabilities</b>			
Investment liabilities		(365)	(392)
Provision for liabilities	10	(9)	(67)
<b>Creditors</b>			
Bank overdrafts		(113)	(30)
Distribution payable		(65)	(68)
Other creditors	11	(694)	(538)
<b>Total liabilities</b>		<b>(1,246)</b>	<b>(1,095)</b>
<b>Net assets attributable to shareholders</b>		<b>200,388</b>	<b>390,419</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current year and comparative period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 129 to 136.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital losses

The net capital losses during the year comprise:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Non-derivative securities	(36,889)	(2,327)
Futures contracts	(508)	192
Forward currency contracts	884	(377)
ACD's periodic charge rebates taken to capital	290	56
Fund of funds rebates taken to capital	7	1
Currency (losses)/gains	(72)	38
Transaction charges	(9)	-
Net capital losses*	<u>(36,297)</u>	<u>(2,417)</u>

\*Includes realised losses of £25,768,000 and unrealised losses of £10,529,000 (31/10/19: realised losses of £178,000 and unrealised losses of £2,239,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting period.

### 3. Revenue

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	2,506	1,455
Interest distributions	1,580	-
Offshore distributions	2,320	325
Bank interest	2	-
Fund of funds rebates	1,047	210
Total revenue	<u>7,455</u>	<u>1,990</u>

### 4. Expenses

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>1,040</u>	<u>126</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	31	6
Safe custody fees	2	-
	<u>33</u>	<u>6</u>
<b>Other expenses:</b>		
Audit fee	10	1
Total expenses	<u>1,083</u>	<u>133</u>

Expenses include irrecoverable VAT.

The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £9,750 (31/10/19 : 8,400).

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

## 5. Taxation

## (a) Analysis of charge in year:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Corporation tax	1,012	92
Corporation tax prior year adjustment	41	-
Double tax relief	(19)	-
Irrecoverable overseas tax	19	-
Total current tax	<u>1,053</u>	<u>92</u>
Total deferred tax (note 5c)	<u>(58)</u>	<u>67</u>
Total taxation (note 5b)	<u>995</u>	<u>159</u>

## (b) Factors affecting total tax charge for the year:

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue before taxation	<u>6,365</u>	<u>1,856</u>
Corporation tax of 20%	1,273	371
<b>Effects of:</b>		
Franked UK income*	(312)	(223)
Overseas non-taxable revenue*	(26)	-
Taxable income taken to capital	60	11
Irrecoverable overseas tax	19	-
Corporation tax: adjustment in respect of prior years	41	-
Income taxed in prior year	(41)	-
Double tax relief	(19)	-
Total tax charge for year (note 5a)	<u>995</u>	<u>159</u>

\*As an authorised OEIC these items are not subject to corporation tax.

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

## (c) Deferred taxation:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Provision at the start of the year	67	-
Deferred tax (credit)/charge in profit and loss account for the year (note 5a)	<u>(58)</u>	<u>67</u>
Provision at the end of the year	<u>9</u>	<u>67</u>
Provision consists of:		
Revenue taxable in different periods	<u>9</u>	<u>67</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**6. Distributions**

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
First interim	1,943	-
Second interim	876	-
Third interim	853	-
Final	859	1,691
	<hr/> 4,531	<hr/> 1,691
Add: Revenue deducted on cancellation of shares	901	17
Deduct: Revenue received on creation of shares	(2)	-
Net distributions for the year	<hr/> <hr/> 5,430	<hr/> <hr/> 1,708

*Details of the distributions per share are set out in the Distribution Tables on pages 134 to 135.*

**7. Movement between net revenue and net distributions**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue after taxation	5,370	1,697
Tax charge on rebates taken to capital	60	11
Net distributions for the year	<hr/> <hr/> 5,430	<hr/> <hr/> 1,708

**8. Debtors**

	31/10/20 £000	31/10/19 £000
Amounts receivable for issue of shares	88	2
Accrued revenue	365	556
Fund of funds rebates receivable	141	138
Income tax receivable	233	67
Debtors from conversion	-	1,460
Total debtors	<hr/> <hr/> 827	<hr/> <hr/> 2,223

**9. Cash and bank balances**

	31/10/20 £000	31/10/19 £000
Cash and bank balances	32	-
Amounts held at futures clearing houses and brokers	1,219	217
Total cash and bank balances	<hr/> <hr/> 1,251	<hr/> <hr/> 217

**10. Provision for liabilities**

	31/10/20 £000	31/10/19 £000
Deferred taxation	9	67

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**11. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	53	392
Accrued expenses	102	54
Corporation tax payable	539	92
Total other creditors	<u>694</u>	<u>538</u>

**12. Related party transactions**

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Wealth Holdings Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited, which amount to £290,253 (31/10/19: £55,998).

Amounts paid to the ACD in respect of ACD fees are disclosed in note 2 and 4, with £84,070 (31/10/19: £45,836) due at the year end (inclusive of the expense reimbursement in note 8).

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 89,842,218 shares (31/10/19: 52,185,860 shares) with a cost of £130,502,090 (31/10/19: £114,608,571) and sales of 100,558,949 shares (31/10/19: 2,807,073 shares) with sales proceeds of £130,439,618 (31/10/19: £5,546,736).

The sub-fund has a related party holding of 38,662,056 shares (31/10/19: 49,378,787 shares) and value of £89,702,955 (31/10/19: £108,047,239) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £1,046,693 (31/10/19: £1,116,336).

During the year to 31st October 2020 assets valued at £nil were transferred to the sub-fund from related parties (31/10/19: £398,787,410).

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>%</b>	<b>%</b>
ACD and associates of the ACD	0.00	40.92

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**13. Share classes**

The sub-fund has two share classes in issue (31/10/2019: three).

The ACD's periodic charge on each share class is as follows:

	<b>31/10/20</b>
	<b>%</b>
Share Class A - Accumulation:	0.85
Share Class A - Income:	0.85
Share Class G - Accumulation:	0.85
Share Class G - Income:	0.85

Share Class X Accumulation was closed on 24th April 2020.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 122 to 126.

The distributions per share class are given in the Distribution Tables on pages 134 to 135.

**Reconciliation of the shares movement in the year:**

	<b>01/11/19</b>			<b>31/10/20</b>
	<b>Opening shares</b>			<b>Closing shares</b>
	<b>in issue</b>	<b>Creations</b>	<b>Cancellations</b>	<b>in issue</b>
Share Class A - Accumulation	24,614,500	127,516	(1,838,609)	22,903,407
Share Class A - Income	4,396,600	17,261	(248,590)	4,165,271
Share Class G - Accumulation	123,580,600	505,303	(9,738,222)	114,347,681
Share Class G - Income	9,898,000	80,394	(687,308)	9,291,086
Share Class X - Accumulation	81,779,100	45,533	(81,824,633)	-

**14. Capital commitments and contingent liabilities**

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

**15. Risk management policies, derivatives and other financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 117. The risks inherent in the sub-fund's investment portfolio are as follows:

*(a) Currency risk*

A portion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The sub-fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £95,962 (31/10/19: £118,506).

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

	<b>Currency exposure</b>	<b>Currency exposure</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Euro	(1,964)	10
Japanese yen	779	4,080
Swiss franc	3,114	-
US dollar	7,667	7,761
Total	<u>9,596</u>	<u>11,851</u>

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)***(b) Interest rate risk profile of financial assets and liabilities*

The sub-fund receives revenue from holdings in regulated collective investment schemes. The cashflow from the sub-fund's underlying investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing an income return and potential for capital growth.

The sub-fund's net cash holding of £31,813 (31/10/19: overdraft £28,892) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £1,105,839 (31/10/19: cash £215,737), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

*(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts were traded on an eligible derivatives exchange.

The sub-fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the sub-fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the sub-fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the period end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	106	287
Forward currency contracts	30	1
Total Financial derivative instrument exposure	<b>136</b>	<b>288</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	11,189	10,499
Forward currency contracts	11,528	7,172
Total Financial derivative instrument exposure	<b>22,717</b>	<b>17,671</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>22,717</b>	<b>17,671</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
HSBC Bank - Forward currency contracts	22	(377)
Morgan Stanley International - Forward currency contracts	3	-
UBS - Forward currency contracts	(3)	-
Merrill Lynch - Futures contracts	(252)	273
Total counterparty exposure	<b>(230)</b>	<b>(104)</b>

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)**

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	1,173	193
EUR Cash - Merrill Lynch	36	24
JPY Cash - Merrill Lynch	10	-
USD Cash - Merrill Lynch	(113)	(1)

**(d) Liquidity risk**

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

**(e) Market price risk and fair value of financial assets and liabilities**

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

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

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £1,991,914 (31/10/19: £3,886,821).

**(f) Leverage**

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>%</b>	<b>%</b>
Gross leverage	147.29	104.83
Commitment leverage	1.81	104.13

**(g) Credit risk**

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

## 16. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Collective Investment Schemes	183,650	405,705	338,120	15,431
<b>Commissions</b>				
Futures~	5	0	(4)	0
<b>Total net trades in the year after transaction costs</b>	<b>183,655</b>	<b>405,705</b>	<b>338,116</b>	<b>15,431</b>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

## Total transaction cost expressed as a percentage of average net asset value

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	%	%
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

## Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.05% (31/10/19: 0.00%).

## 17. Fair value

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	27,852	(357)	287	(14)
Level 2	171,704	(8)	388,787	(378)
Level 3	-	-	-	-
Total fair value	<b>199,556</b>	<b>(365)</b>	<b>389,074</b>	<b>(392)</b>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Discovery Solution

### Distribution Tables

for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2019  
 Second interim Shares purchased prior to 1st February 2020  
 Third interim Shares purchased prior to 1st May 2020  
 Final Shares purchased prior to 1st August 2020

Group 2 First interim Shares purchased on or between 1st November 2019 and 31st January 2020  
 Second interim Shares purchased on or between 1st February 2020 and 30th April 2020  
 Third interim Shares purchased on or between 1st May 2020 and 31st July 2020  
 Final Shares purchased on or between 1st August 2020 and 31st October 2020

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.5855	-	0.5855	N/a
Second interim	0.5429	-	0.5429	N/a
Third interim	0.5352	-	0.5352	N/a
Final	0.6744	-	0.6744	0.5898
Group 2	(p)	(p)	(p)	(p)
First interim	0.5444	0.0411	0.5855	N/a
Second interim	0.2940	0.2489	0.5429	N/a
Third interim	0.4344	0.1008	0.5352	N/a
Final	0.3447	0.3297	0.6744	0.5898

#### Share Class A - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.4399	-	0.4399	N/a
Second interim	0.4060	-	0.4060	N/a
Third interim	0.3987	-	0.3987	N/a
Final	0.5007	-	0.5007	0.4444
Group 2	(p)	(p)	(p)	(p)
First interim	-	-	-	N/a
Second interim	0.3194	0.0866	0.4060	N/a
Third interim	-	-	-	N/a
Final	-	-	-	0.4444

**Distribution Tables**

(continued)

for the year ended 31st October 2020

**Share Class G - Accumulation**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.6256	-	0.6256	N/a
Second interim	0.5782	-	0.5782	N/a
Third interim	0.5727	-	0.5727	N/a
Final	0.5589	-	0.5589	0.5602
Group 2	(p)	(p)	(p)	(p)
First interim	0.5532	0.0724	0.6256	N/a
Second interim	0.2453	0.3329	0.5782	N/a
Third interim	0.4406	0.1321	0.5727	N/a
Final	0.3594	0.1995	0.5589	0.5602

**Share Class G - Income**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.5428	-	0.5428	N/a
Second interim	0.4994	-	0.4994	N/a
Third interim	0.4927	-	0.4927	N/a
Final	0.4785	-	0.4785	0.4881
Group 2	(p)	(p)	(p)	(p)
First interim	0.5402	0.0026	0.5428	N/a
Second interim	0.1182	0.3812	0.4994	N/a
Third interim	0.4318	0.0609	0.4927	N/a
Final	0.0499	0.4286	0.4785	0.4881

**Share Class X - Accumulation**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	1.2193	-	1.2193	N/a
Second interim	N/a	N/a	N/a	N/a
Third interim	N/a	N/a	N/a	N/a
Final	N/a	N/a	N/a	0.9614
Group 2	(p)	(p)	(p)	(p)
First interim	1.2193	-	1.2193	N/a
Second interim	N/a	N/a	N/a	N/a
Third interim	N/a	N/a	N/a	N/a
Final	N/a	N/a	N/a	0.9614

The Fund was launched on 16th September 2019.

Share Class X Accumulation was closed on 24th April 2020.

**Corporate shareholder information (unaudited) for all share classes**

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

First interim - 32.64% of the dividend, is received as franked investment income.

First interim - 65.60% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

for the year ended 31st October 2020

First interim - 1.76% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Second interim - 34.03% of the dividend, is received as franked investment income.

Second interim - 65.97% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Second interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Third interim - 0.00% of the dividend, is received as franked investment income.

Third interim - 95.69% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Third interim - 4.31% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 77.74% of the dividend, is received as franked investment income.

Final - 22.26% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

### Investment Markets Overview

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for the year ended 31st October 2020

#### Investment Objective and Policy

To provide capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to fixed interest securities, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets and shares) and absolute return strategies\*.

\*Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 55% and 85% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 30% of the Fund will provide exposure to fixed interest securities. This may include sterling denominated and overseas high yield bond\*\* funds and sterling denominated and overseas investment grade bond\*\* funds. These may include corporate, government, covered bonds and index-linked bonds.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to Shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stock lending.

\*\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

As at 17.01.2019 the Fund would have sat within the "Mixed Investment 40-85% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

for the year ended 31st October 2020

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 5* because, based on simulated data, it would have experienced medium to high levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 11th September 2020.</p>	<p>Typically lower rewards, lower risks</p> <p style="text-align: right;">Typically higher rewards, higher risks</p>							
	←	1	2	3	4	5	6	7

### Investment Review

Performance	01/11/19 to 31/10/20 %	16/09/19 to 31/10/19 %
Dynamic Solution A Accumulation	(10.49)	n/a

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

As the Fund was launched on 16th September 2019, there is insufficient data available to provide a useful indication of performance to investors for the year ended 31st October 2019.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -10.5% in the 12 months to 31st October 2020.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

**Portfolio Statement**

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (98.88%, 31/10/19 100.03%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen UK Property Feeder Unit Trust A Acc	2,573,586	3,328	7.11
BNY Mellon Insight Global Absolute Return Fund W Acc	1,349	2	0.00
Nordea 1 Diversified Return Fund BD GBP Acc	8,394	980	2.09
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	598,970	3,384	7.23
Schroder Sterling Liquidity Fund X Inc†‡	4,719,226	4,719	10.09
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund A Acct	659,616	1,417	3.03
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	4,188,803	15,763	33.69
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	7,888,612	15,233	32.55
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	98,211	958	2.05
Vontobel Commodity Fund G GBP Acc	5,406	487	1.04
		46,271	98.88
<b>TOTAL FINANCIALS</b>		<b>46,271</b>	<b>98.88</b>
<b>DERIVATIVES (-0.49%, 31/10/19 0.03%)</b>			
<b>Forward Currency Contracts</b>			
Bought CHF1,546,000 for GBP1,309,204 Settlement 24/11/2020		(1)	0.00
Bought EUR173,000 for GBP157,072 Settlement 24/11/2020		(1)	0.00
Bought JPY52,815,000 for GBP387,856 Settlement 24/11/2020		4	0.01
Bought USD888,000 for GBP682,965 Settlement 24/11/2020		4	0.01
Bought USD191,000 for GBP146,100 Settlement 24/11/2020		2	0.00
Bought USD2,251,000 for GBP1,742,371 Settlement 24/11/2020~		0	0.00
Sold CAD250,000 for GBP145,717 Settlement 24/11/2020		1	0.00
Sold CHF579,000 for GBP489,999 Settlement 24/11/2020~		0	0.00
Sold EUR541,000 for GBP490,546 Settlement 24/11/2020		1	0.00
		10	0.02

**Portfolio Statement**

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
E Mini Russell 2000 Index Futures December 2020	16	(44)	(0.09)
EURO STOXX 50 Index Futures December 2020	14	(50)	(0.11)
FTSE 100 Index Futures December 2020	27	(122)	(0.26)
Mini TOPIX Index Futures December 2020	36	(10)	(0.02)
MSCI Emerging Markets Index Futures December 2020	32	26	0.06
S&P 500 E Mini Index Futures December 2020	5	(42)	(0.09)
		(242)	(0.51)
<b>TOTAL DERIVATIVES</b>		<b>(232)</b>	<b>(0.49)</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>46,039</b>	<b>98.39</b>
<b>Net other assets</b>		<b>755</b>	<b>1.61</b>
<b>Total net assets</b>		<b>46,794</b>	<b>100.00</b>

All holdings are in Collective Investment Schemes or represent securities quoted on a Listed Securities Market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and is therefore rounded down to £0.

**Material Portfolio Changes**

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inct†‡	23,887	Schroder Sterling Liquidity Fund X Inct†‡	19,168
FTSE 100 Index Futures June 2020	8,310	Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	18,431
S&P 500 E Mini Index Futures September 2020	7,672	Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	14,299
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	7,310	Aberdeen Standard UK Equity Index Managed Fund A Acc	14,142
MSCI Emerging Markets Index Futures June 2020	6,406	Schroders Personal Wealth Multi-Manager UK Equity Income Fund A Acct	10,127
S&P 500 E Mini Index Futures June 2020	5,882	FTSE 100 Index Futures June 2020	8,571
S&P 500 E Mini Index Futures December 2020	4,184	S&P 500 E Mini Index Futures September 2020	7,480
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	3,735	MSCI Emerging Markets Index Futures June 2020	6,732
MSCI Emerging Markets Index Futures September 2020	3,321	S&P 500 E Mini Index Futures June 2020	5,378
FTSE 100 Index Futures September 2020	3,137	Russell Emerging Markets Equity Fund I Acc	4,738

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 11).

‡Cash equivalents.

‡Asset managed by the Investment Adviser.

**Comparative Table**

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>
<b>Share Class A - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	210.58	212.22
Return before operating charges*	(18.52)	(1.14)
Operating charges	(3.53)	(0.50)
Return after operating charges*	(22.05)	(1.64)
Distributions	(1.97)	(1.21)
Retained distributions on accumulation shares	1.97	1.21
Closing net asset value per share	188.53	210.58
*after direct transaction cost of:	0.01	0.00
<b>Performance</b>		
Return after charges^	(10.47)%	(0.77)%
<b>Other information</b>		
Closing net asset value (£000)	14,508	17,318
Closing number of shares	7,695,505	8,223,998
Operating charges#	1.79%	1.83%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	219.70	212.80
Lowest share price	161.20	206.50

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 141 which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class G - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	167.95	169.17
Return before operating charges*	(14.92)	(0.93)
Operating charges	(2.22)	(0.29)
Return after operating charges*	(17.14)	(1.22)
Distributions	(2.05)	(1.05)
Retained distributions on accumulation shares	2.05	1.05
Closing net asset value per share	150.81	167.95
*after direct transaction cost of:	0.01	0.00
<b>Performance</b>		
Return after charges	(10.21)%	(0.72)%
<b>Other information</b>		
Closing net asset value (£000)	32,286	38,849
Closing number of shares	21,407,721	23,131,000
Operating charges#	1.41%	1.33%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	175.40	169.60
Lowest share price	128.80	164.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class X - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	253.45	254.97
Return before operating charges*	(38.36)	(1.46)
Operating charges	(0.33)	(0.06)
Return after operating charges*	(38.69)	(1.52)
Distributions	-	(1.89)
Retained distributions on accumulation shares	-	1.89
Return to shareholder as a result of class closure	(214.76)	-
Closing net asset value per share	-	253.45
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(15.27)%	(0.60)%
<b>Other information</b>		
Closing net asset value (£000)	-	70,095
Closing number of shares	-	27,656,800
Operating charges#	0.21%	0.18%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	265.30	255.80
Lowest share price	195.00	248.40

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019 and closed on 24th April 2020.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

## Dynamic Solution

### Statement of Total Return

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Income			
Net capital losses	2	(17,361)	(1,719)
Revenue	3	1,635	891
Expenses	4	(44)	20
Interest payable and similar charges		(3)	-
Net revenue before taxation		1,588	911
Taxation	5	(174)	(44)
Net revenue after taxation		1,414	867
<b>Total return before distributions</b>		<b>(15,947)</b>	<b>(852)</b>
Distributions	6	(1,444)	(873)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(17,391)</b>	<b>(1,725)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>126,262</b>	-
Assets transferred from SW Investment Solutions Funds ICVC†	-	128,188
Amounts receivable on creation of shares	3,238	464
Less: Amounts payable on cancellation of shares	(65,906)	(1,532)
	(62,668)	(1,068)
Change in net assets attributable to shareholders from investment activities	(17,391)	(1,725)
Retained distributions on accumulation shares	591	867
<b>Closing net assets attributable to shareholders</b>	<b>46,794</b>	<b>126,262</b>

† This transaction involves a related party (see note 11).

Notes to the Financial Statements are on pages 150 to 157.

# Dynamic Solution

## Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		41,590	121,916
<b>Current assets</b>			
Debtors	8	110	235
Cash and bank balances	9	755	165
Cash equivalents‡		4,719	4,484
<b>Total assets</b>		<b>47,174</b>	<b>126,800</b>
<b>Liabilities</b>			
Investment liabilities		(270)	(62)
<b>Creditors</b>			
Bank overdrafts		(26)	(260)
Other creditors	10	(84)	(216)
<b>Total liabilities</b>		<b>(380)</b>	<b>(538)</b>
<b>Net assets attributable to shareholders</b>		<b>46,794</b>	<b>126,262</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current year and comparative period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 150 to 157.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital losses

The net capital losses during the year comprise:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Non-derivative securities	(17,684)	(1,762)
Futures contracts	3	34
Forward currency contracts	119	(15)
ACD's periodic charge rebates taken to capital	149	32
Fund of funds rebates taken to capital	2	-
Currency gains/(losses)	5	(8)
Transaction charges	(8)	-
Compensation~	53	-
Net capital losses*	<u>(17,361)</u>	<u>(1,719)</u>

\*Includes realised losses of £14,709,000 and unrealised losses of £2,652,000 (31/10/19: realised losses of £122,000 and unrealised losses of £1,597,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting period.

~Compensation received from Schroder Investment Management with regards to the trading error.

### 3. Revenue

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	1,041	764
Interest distributions	88	-
Offshore distributions	364	92
Fund of funds rebates	141	35
Windfall from project rose**	1	-
Total revenue	<u>1,635</u>	<u>891</u>

\*\*Current year figure relates to windfall received in relation to Project Rose (Project Rose is the term used for the inception of SPW) to cover shortfall deficit.

### 4. Expenses

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge*	<u>36</u>	<u>(23)</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	<u>9</u>	<u>2</u>

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

## 4. Expenses (continued)

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Other expenses:</b>		
Audit fee	10	1
Expense capping adjustment**	(11)	-
	<u>(1)</u>	<u>1</u>
Total expenses	<u>44</u>	<u>(20)</u>

Expenses include irrecoverable VAT.

\*The prior period ACD charge is in a negative net rebate position as the internal rebates received are higher than the expenses inherent in the underlying holdings.

\*\*Relating to the reimbursement of non-ACD expenses by the ACD in excess of 0.02% of the Net Asset Value. This is a related party transaction. The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £9,750 (31/10/19 : £8,400).

## 5. Taxation

## (a) Analysis of charge in year:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Corporation tax	163	44
Corporation tax prior year adjustment	11	-
Double tax relief	(9)	-
Irrecoverable overseas tax	9	-
Total current tax	<u>174</u>	<u>44</u>
Total taxation (note 5b)	<u>174</u>	<u>44</u>

## (b) Factors affecting total tax charge for the year:

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue before taxation	1,588	911
Corporation tax of 20%	318	182
<b>Effects of:</b>		
Franked UK income*	(166)	(139)
Overseas non-taxable revenue*	(8)	(5)
Taxable income taken to capital	30	6
Irrecoverable overseas tax	9	-
Corporation tax: adjustment in respect of prior years	11	-
Income taxed in prior year	(11)	-
Double taxation relief	(9)	-
Total tax charge for year (note 5a)	<u>174</u>	<u>44</u>

\*As an authorised OEIC these items are not subject to corporation tax.

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

## (c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current year or prior period.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000
Final	591	867
Add: Revenue deducted on cancellation of shares	876	7
Deduct: Revenue received on creation of shares	(23)	(1)
Net distribution for the year	<u>1,444</u>	<u>873</u>

*Details of the distributions per share are set out in the Distribution Table on page 158.*

**7. Movement between net revenue and net distributions**

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000
Net revenue after taxation	1,414	867
Tax charge on rebates taken to capital	30	6
Net distribution for the year	<u>1,444</u>	<u>873</u>

**8. Debtors**

	31/10/20	31/10/19
	£000	£000
Sales awaiting settlement	48	-
Amounts receivable for issue of shares	10	14
Accrued revenue	3	2
Fund of funds rebates receivable	13	23
Income tax receivable	33	13
Expense capping adjustment receivable	3	-
Debtors from conversion	-	183
Total debtors	<u>110</u>	<u>235</u>

**9. Cash and bank balances**

	31/10/20	31/10/19
	£000	£000
Cash and bank balances	46	-
Amounts held at futures clearing houses and brokers	709	165
Total cash and bank balances	<u>755</u>	<u>165</u>

**10. Other creditors**

	31/10/20	31/10/19
	£000	£000
Amounts payable for cancellation of shares	1	204
Accrued expenses*	32	(32)
Corporation tax payable	51	44
Total other creditors	<u>84</u>	<u>216</u>

\*Prior period accrued expenses were in a negative net rebate position due to the level of expenses inherent in the underlying holdings.

for the year ended 31st October 2020

### 11. Related party transactions

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited investments, which amount to £149,345 (31/10/19: £31,582).

Amounts paid to the ACD in respect of ACD fees are disclosed in note 2 and 4, with £14,199 (31/10/19: 34,947) due at the year end (inclusive of the expense reimbursement in note 8).

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 29,189,852 shares (31/10/19: 28,306,925 shares) with a cost of £36,050,567 (31/10/19: £79,675,866) and sales of 38,092,865 shares (31/10/19: 1,947,655 shares) with sales proceeds of £63,738,111 (31/10/19: £3,646,486).

The sub-fund has a related party holding of 17,456,258 shares (31/10/19: 26,359,270 shares) and value of £37,131,458 (31/10/19: £75,280,175) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £551,739 (31/10/19: £697,526).

During the year to 31st October 2020 assets valued at £nil were transferred to the sub-fund from related parties (31/10/19: £128,188,351).

#### *Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	<b>31/10/20</b>	<b>31/10/19</b>
	%	%
ACD and associates of the ACD	0.00	55.47

### 12. Share classes

The sub-fund has two share classes in issue (31/10/2019: three).

The ACD's periodic charge on each share class is as follows:

	<b>31/10/20</b>
	%
Share Class A - Accumulation:	1.15
Share Class G - Accumulation:	1.15

Share Class X Accumulation was closed on 24th April 2020.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 145 to 147.

The distributions per share class are given in the Distribution Table on page 158.

for the year ended 31st October 2020

## 12. Share classes (continued)

### Reconciliation of the shares movement in the year:

	01/11/19 Opening shares in issue	Creations	Cancellations	31/10/20 Closing shares in issue
Share Class A - Accumulation	8,223,998	160,328	(688,821)	7,695,505
Share Class G - Accumulation	23,131,000	666,030	(2,389,309)	21,407,721
Share Class X - Accumulation	27,656,800	792,777	(28,449,577)	-

## 13. Capital commitments and contingent liabilities

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

## 14. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 140. The risks inherent in the sub-fund's investment portfolio are as follows:

### (a) Currency risk

A portion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The sub-fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £41,412 (31/10/19: £31,934).

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/20 £000	Currency exposure 31/10/19 £000
Canadian dollar	(145)	-
Euro	(365)	17
Japanese yen	383	1,139
Swiss franc	818	-
US dollar	3,450	2,037
Total	4,141	3,193

### (b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in collective investment schemes. The cashflow from the sub-fund's underlying investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The sub-fund's net cash holding of £46,859 (31/10/19: overdraft £198,673) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £682,618 (31/10/19: cash £103,441), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

### (c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**14. Risk management policies, derivatives and other financial instruments (continued)**

The sub-fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the sub-fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the sub-fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	26	55
Forward currency contracts	12	42
<b>Total Financial derivative instrument exposure</b>	<b>38</b>	<b>97</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	5,214	3,276
Forward currency contracts	4,265	2,034
<b>Total Financial derivative instrument exposure</b>	<b>9,479</b>	<b>5,310</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>9,479</b>	<b>5,310</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
HSBC Bank - Forward currency contracts	6	(15)
Lloyds Bank - Forward currency contracts	2	-
Morgan Stanley - Forward currency contracts	3	-
UBS - Forward currency contracts	(1)	-
Merrill Lynch - Futures contracts	(242)	50
<b>Total counterparty exposure</b>	<b>(232)</b>	<b>35</b>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	690	143
EUR Cash - Merrill Lynch	18	22
JPY Cash - Merrill Lynch	1	(58)
USD Cash - Merrill Lynch	(26)	(4)

for the year ended 31st October 2020

#### 14. Risk management policies, derivatives and other financial instruments (continued)

##### (d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

##### (e) Market price risk and fair value of financial assets and liabilities

The sub-fund invests principally in regulated collective investment schemes. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £460,394 (31/10/19: £1,263,376).

##### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	114.39	106.65
Commitment leverage	2.35	104.26

##### (g) Credit risk

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20	16/09/19 to 31/10/19	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	£000	£000	£000	£000
Collective Investment Schemes	42,396	131,699	105,882	4,413
<b>Commissions</b>				
Futures~	2	0	(1)	0
<b>Total net trades in the year after transaction costs</b>	<u>42,398</u>	<u>131,699</u>	<u>105,881</u>	<u>4,413</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20	16/09/19 to 31/10/19
	%	%
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/19: 0.00%).

**16. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	26	(268)	55	(5)
Level 2	46,283	(2)	126,345	(57)
Level 3	-	-	-	-
Total fair value	<u>46,309</u>	<u>(270)</u>	<u>126,400</u>	<u>(62)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Dynamic Solution

### Distribution Table

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for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 1st November 2019

Group 2 Final Shares purchased on or between 1st November 2019 and 31st October 2020

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) 1.9680	(p) -	(p) 1.9680	(p) 1.2116
Group 2 Final	(p) 1.2005	(p) 0.7675	(p) 1.9680	(p) 1.2116

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) 2.0542	(p) -	(p) 2.0542	(p) 1.0538
Group 2 Final	(p) 1.2578	(p) 0.7964	(p) 2.0542	(p) 1.0538

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) N/a	(p) N/a	(p) N/a	(p) 1.8937
Group 2 Final	(p) N/a	(p) N/a	(p) N/a	(p) 1.8937

Share Class X Accumulation was closed on 24th April 2020.

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 58.86% of the dividend, is received as franked investment income.

Final - 38.94% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 2.20% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

## Investment Markets Overview

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for the year ended 31st October 2020

### Investment Objective and Policy

The Fund aims to achieve capital growth by investing indirectly through collective investment schemes and/or directly in a wide range of asset classes. At least 65% of the Fund will provide exposure to shares, which may include UK, overseas and emerging markets shares.

A maximum of 25% of the Fund will provide exposure to fixed interest securities. This may include UK and overseas government and corporate bonds (including investment grade and high yield bonds\*), emerging market bonds, covered bonds and convertibles.

A maximum of 20% of the Fund will provide exposure to UK and/or overseas property.

In addition the Fund may provide exposure to cash and cash like investments, commodities, absolute return strategies\*\* and private equity.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stock lending.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

### *Collective Investment Schemes*

The Fund may invest substantially in other collective investment schemes. Such collective investment schemes are established principally in EEA Member States.

### *Use of derivatives*

Derivatives transactions may be used for the purposes of efficient portfolio management (as defined) (including hedging) and to meet the investment objectives of the Fund. Derivatives may be exchange traded or Over the Counter (OTC) derivatives.

The use of derivatives has the potential to increase or decrease the Fund's risk profile and could result in increased price volatility. The ACD employs a detailed risk management process to oversee and manage these derivative risks within the Fund. Investors should be prepared to accept the risks that derivative-related investment can create.

In particular, the Fund may use derivative transactions to achieve tactical exposure to the underlying assets which may result in the Fund having a large derivatives holding at any one time.

\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*Absolute return strategies aim to provide positive returns regardless of market conditions.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

The Fund is, however, used as part of the Schroders Personal Wealth Investment Portfolio Service, as a component of portfolios that are managed to a multi asset benchmark for the portfolio as a whole. Reporting of performance against this portfolio benchmark is made available to investors as part of the Schroders Personal Wealth Investment Portfolio Service and is the appropriate way to assess the performance of the Fund.

If considered only on a stand-alone basis, investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to equities, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

for the year ended 31st October 2020

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years.  *As disclosed in the key investor information document dated 10th July 2020.	Typically lower rewards, lower risks							Typically higher rewards, higher risks						
	←							→						
	1	2	3	4	5	6	7							

**Investment Review**

Performance	01/11/19 to 31/10/20 %	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
IPS Growth Portfolio A Accumulation	(6.46)	8.25	(0.77)	11.74	15.33

Source: IPS Growth Portfolio A Accumulation share price movement in GBP at valuation point. Basis: Net revenue reinvested and net of expenses. Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -8.1% in the 12 months to 31st October 2020. The benchmark returned -6.6% in the same period.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

Schroder Investment Management Limited  
November 2020

# IPS Growth Portfolio

## Portfolio Statement

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.89%, 31/10/19 96.82%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen UK Property Feeder Unit Trust J Inc	29,690,446	28,846	1.88
Amundi Emerging Markets Bond Fund I2 GBP (Hedged)~	0	0	0.00
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	14,022	17,258	1.13
Findlay Park American Fund USD Inc	1,665,783	182,025	11.89
J O Hambro Continental European Fund Y Inc	33,928,551	51,843	3.39
Nordea 1 Diversified Return Fund BD GBP Acc	135,829	15,866	1.04
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc~	0	0	0.00
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct◊	156,768	16,159	1.05
Schroder Sterling Liquidity Fund X Inc†‡◊	95,854,645	95,855	6.26
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund P Inc†	37,654,890	62,093	4.06
Schroders Personal Wealth Multi-Manager International Equity Fund P Inc†	143,029,119	519,768	33.95
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund P Inc†	212,612,928	327,637	21.40
Scottish Widows Japan Equity Fund X Acct†	29,268,727	59,562	3.89
Schroders Personal Wealth Multi-Manager UK Equity Income Fund†	27,453,445	30,665	2.00
State Street Global Treasury Bond Index Fund I GBP (Hedged) Acc	1,473,120	16,313	1.07
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	951,130	9,232	0.60
Vontobel Commodity Fund G GBP Acc	53,633	4,839	0.32
		1,437,961	93.93
<b>Exchange Traded Funds</b>			
iShares Global Corp Bond UCITS	8,885,596	47,440	3.10
iShares JP Morgan USD Emerging Markets Bond UCITS	186,003	15,641	1.02
iShares MSCI EM UCITS USD Dist	276,313	9,147	0.60
L&G Longer Dated All Commodities UCITS	1,444,742	14,810	0.97
Lyxor Commodities Thomson Reuters/CoreCommodity CRB TR UCITS Acc	401,174	4,233	0.27
		91,271	5.96
<b>TOTAL FINANCIALS</b>		<b>1,529,232</b>	<b>99.89</b>
<b>FIXED INCOME (0.00%, 31/10/19 2.66%)</b>			
<b>DERIVATIVES (-0.49%, 31/10/19 0.61%)</b>			
<b>Forward Currency Contracts</b>			
Bought CAD19,352,000 for GBP11,345,608 Settlement 24/11/2020		(142)	(0.01)
Bought EUR1,983,000 for GBP1,800,431 Settlement 24/11/2020		(17)	0.00
Bought USD8,885,000 for GBP6,877,371 Settlement 24/11/2020		(35)	0.00
Bought USD21,432,000 for GBP16,608,456 Settlement 24/11/2020		(104)	(0.01)
Sold EUR38,447,000 for GBP34,272,771 Settlement 03/12/2020		(310)	(0.02)
Sold JPY623,966,000 for GBP4,582,207 Settlement 24/11/2020		(20)	0.00
Sold USD278,820,000 for GBP206,892,253 Settlement 03/12/2020		(7,813)	(0.51)
		(8,441)	(0.55)

# IPS Growth Portfolio

## Portfolio Statement

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
E Mini Russell 2000 Index Futures December 2020	536	(1,194)	(0.08)
FTSE 100 Index Futures December 2020	206	(941)	(0.06)
MSCI Emerging Markets Index Futures December 2020	1,820	2,117	0.14
S&P 500 E Mini Index Futures December 2020	(185)	896	0.06
		<u>878</u>	<u>0.06</u>
<b>TOTAL DERIVATIVES</b>		<u><b>(7,563)</b></u>	<u><b>(0.49)</b></u>
<b>Portfolio of investments<sup>^</sup></b>		<u><b>1,521,669</b></u>	<u><b>99.40</b></u>
<b>Net other assets</b>		<u><b>9,217</b></u>	<u><b>0.60</b></u>
<b>Total net assets</b>		<u><u><b>1,530,886</b></u></u>	<u><u><b>100.00</b></u></u>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and the total number of shares is below 0.5 therefore these have been rounded down to £0 and 0 shares respectively.

## Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inct†‡	466,433	Schroder Sterling Liquidity Fund X Inct†‡	370,578
S&P 500 E Mini Index Futures September 2020	231,723	S&P 500 E Mini Index Futures September 2020	224,553
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund†	191,161	S&P 500 E Mini Index Futures June 2020	137,521
S&P 500 E Mini Index Futures June 2020	147,048	Schroders Personal Wealth Multi-Manager International Equity Fund†	136,641
MSCI Emerging Markets Index Futures June 2020	108,662	Aberdeen Standard UK Equity Index Managed Fund Q Inc	127,431
NASDAQ 100 E Mini Index Futures September 2020	101,636	S&P 500 E Mini Index Futures December 2020	122,694
S&P 500 E Mini Index Futures December 2020	98,819	MSCI Emerging Markets Index Futures June 2020	117,327
MSCI Emerging Markets Index Futures March 2020	83,241	NASDAQ 100 E Mini Index Futures September 2020	107,024
MSCI Emerging Markets Index Futures September 2020	82,448	MSCI Emerging Markets Index Futures September 2020	85,390
MSCI Emerging Markets Index Futures December 2020	78,875	MSCI Emerging Markets Index Futures March 2020	72,868

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 12).

‡Cash equivalents.

‡Asset managed by the Investment Adviser.

## IPS Growth Portfolio

### Comparative Table

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	208.58	192.74	194.20
Return before operating charges*	(8.35)	17.64	0.27
Operating charges	(1.86)	(1.80)	(1.73)
Return after operating charges*	(10.21)	15.84	(1.46)
Distributions	(2.97)	(3.31)	(2.99)
Retained distributions on accumulation shares	2.97	3.31	2.99
Closing net asset value per share	198.37	208.58	192.74
*after direct transaction cost of:	0.01	0.00	0.01
<b>Performance</b>			
Return after charges^	(4.90)%	8.22%	(0.75)%
<b>Other information</b>			
Closing net asset value (£000)	8,062	8,433	8,327
Closing number of shares	4,063,877	4,043,199	4,320,199
Operating charges#	0.92%	0.90%	0.88%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	221.20	214.00	206.00
Lowest share price	163.70	182.20	184.40

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 159 which is sourced from Schroder and based on daily published prices.

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>	<b>31/10/18</b> <b>(p)</b>
<b>Share Class P - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	174.54	163.91	167.70
Return before operating charges*	(7.03)	14.91	0.21
Operating charges	(1.30)	(1.27)	(1.23)
Return after operating charges*	(8.33)	13.64	(1.02)
Distributions	(2.64)	(3.01)	(2.77)
Closing net asset value per share	163.57	174.54	163.91
*after direct transaction cost of:	0.01	0.00	0.01
<b>Performance</b>			
Return after charges	(4.77)%	8.32%	(0.61)%
<b>Other information</b>			
Closing net asset value (£000)	90	109	102
Closing number of shares	55,331	62,331	62,331
Operating charges#	0.77%	0.75%	0.73%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	185.10	180.90	176.30
Lowest share price	136.60	155.00	158.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>	<b>31/10/18</b> <b>(p)</b>
<b>Share Class Q - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	174.34	163.71	167.50
Return before operating charges*	(7.06)	14.90	0.20
Operating charges	(1.22)	(1.20)	(1.16)
Return after operating charges*	(8.28)	13.70	(0.96)
Distributions	(2.69)	(3.07)	(2.83)
Closing net asset value per share	163.37	174.34	163.71
*after direct transaction cost of:	0.01	0.00	0.01
<b>Performance</b>			
Return after charges	(4.75)%	8.37%	(0.57)%
<b>Other information</b>			
Closing net asset value (£000)	1,116,896	1,366,746	1,307,648
Closing number of shares	683,640,679	783,963,877	798,740,077
Operating charges#	0.73%	0.71%	0.69%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	184.90	180.70	176.10
Lowest share price	136.40	154.80	158.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class X - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	192.48	177.36	178.20
Return before operating charges*	(7.84)	16.14	0.12
Operating charges	(1.07)	(1.02)	(0.96)
Return after operating charges*	(8.91)	15.12	(0.84)
Distributions	(3.23)	(3.57)	(3.26)
Retained distributions on accumulation shares	3.23	3.57	3.26
Closing net asset value per share	183.57	192.48	177.36
*after direct transaction cost of:	0.01	0.00	0.01
<b>Performance</b>			
Return after charges	(4.63)%	8.53%	(0.47)%
<b>Other information</b>			
Closing net asset value (£000)	405,475	436,730	397,339
Closing number of shares	220,885,466	226,899,368	224,034,118
Operating charges#	0.57%	0.55%	0.53%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	204.20	197.30	189.50
Lowest share price	151.20	167.70	169.40

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class X - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	159.35	149.64	153.10
Return before operating charges*	(6.49)	13.56	0.14
Operating charges	(0.88)	(0.85)	(0.82)
Return after operating charges*	(7.37)	12.71	(0.68)
Distributions	(2.65)	(3.00)	(2.78)
Closing net asset value per share	149.33	159.35	149.64
*after direct transaction cost of:	0.01	0.00	0.01
<b>Performance</b>			
Return after charges	(4.63)%	8.49%	(0.44)%
<b>Other information</b>			
Closing net asset value (£000)	363	417	414
Closing number of shares	243,248	261,559	276,859
Operating charges#	0.57%	0.55%	0.53%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	169.10	165.20	161.00
Lowest share price	124.70	141.50	145.00

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Income are not published externally, as this is an internal share class.

## Statement of Total Return

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20		01/11/18 to 31/10/19	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(104,239)		112,059
Revenue	3	30,578		35,359	
Expenses	4	(1,275)		(1,460)	
Interest payable and similar charges		(79)		(76)	
Net revenue before taxation		29,224		33,823	
Taxation	5	(1,534)		(1,235)	
Net revenue after taxation			27,690		32,588
<b>Total return before distributions</b>			<b>(76,549)</b>		<b>144,647</b>
Distributions	6		(27,744)		(32,647)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(104,293)</b>		<b>112,000</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2020

	01/11/19 to 31/10/20		01/11/18 to 31/10/19	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>1,812,435</b>		<b>1,713,830</b>
Amounts receivable on creation of shares	79,541		58,335	
Less: Amounts payable on cancellation of shares	(264,304)		(80,002)	
		(184,763)		(21,667)
Dilution adjustment		31		1
Change in net assets attributable to shareholders from investment activities		(104,293)		112,000
Retained distributions on accumulation shares		7,476		8,271
<b>Closing net assets attributable to shareholders</b>		<b>1,530,886</b>		<b>1,812,435</b>

Notes to the Financial Statements are on pages 171 to 179.

# IPS Growth Portfolio

## Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		1,436,390	1,775,871
<b>Current assets</b>			
Debtors	8	7,902	11,853
Cash and bank balances	9	15,257	517
Cash equivalents‡		95,855	40,611
<b>Total assets</b>		<b>1,555,404</b>	<b>1,828,852</b>
<b>Liabilities</b>			
Investment liabilities		(10,576)	(2,498)
Provision for liabilities	10	(15)	(63)
<b>Creditors</b>			
Bank overdrafts		(2,382)	(31)
Distribution payable		(6,052)	(9,483)
Other creditors	11	(5,493)	(4,342)
<b>Total liabilities</b>		<b>(24,518)</b>	<b>(16,417)</b>
<b>Net assets attributable to shareholders</b>		<b>1,530,886</b>	<b>1,812,435</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 171 to 179.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Non-derivative securities	(95,424)	114,226
Futures contracts	(7,663)	872
Forward currency contracts	(1,159)	(3,217)
ACD's periodic charge rebates taken to capital	247	257
Fund of funds rebates taken to capital	24	38
Currency losses	(307)	(114)
Transaction charges	(10)	(3)
Compensation for error**	53	-
Net capital (losses)/gains*	<u>(104,239)</u>	<u>112,059</u>

\*Includes realised gains of £96,541,000 and unrealised losses of £200,780,000 (31/10/19: realised losses of £8,418,000 and unrealised gains of £120,477,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

\*\*Compensation for an error paid into IPS Growth Portfolio by Schroders.

### 3. Revenue

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	21,669	28,261
Interest distributions	-	20
Offshore distributions	8,814	5,839
Bank interest	3	1
Interest on debt securities	84	1,148
Fund of funds rebates	8	90
Total revenue	<u>30,578</u>	<u>35,359</u>

### 4. Expenses

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>878</u>	<u>1,055</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	185	191
Safe custody fees	13	6
	<u>198</u>	<u>197</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**4. Expenses (continued)**

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
<b>Other expenses:</b>		
Audit fee	12	11
Registration fees	737	814
Expense capping adjustment†	(550)	(617)
	<u>199</u>	<u>208</u>
Total expenses	<u>1,275</u>	<u>1,460</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q Income share class no registration fee has been deducted and this has been borne by the ACD.

The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £11,023 (31/10/19 : £9,523).

**5. Taxation****(a) Analysis of charge in year:**

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Corporation tax	1,532	1,202
Corporation tax prior year adjustment	50	-
Double tax relief	(107)	(122)
Irrecoverable overseas tax	107	122
Total current tax	<u>1,582</u>	<u>1,202</u>
Total deferred tax (note 5c)	<u>(48)</u>	<u>33</u>
Total taxation (note 5b)	<u>1,534</u>	<u>1,235</u>

**(b) Factors affecting total tax charge for the year:**

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

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Net revenue before taxation	29,224	33,823
Corporation tax of 20% (2019: 20%)	5,845	6,765
<b>Effects of:</b>		
Franked UK income*	(4,034)	(5,280)
Overseas non-taxable revenue*	(331)	(309)
Taxable income taken to capital	54	59
Irrecoverable overseas tax	107	122
Adjustments in respect of prior years	50	-
Income taxed in prior year	(50)	-
Double tax relief	(107)	(122)
Total tax charge for year (note 5a)	<u>1,534</u>	<u>1,235</u>

\*As an authorised OEIC these items are not subject to corporation tax.

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

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**5. Taxation (continued)****(c) Deferred taxation:**

	<b>01/11/19 to 31/10/20 £000</b>	<b>31/10/19 to 31/10/19 £000</b>
Provision at the start of the year	63	30
Deferred tax (credit)/charge in profit and loss account for the year (note 5a)	(48)	33
Provision at the end of the year	<u>15</u>	<u>63</u>
Provision consists of:		
Revenue taxable in different periods	<u>15</u>	<u>63</u>

**6. Distributions**

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

	<b>01/11/19 to 31/10/20 £000</b>	<b>01/11/18 to 31/10/19 £000</b>
First interim	6,309	5,580
Second interim	8,754	6,898
Third interim	4,002	7,369
Final	8,410	12,681
	<u>27,475</u>	<u>32,528</u>
Add: Revenue deducted on cancellation of shares	427	199
Deduct: Revenue received on creation of shares	(158)	(80)
Net distributions for the year	<u>27,744</u>	<u>32,647</u>

*Details of the distributions per share are set out in the Distribution Tables on pages 180 to 182.*

**7. Movement between net revenue and net distributions**

	<b>01/11/19 to 31/10/20 £000</b>	<b>01/11/18 to 31/10/19 £000</b>
Net revenue after taxation	27,690	32,588
Tax charge on rebates taken to capital	54	59
Net distributions for the year	<u>27,744</u>	<u>32,647</u>

**8. Debtors**

	<b>31/10/20 £000</b>	<b>31/10/19 £000</b>
Amounts receivable for issue of shares	-	102
Accrued revenue	7,598	11,402
Fund of funds rebates receivable	11	14
Income tax receivable	255	281
Expense capping adjustment receivable	38	54
Total debtors	<u>7,902</u>	<u>11,853</u>

**9. Cash and bank balances**

	<b>31/10/20 £000</b>	<b>31/10/19 £000</b>
Cash and bank balances	4,066	-
Amounts held at futures clearing houses and brokers	11,191	517
Total cash and bank balances	<u>15,257</u>	<u>517</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**10. Provision for liabilities**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Deferred taxation	15	63

**11. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	4,893	3,358
Accrued expenses	135	192
Corporation tax payable	465	792
Total other creditors	<u>5,493</u>	<u>4,342</u>

**12. Related party transactions**

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited, which amount to £247,047 (31/10/19: £257,423).

Amounts paid to the ACD in respect of ACD and registration fees are disclosed in notes 2 and 4, with £87,559 (31/10/19: £141,932) due at the year end.

Amounts paid by the ACD in respect of the Expense capping adjustments are disclosed in note 4 with £38,204 (31/10/19: £54,169) due at the year end.

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 595,328,656 shares (31/10/19: 11,629,713 shares) with a cost of £734,585,794 (31/10/19: £20,600,000) and sales of 453,411,700 shares (31/10/19: 33,364,282 shares) with sales proceeds of £581,391,830 (31/10/19: £57,500,000).

The sub-fund has a related party holding of 546,030,522 shares (31/10/19: 404,113,567 shares) and value of £1,111,738,214 (31/10/19: £1,048,507,723) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £17,155,168 (31/10/19: £21,060,510).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**12. Related party transactions (continued)***Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	31/10/20	31/10/19
	%	%
ACD and associates of the ACD	26.38	23.97

*Material Shareholders*

Boltro Nominees Limited held 3.59% of the sub-fund at 31st October 2020 (31/10/19: 45.29%).

Perry Nominees Limited held 2.80% of the sub-fund at 31st October 2020 (31/10/19: 31.89%).

**13. Share classes**

The sub-fund has four share classes in issue.

The ACD's periodic charge on each share class is as follows:

	31/10/20
	%
Share Class A - Accumulation:	0.35
Share Class P - Income:	0.20
Share Class Q - Income:	0.20
Share Class X - Accumulation:	-
Share Class X - Income:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 164 to 168.

The distributions per share class are given in the Distribution Tables on pages 180 to 182.

**Reconciliation of the shares movement in the year:**

	01/11/19			31/10/20
	Opening shares	Creations	Cancellations	Closing shares
	in issue			in issue
Share Class A - Accumulation	4,043,199	4,369,325	(4,348,647)	4,063,877
Share Class P - Income	62,331	-	(7,000)	55,331
Share Class Q - Income	783,963,877	22,411,722	(122,734,920)	683,640,679
Share Class X - Accumulation	226,899,368	21,225,316	(27,239,218)	220,885,466
Share Class X - Income	261,559	17,903	(36,214)	243,248

There are no conversions in the year to report.

**14. Capital commitments and contingent liabilities**

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

**15. Risk management policies, derivatives and other financial instruments**

A statement of the sub-fund's objective and the policy for achieving it has been included on page 159. The risks inherent in the sub-fund's investment portfolio are as follows:

**(a) Currency risk**

The sub-fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Scottish Widows Schroder Personal Wealth Limited, and the Scottish Widows Schroder Wealth Holdings Limited whose prices are quoted in Sterling. As a result, the sub-fund does not have any direct exposure to foreign currency movements. However, some of the sub-fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the sub-funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £78,923 (31/10/19: £447,383).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)**

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure	Currency exposure
	31/10/20	31/10/19
	£000	£000
Australian dollar	18	-
Canadian dollar	11,165	-
Euro	(32,902)	(49,240)
Japanese yen	(4,614)	(36,787)
US dollar	34,225	130,765
Total	<u>7,892</u>	<u>44,738</u>

The sub-fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the sub-fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the sub-fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the sub-fund in circumstances where no such hedging transactions are undertaken.

*(b) Interest rate risk profile of financial assets and liabilities*

The sub-fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cashflow from the sub-fund's investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The sub-fund's net cash holding of £4,065,966 (31/10/19: overdraft £31,519) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £8,809,574 (31/10/19: cash £517,389), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

*(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the sub-fund's exposure by the use of derivatives rather than through the sale and purchase by the sub-fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

Financial derivative instrument exposure - fair value	31/10/20	31/10/19
	£000	£000
Exchange traded derivatives	3,013	3,670
Forward currency contracts	-	9,837
Total Financial derivative instrument exposure	<u>3,013</u>	<u>13,507</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)**

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	144,211	125,094
Forward currency contracts	239,963	255,048
Total Financial derivative instrument exposure	<b>384,174</b>	<b>380,142</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>01/11/18 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>384,174</b>	<b>380,142</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
BNP Paribas - Forward currency contracts	(35)	-
Goldman Sachs - Forward currency contracts	-	2,388
HSBC Bank - Forward currency contracts	(8,227)	2,911
Lloyds Bank - Forward currency contracts	-	2,238
Morgan Stanley International - Forward currency contracts	(37)	-
UBS - Forward currency contracts	(142)	-
Merrill Lynch - Futures contracts	878	3,472
Total counterparty exposure	<b>(7,563)</b>	<b>11,009</b>

The counterparty exposure represents the amount that the Fund could lose (or gain) if the counterparty defaulted. This is calculated as the unrealised profit (or loss) on the trade. It is therefore a different amount to the value of the sum of the notionals.

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	11,174	517
AUD Cash - Merrill Lynch	18	-
CAD Cash - Merrill Lynch	(38)	-
EUR Cash - Merrill Lynch~	(102)	0
JPY Cash - Merrill Lynch~	(12)	0
USD Cash - Merrill Lynch~	(2,230)	0

~The value is less than £500 and is therefore rounded down to £0.

**(d) Liquidity risk**

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)***(e) Market price risk and fair value of financial assets and liabilities*

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

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

As at 31st October 2020, if the price of investments held by the sub-funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £15,216,685 (31/10/19: £18,139,841).

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	121.19	123.31
Commitment leverage	12.26	108.79

*(g) Credit risk*

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**16. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Collective Investment Schemes	870,849	311,407	1,004,326	331,451
Fixed Income	-	-	48,825	-
<b>Trades in the year before transaction costs</b>	<b>870,849</b>	<b>311,407</b>	<b>1,053,151</b>	<b>331,451</b>
<b>Commissions</b>				
Collective Investment Schemes	-	6	-	-
Futures	36	15	(35)	(16)
Total commissions	36	21	(35)	(16)
<b>Total net trades in the year after transaction costs</b>	<b>870,885</b>	<b>311,428</b>	<b>1,053,116</b>	<b>331,435</b>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**16. Portfolio transaction costs (continued)****Total transaction cost expressed as a percentage of asset class trades**

	Purchases		Sales	
	01/11/19 to 31/10/20	01/11/18 to 31/10/19	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	%	%	%	%
Collective Investment Schemes	-	0.00	-	-

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	%	%
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.01% (31/10/19: 0.01%).

**17. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	94,284	(2,135)	90,003	(198)
Level 2	1,437,961	(8,441)	1,726,479	(2,300)
Level 3	-	-	-	-
Total fair value	1,532,245	(10,576)	1,816,482	(2,498)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

**18. Non-adjusting events after the reporting period**

Since the period end of 31st October 2020 to 19th February 2021, the Redemptions have increased by 20.11%. Given the significant movements of an amount greater than 10%, a disclosure as a non-adjusting event after the reporting period is included. The movement is due to a planned change to rebalance investments within the IPS Growth fund. To facilitate this rebalancing initiative, SPW has invested within third party fixed income bond funds. The expectation is that these holdings will flow back through to the OEIC following the launch of SPW's new fixed income bond funds.

## IPS Growth Portfolio

### Distribution Tables

for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2019  
 Second interim Shares purchased prior to 1st February 2020  
 Third interim Shares purchased prior to 1st May 2020  
 Final Shares purchased prior to 1st August 2020

Group 2 First interim Shares purchased on or between 1st November 2019 and 31st January 2020  
 Second interim Shares purchased on or between 1st February 2020 and 30th April 2020  
 Third interim Shares purchased on or between 1st May 2020 and 31st July 2020  
 Final Shares purchased on or between 1st August 2020 and 31st October 2020

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.6342	-	0.6342	0.5355
Second interim	0.9168	-	0.9168	0.6788
Third interim	0.4239	-	0.4239	0.7450
Final	0.9933	-	0.9933	1.3546
Group 2	(p)	(p)	(p)	(p)
First interim	-	-	-	0.5355
Second interim	0.9168	-	0.9168	0.6788
Third interim	0.2957	0.1282	0.4239	-
Final	-	-	-	1.3546

#### Share Class P - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.5854	-	0.5854	0.5083
Second interim	0.8128	-	0.8128	0.6302
Third interim	0.3686	-	0.3686	0.6780
Final	0.8725	-	0.8725	1.1946
Group 2	(p)	(p)	(p)	(p)
First interim	-	-	-	0.5083
Second interim	-	-	-	0.6302
Third interim	-	-	-	0.6780
Final	-	-	-	1.1946

**Distribution Tables****(continued)**

for the year ended 31st October 2020

**Share Class Q - Income**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.6011	-	0.6011	0.5212
Second interim	0.8252	-	0.8252	0.6451
Third interim	0.3813	-	0.3813	0.6920
Final	0.8849	-	0.8849	1.2091
Group 2	(p)	(p)	(p)	(p)
First interim	0.2588	0.3423	0.6011	0.5212
Second interim	0.3906	0.4346	0.8252	0.6451
Third interim	0.2209	0.1604	0.3813	0.6920
Final	0.6863	0.1986	0.8849	1.2091

**Share Class X - Accumulation**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.7250	-	0.7250	0.6197
Second interim	0.9696	-	0.9696	0.7597
Third interim	0.4833	-	0.4833	0.8099
Final	1.0492	-	1.0492	1.3852
Group 2	(p)	(p)	(p)	(p)
First interim	0.4215	0.3035	0.7250	0.6197
Second interim	0.7994	0.1702	0.9696	0.7597
Third interim	0.3842	0.0991	0.4833	0.8099
Final	0.8577	0.1915	1.0492	1.3852

**Share Class X - Income**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.6002	-	0.6002	0.5229
Second interim	0.7997	-	0.7997	0.6389
Third interim	0.3958	-	0.3958	0.6783
Final	0.8585	-	0.8585	1.1552
Group 2	(p)	(p)	(p)	(p)
First interim	0.5162	0.0840	0.6002	0.5229
Second interim	0.7498	0.0499	0.7997	0.6389
Third interim	0.0954	0.3004	0.3958	0.6783
Final	-	-	-	1.1552

for the year ended 31st October 2020

**Corporate shareholder information (unaudited) for all share classes**

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

First interim - 72.17% of the dividend, is received as franked investment income.

First interim - 24.67% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

First interim - 3.16% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Second interim - 87.31% of the dividend, is received as franked investment income.

Second interim - 12.69% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Second interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Third interim - 42.59% of the dividend, is received as franked investment income.

Third interim - 52.01% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Third interim - 5.40% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 67.80% of the dividend, is received as franked investment income.

Final - 32.20% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

# IPS Higher Income Portfolio

## Investment Markets Overview

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for the year ended 31st October 2020

### Investment Objective and Policy

The Fund aims to provide a high level of income by investing indirectly through collective investment schemes and/or directly in a wide range of asset classes and geographic regions.

At least 60% of the Fund will provide exposure to fixed interest securities. This may include UK and overseas government and corporate bonds (including investment grade and high yield bonds\*), emerging market bonds, covered bonds, and convertibles.

A maximum of 30% of the Fund will also provide exposure to shares, which may include UK, overseas and emerging markets shares.

A maximum of 20% of the Fund may provide exposure to UK and/or overseas property.

In addition the Fund may provide exposure to cash and cash like investments, commodities and absolute return strategies\*\* and private equity.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stock lending.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

### *Collective Investment Schemes*

The Fund may invest substantially in other collective investment schemes. Such collective investment schemes are established principally in EEA Member States.

### *Use of derivatives*

Derivatives transactions may be used for the purposes of efficient portfolio management (as defined) (including hedging) and to meet the investment objectives of the Fund. Derivatives may be exchange traded or Over the Counter (OTC) derivatives.

The use of derivatives has the potential to increase or decrease the Fund's risk profile and could result in increased price volatility. The ACD employs a detailed risk management process to oversee and manage these derivative risks within the Fund. Investors should be prepared to accept the risks that derivative-related investment can create.

In particular, the Fund may use derivative transactions to achieve tactical exposure to the underlying assets which may result in the Fund having a large derivatives holding at any one time.

\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*The Fund may take long and short positions in markets and securities through derivative contracts. Long exposure to an asset means the Fund could benefit if that asset rises in value. Short exposure to an asset means the Fund could benefit if that asset falls in value.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

The Fund is, however, used as part of the Schroders Personal Wealth Investment Portfolio Service, as a component of portfolios that are managed to a multi asset benchmark for the portfolio as a whole. Reporting of performance against this portfolio benchmark is made available to investors as part of the Schroders Personal Wealth Investment Portfolio Service and is the appropriate way to assess the performance of the Fund.

If considered only on a stand-alone basis, investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

for the year ended 31st October 2020

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 3* because it has experienced low to medium levels of volatility over the past 5 years.  *As disclosed in the key investor information document dated 10th July 2020.	Typically lower rewards, lower risks			Typically higher rewards, higher risks			
	←			→			
	1	2	3	4	5	6	7

**Investment Review**

Performance	01/11/19 to 31/10/20 %	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
IPS Higher Income Portfolio Q Income	(4.79)	4.53	(4.33)	3.41	3.24

Source: IPS Higher Income Portfolio Q Income share price movement in GBP at valuation point. Basis: Gross revenue reinvested and net of expenses. Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -5.6% in the 12 months to 31st October 2020. The benchmark returned -0.7% in the same period.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

Schroder Investment Management Limited  
November 2020

# IPS Higher Income Portfolio

## Portfolio Statement

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (100.68%, 31/10/19 99.44%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Corporate Bond Fund Q Inc	3,650,852	4,405	13.76
Aberdeen UK Property Feeder Unit Trust J Inc	587,250	571	1.78
Amundi Emerging Markets Bond Fund I2 GBP (Hedged)	1,103	985	3.08
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	417	514	1.61
iShares UK Gilts All Stocks Index Fund H Inc	406,849	511	1.60
JP Morgan Global Corporate Bond Fund I2 GBP (Hedged) Inc	12,475	1,324	4.14
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	1,267,490	7,161	22.37
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	423,047	5,889	18.40
Royal London Sterling Credit Fund Z Inc	3,354,740	4,821	15.06
Schroder Sterling Liquidity Fund X Inct‡♠	1,152,547	1,153	3.60
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund P Inct	598,238	986	3.08
Schroders Personal Wealth Multi-Manager UK Equity Income Fund†	2,245,497	2,508	7.84
Veritas Global Equity Fund D Inc	3,544	622	1.94
		<b>31,450</b>	<b>98.26</b>
<b>Exchange Traded Funds</b>			
iShares JP Morgan USD Emerging Markets Bond UCITS	9,225	776	2.42
		<b>776</b>	<b>2.42</b>
<b>TOTAL FINANCIALS</b>		<b>32,226</b>	<b>100.68</b>
<b>DERIVATIVES (0.09%, 31/10/19 0.00%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR47,000 for GBP42,673 Settlement 24/11/2020~		0	0.00
Bought USD523,000 for GBP405,292 Settlement 24/11/2020		(3)	(0.01)
Sold JPY2,431,000 for GBP17,852 Settlement 24/11/2020~		0	0.00
Sold USD1,409,000 for GBP1,090,626 Settlement 24/11/2020		6	0.02
		<b>3</b>	<b>0.01</b>
<b>Futures Contracts</b>			
E Mini Russell 2000 Index Futures December 2020	11	(25)	(0.08)
FTSE 100 Index Futures December 2020	(3)	14	0.05
MSCI Emerging Markets Index Futures December 2020	15	16	0.05
S&P 500 E Mini Index Futures December 2020	(4)	19	0.06
		<b>24</b>	<b>0.08</b>
<b>TOTAL DERIVATIVES</b>		<b>27</b>	<b>0.09</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>32,253</b>	<b>100.77</b>
<b>Net other liabilities</b>		<b>(245)</b>	<b>(0.77)</b>
<b>Total net assets</b>		<b>32,008</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

†This investment is a related party (see note 12).

‡Cash equivalents.

♠Asset managed by the Investment Adviser.

~The market value of the holding is below £500 and is therefore rounded down to £0.

## IPS Higher Income Portfolio

### Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inct‡	14,021	Schroder Sterling Liquidity Fund X Inct‡	12,869
S&P 500 E Mini Index Futures September 2020	4,849	S&P 500 E Mini Index Futures September 2020	4,668
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	4,318	S&P 500 E Mini Index Futures June 2020	2,600
S&P 500 E Mini Index Futures June 2020	2,740	S&P 500 E Mini Index Futures December 2020	2,350
Schroders Personal Wealth Multi-Manager UK Equity Income Fund P Inct	2,640	J O Hambro UK Equity Income Fund Y GBP Inc	2,233
	1,970	PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	2,118
NASDAQ 100 E Mini Index Futures September 2020	1,834	NASDAQ 100 E Mini Index Futures September 2020	2,069
S&P 500 E Mini Index Futures December 2020	1,391	Aberdeen Standard Corporate Bond Fund Q Inc	1,849
NASDAQ 100 E Mini Index Futures September 2020	1,199	Veritas Global Equity Fund D Inc	1,625
MSCI Emerging Markets Index Futures June 2020	1,073	NASDAQ 100 E Mini Index Futures September 2020	1,418
Royal London Sterling Credit Fund Z Inc			

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 12).

‡Cash equivalents.

◇Asset managed by the Investment Adviser.

## IPS Higher Income Portfolio

### Comparative Table

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class A - Accumulation (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	148.80	137.55	139.33
Return before operating charges*	(297.34)	12.63	(0.49)
Operating charges	(0.36)	(1.38)	(1.29)
Return after operating charges*	(297.70)	11.25	(1.78)
Distributions	-	(4.92)	(4.67)
Retained distributions on accumulation shares	-	4.92	4.67
Return to shareholder as a result of class closure	148.90	-	-
Closing net asset value per share	-	148.80	137.55
*after direct transaction cost of:	0.02	-	0.00
<b>Performance</b>			
Return after charges	(200.07)%	8.18%	(1.28)%
<b>Other information</b>			
Closing net asset value (£000)	-	11	10
Closing number of shares	-	7,500	7,500
Operating charges#	0.91%	0.97%	0.93%
Direct transaction costs	0.05%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	149.80	149.00	141.30
Lowest share price	148.50	134.70	136.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Classes A Accumulation (Gross) was closed on 9th December 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class P - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	114.78	109.79	115.03
Return before operating charges*	(229.35)	9.95	(0.38)
Operating charges	(0.23)	(0.92)	(0.88)
Return after operating charges*	(229.58)	9.03	(1.26)
Distributions	-	(4.04)	(3.98)
Return to shareholder as a result of class closure	114.80	-	-
Closing net asset value per share	-	114.78	109.79
*after direct transaction cost of:	0.02	-	0.00
<b>Performance</b>			
Return after charges	(200.02)%	8.22%	(1.10)%
<b>Other information</b>			
Closing net asset value (£000)	-	11	10
Closing number of shares	-	9,500	9,500
Operating charges#	0.77%	0.82%	0.77%
Direct transaction costs	0.05%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	115.60	116.10	116.70
Lowest share price	114.60	107.60	110.40

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Classes P Income (Gross) was closed on 9th December 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class Q - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	114.20	109.23	114.45
Return before operating charges*	(4.31)	9.91	(0.39)
Operating charges	(0.77)	(0.81)	(0.76)
Return after operating charges*	(5.08)	9.10	(1.15)
Distributions	(3.36)	(4.13)	(4.07)
Closing net asset value per share	105.76	114.20	109.23
*after direct transaction cost of:	0.06	-	0.00
<b>Performance</b>			
Return after charges^	(4.45)%	8.33%	(1.00)%
<b>Other information</b>			
Closing net asset value (£000)	31,370	36,189	34,824
Closing number of shares	29,659,943	31,689,375	31,881,075
Operating charges#	0.70%	0.73%	0.68%
Direct transaction costs	0.05%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	117.50	115.50	116.10
Lowest share price	97.37	107.00	109.90

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 183 which is sourced from Schroder and based on daily published prices.

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>	<b>31/10/18</b> <b>(p)</b>
<b>Share Class X - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	110.80	105.98	111.04
Return before operating charges*	(4.17)	9.61	(0.37)
Operating charges	(0.63)	(0.67)	(0.62)
Return after operating charges*	(4.80)	8.94	(0.99)
Distributions	(3.38)	(4.12)	(4.07)
Closing net asset value per share	102.62	110.80	105.98
*after direct transaction cost of:	0.06	-	0.00
<b>Performance</b>			
Return after charges	(4.33)%	8.44%	(0.89)%
<b>Other information</b>			
Closing net asset value (£000)	638	679	671
Closing number of shares	621,723	612,606	633,106
Operating charges#	0.59%	0.62%	0.57%
Direct transaction costs	0.05%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	114.10	112.10	112.70
Lowest share price	94.49	103.90	106.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Income (Gross) are not published externally, as this is an internal share class.

## IPS Higher Income Portfolio

### Statement of Total Return

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20		01/11/18 to 31/10/19	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(2,594)		1,629
Revenue	3	1,150		1,440	
Expenses	4	(84)		(88)	
Interest payable and similar charges		(1)		-	
Net revenue before taxation		1,065		1,352	
Taxation	5	(4)		(4)	
Net revenue after taxation			1,061		1,348
<b>Total return before distributions</b>			<b>(1,533)</b>		<b>2,977</b>
Distributions	6		(1,063)		(1,348)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(2,596)</b>		<b>1,629</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2020

	01/11/19 to 31/10/20		01/11/18 to 31/10/19	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>36,890</b>		<b>35,515</b>
Amounts receivable on creation of shares	4,469		3,445	
Less: Amounts payable on cancellation of shares	(6,755)		(3,699)	
		(2,286)		(254)
Change in net assets attributable to shareholders from investment activities		(2,596)		1,629
<b>Closing net assets attributable to shareholders</b>		<b>32,008</b>		<b>36,890</b>

Notes to the Financial Statements are on pages 193 to 201.

# IPS Higher Income Portfolio

## Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		31,128	36,639
<b>Current assets</b>			
Debtors	8	95	517
Cash and bank balances	9	114	94
Cash equivalents‡		1,153	46
<b>Total assets</b>		<b>32,490</b>	<b>37,296</b>
<b>Liabilities</b>			
Investment liabilities		(28)	-
Provision for liabilities	10	-	(1)
<b>Creditors</b>			
Bank overdrafts		(11)	-
Distribution payable		(280)	(383)
Other creditors	11	(163)	(22)
<b>Total liabilities</b>		<b>(482)</b>	<b>(406)</b>
<b>Net assets attributable to shareholders</b>		<b>32,008</b>	<b>36,890</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 193 to 201.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	£000	£000
Non-derivative securities	(2,467)	1,624
Futures contracts	(176)	-
Forward currency contracts	51	-
ACD's periodic charge rebates taken to capital	9	6
Currency losses	(3)	-
Transaction charges	(8)	(1)
Net capital (losses)/gains*	<u>(2,594)</u>	<u>1,629</u>

\*Includes realised losses of £1,022,000 and unrealised losses of £1,572,000 (31/10/19: realised gains of £18,000 and unrealised gains of £1,611,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

### 3. Revenue

	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	£000	£000
Distributions from Regulated Collective Investment Schemes:		
Investment income	170	263
Interest distributions	351	409
Offshore distributions	629	767
Fund of funds rebates	-	1
Total revenue	<u>1,150</u>	<u>1,440</u>

### 4. Expenses

	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>68</u>	<u>72</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	<u>4</u>	<u>4</u>
<b>Other expenses:</b>		
Audit fee	11	11
Registration fees	31	34
Expense capping adjustment†	(30)	(33)
	<u>12</u>	<u>12</u>
Total expenses	<u>84</u>	<u>88</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q Income (Gross) share class no registration fee has been deducted and this has been borne by the ACD.

The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £11,023 (31/10/19 : £9,523).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**5. Taxation****(a) Analysis of charge in year:**

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Corporation tax	3	1
Double tax relief	(1)	(1)
Irrecoverable overseas tax	3	3
Total current tax	5	3
Deferred taxation	(1)	-
Total deferred tax (note 5c)	-	1
Total taxation (note 5b)	4	4

**(b) Factors affecting total tax charge for the year:**

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

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Net revenue before taxation	1,065	1,352
Corporation tax of 20% (2019: 20%)	214	270
<b>Effects of:</b>		
Franked UK income*	(28)	(44)
Overseas non-taxable revenue*	(8)	(13)
Taxable income taken to capital	2	-
Irrecoverable overseas tax	3	4
Tax deductible interest distributions	(178)	(212)
Double tax relief	(1)	(1)
Total tax charge for year (note 5a)	4	4

\*As an authorised OEIC these items are not subject to corporation tax.

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

**(c) Deferred taxation:**

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Provision at the start of the year	1	1
Deferred tax charge in profit and loss account for the year (note 5a)	(1)	-
Provision at the end of the year	-	1
Provision consists of:		
Revenue taxable in different periods	-	1

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**6. Distributions**

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

	<b>01/11/19 to 31/10/20 £000</b>	<b>01/11/18 to 31/10/19 £000</b>
First interim	290	290
Second interim	285	341
Third interim	201	328
Final	280	384
	<hr/> 1,056	<hr/> 1,343
Add: Revenue deducted on cancellation of shares	30	21
Deduct: Revenue received on creation of shares	(23)	(16)
Net distributions for the year	<hr/> <hr/> 1,063	<hr/> <hr/> 1,348

*Details of the distributions per share are set out in the Distribution Tables on pages 202 to 203.*

**7. Movement between net revenue and net distributions**

	<b>01/11/19 to 31/10/20 £000</b>	<b>01/11/18 to 31/10/19 £000</b>
Net revenue after taxation	1,061	1,348
Tax charge on rebates taken to capital	2	-
Net distributions for the year	<hr/> <hr/> 1,063	<hr/> <hr/> 1,348

**8. Debtors**

	<b>31/10/20 £000</b>	<b>31/10/19 £000</b>
Sales awaiting settlement	-	340
Amounts receivable for issue of shares	-	25
Accrued revenue	84	139
Income tax receivable	9	10
Expense capping adjustment receivable	2	3
Total debtors	<hr/> <hr/> 95	<hr/> <hr/> 517

**9. Cash and bank balances**

	<b>31/10/20 £000</b>	<b>31/10/19 £000</b>
Cash and bank balances	20	94
Amounts held at futures clearing houses and brokers	94	-
Total cash and bank balances	<hr/> <hr/> 114	<hr/> <hr/> 94

**10. Provision for liabilities**

	<b>31/10/20 £000</b>	<b>31/10/19 £000</b>
Deferred taxation	-	1

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**11. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	127	-
Accrued expenses	34	22
Corporation tax payable	2	-
Total other creditors	<u>163</u>	<u>22</u>

**12. Related party transactions**

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited investments, which amount to £8,652 (31/10/19: £6,156).

Amounts paid to the ACD in respect of ACD and registration fees are disclosed in notes 2 and 4, with £7,110 (31/10/19: £8,576) due at the year end.

Amounts paid by the ACD in respect of the Expense capping adjustments are disclosed in note 4 with £2,361 (31/10/19: £2,843) due at the year end.

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 15,791,267 shares (31/10/19: 172,262 shares) with a cost of £16,661,318 (31/10/19: £240,000) and sales of 13,707,386 shares (31/10/19: 98,039 shares) with sales proceeds of £13,925,250 (31/10/19: £145,000).

The sub-fund has a related party holding of 3,996,282 shares (31/10/19: 1,912,401 shares) and value of £4,647,262 (31/10/19: £3,162,217) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £158,172 (31/10/19: £125,291).

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>%</b>	<b>%</b>
ACD and associates of the ACD	1.99	1.80

*Material Shareholders*

Boltro Nominees Limited held 9.45% of the sub-fund at 31st October 2020 (31/10/19: 77.36%).

Perry Nominees Limited held 8.56% of the sub-fund at 31st October 2020 (31/10/19: 20.10%).

for the year ended 31st October 2020

### 13. Share classes

The sub-fund has two share classes in issue (31/10/2019: four).

The ACD's periodic charge on each share class is as follows:

	31/10/20
	%
Share Class Q - Income (Gross):	0.20
Share Class X - Income (Gross):	-

Share Class A Accumulation (Gross) and P Income (Gross) were closed on 9th December 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 187 to 190.

The distributions per share class are given in the Distribution Tables on pages 202 to 203.

### Reconciliation of the shares movement in the year:

	01/11/19			31/10/20
	Opening shares			Closing shares
	in issue	Creations	Cancellations	in issue
Share Class A - Accumulation (Gross)	7,500	-	(7,500)	-
Share Class P - Income (Gross)	9,500	-	(9,500)	-
Share Class Q - Income (Gross)	31,689,375	4,057,699	(6,087,131)	29,659,943
Share Class X - Income (Gross)	612,606	59,499	(50,382)	621,723

There are no conversions in the year to report.

### 14. Capital commitments and contingent liabilities

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

### 15. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 183. The risks inherent in the sub-fund's investment portfolio are as follows:

#### (a) Currency risk

The sub-fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Schroders Asset Management Group and the Scottish Widows Schroder Wealth Holdings Limited whose prices are quoted in Sterling. As a result, the sub-fund does not have any direct exposure to foreign currency movements. However, some of the sub-fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the sub-funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2020 the sub-fund's net foreign currency exposure was less than 10% of the sub-fund NAV and so no table of currency risk has been disclosed.

The sub-fund's net foreign currency exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The sub-fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the sub-fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the sub-fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the sub-fund in circumstances where no such hedging transactions are undertaken.

#### (b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in regulated collective investment schemes. The cash flow from the sub-fund's investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The sub-fund's net cash holding of £20,457 (31/10/19: holding £93,607) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £82,415 (31/10/19: cash £nil), whose rates are based on LIBOR or its international equivalent.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)***(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the sub-fund's exposure by the use of derivatives rather than through the sale and purchase by the sub-fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	49	-
Forward currency contracts	6	-
Total Financial derivative instrument exposure	<b>55</b>	-

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	1,966	-
Forward currency contracts	742	-
Total Financial derivative instrument exposure	<b>2,708</b>	-

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>01/11/18 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>2,708</b>	-

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
BNP Paribas - Forward currency contracts	6	-
HSBC Bank - Forward currency contracts	(3)	-
Merrill Lynch - Futures contracts	24	-
Total counterparty exposure	<b>27</b>	-

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	83	-
JPY Cash - Merrill Lynch	10	-
USD Cash - Merrill Lynch	(11)	-

for the year ended 31st October 2020

### 15. Risk management policies, derivatives and other financial instruments (continued)

#### (d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

#### (e) Market price risk and fair value of financial assets and liabilities

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

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

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £322,531 (31/10/19: £366,853).

#### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	106.62	98.45
Commitment leverage	6.59	98.57

#### (g) Credit risk

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**16. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20	01/11/18 to 31/10/19	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	£000	£000	£000	£000
Collective Investment Schemes	26,476	7,055	28,524	7,721
<b>Commissions</b>				
Futures	1	-	(1)	-
<b>Taxes</b>				
Collective Investment Schemes	17	-	-	-
Total costs	18	-	(1)	-
<b>Total net trades in the year after transaction costs</b>	<b>26,494</b>	<b>7,055</b>	<b>28,523</b>	<b>7,721</b>

**Total transaction cost expressed as a percentage of asset class trades**

	Purchases		Sales	
	01/11/19 to 31/10/20	01/11/18 to 31/10/19	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	%	%	%	%
<b>Taxes</b>				
Collective Investment Schemes	0.06	-	-	-

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	%	%
Commissions	0.00	-
Taxes	0.05	-
Total costs	0.05	-

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.01% (31/10/19: 0.00%).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**17. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	825	(25)	-	-
Level 2	31,456	(3)	36,685	-
Level 3	-	-	-	-
Total fair value	<u>32,281</u>	<u>(28)</u>	<u>36,685</u>	<u>-</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## IPS Higher Income Portfolio

### Distribution Tables

for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2019  
 Second interim Shares purchased prior to 1st February 2020  
 Third interim Shares purchased prior to 1st May 2020  
 Final Shares purchased prior to 1st August 2020

Group 2 First interim Shares purchased on or between 1st November 2019 and 31st January 2020  
 Second interim Shares purchased on or between 1st February 2020 and 30th April 2020  
 Third interim Shares purchased on or between 1st May 2020 and 31st July 2020  
 Final Shares purchased on or between 1st August 2020 and 31st October 2020

#### Share Class A - Accumulation (Gross)

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	N/a	N/a	N/a	-
Second interim	N/a	N/a	N/a	-
Third interim	N/a	N/a	N/a	-
Final	N/a	N/a	N/a	-
Group 2	(p)	(p)	(p)	(p)
First interim	N/a	N/a	N/a	1.0365
Second interim	N/a	N/a	N/a	1.2480
Third interim	N/a	N/a	N/a	1.1911
Final	N/a	N/a	N/a	1.4405

Share Class A Accumulation (Gross) was closed on 9th December 2019.

#### Share Class P - Income (Gross)

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	N/a	N/a	N/a	-
Second interim	N/a	N/a	N/a	-
Third interim	N/a	N/a	N/a	-
Final	N/a	N/a	N/a	-
Group 2	(p)	(p)	(p)	(p)
First interim	N/a	N/a	N/a	0.8687
Second interim	N/a	N/a	N/a	1.0298
Third interim	N/a	N/a	N/a	0.9786
Final	N/a	N/a	N/a	1.1653

Share Class P Income (Gross) was closed on 9th December 2019.

**Distribution Tables****(continued)**

for the year ended 31st October 2020

**Share Class Q - Income (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.9155	-	0.9155	0.8898
Second interim	0.8985	-	0.8985	1.0516
Third interim	0.6203	-	0.6203	0.9999
Final	0.9241	-	0.9241	1.1868
Group 2	(p)	(p)	(p)	(p)
First interim	0.1470	0.7685	0.9155	0.8898
Second interim	0.1702	0.7283	0.8985	1.0516
Third interim	0.2363	0.3840	0.6203	0.9999
Final	0.5077	0.4164	0.9241	1.1868

**Share Class X - Income (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.9202	-	0.9202	0.8921
Second interim	0.9012	-	0.9012	1.0490
Third interim	0.6310	-	0.6310	1.0003
Final	0.9259	-	0.9259	1.1822
Group 2	(p)	(p)	(p)	(p)
First interim	0.0947	0.8255	0.9202	0.8921
Second interim	0.1833	0.7179	0.9012	1.0490
Third interim	0.1261	0.5049	0.6310	1.0003
Final	0.6834	0.2425	0.9259	1.1822

## Investment Markets Overview

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for the year ended 31st October 2020

### Investment Objective and Policy

The Fund aims to provide income with some potential for capital growth by investing indirectly through collective investment schemes and/or directly in a wide range of asset classes.

Between 55% and 85% of the Fund will provide exposure to fixed interest securities. This may include UK and overseas government and corporate bonds (including investment grade and high yield bonds\*), emerging market bonds, covered bonds and convertibles.

A maximum of 20% of the Fund may provide exposure to a shares (which may include UK, overseas and emerging markets shares).

A maximum of 20% of the Fund may provide exposure to UK and overseas property.

In addition the Fund may provide exposure to absolute return strategies\*\*, cash and cash like investments, commodities and private equity.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stock lending.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

### *Collective Investment Schemes*

The Fund may invest substantially in other collective investment schemes. Such collective investment schemes are established principally in EEA Member States.

### *Use of derivatives*

Derivatives transactions may be used for the purposes of efficient portfolio management (as defined) (including hedging) and to meet the investment objectives of the Fund. Derivatives may be exchange traded or Over the Counter (OTC) derivatives.

The use of derivatives has the potential to increase or decrease the Fund's risk profile and could result in increased price volatility. The ACD employs a detailed risk management process to oversee and manage these derivative risks within the Fund. Investors should be prepared to accept the risks that derivative-related investment can create.

In particular, the Fund may use derivative transactions to achieve tactical exposure to the underlying assets which may result in the Fund having a large derivatives holding at any one time.

\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*Absolute return strategies aim to provide positive returns regardless of market conditions.

\*\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

The Fund is, however, used as part of the Schroders Personal Wealth Investment Portfolio Service, as a component of portfolios that are managed to a multi asset benchmark for the portfolio as a whole. Reporting of performance against this portfolio benchmark is made available to investors as part of the Schroders Personal Wealth Investment Portfolio Service and is the appropriate way to assess the performance of the Fund.

If considered only on a stand-alone basis, investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to equities, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

for the year ended 31st October 2020

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 3* because it has experienced low to medium levels of volatility over the past 5 years.  *As disclosed in the key investor information document dated 10th July 2020.	Typically lower rewards, lower risks							Typically higher rewards, higher risks						
	←							→						
	1	2	<b>3</b>	4	5	6	7							

### Investment Review

Performance	01/11/19 to 31/10/20 %	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
IPS Income Portfolio A Accumulation	(0.87)	7.08	(1.85)	4.00	4.83

Source: IPS Income Portfolio A Accumulation share price movement in GBP at valuation point. Basis: Gross revenue reinvested and net of expenses. Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -1.1% in the 12 months to 31st October 2020. The benchmark returned 2.1% in the same period.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

Schroder Investment Management Limited  
November 2020

# IPS Income Portfolio

## Portfolio Statement

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (100.06%, 31/10/19 97.13%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Corporate Bond Fund Q Inc	72,153,091	87,067	6.13
Aberdeen UK Property Feeder Unit Trust J Inc	25,260,080	24,542	1.73
Amundi Emerging Markets Bond Fund I2 GBP (Hedged)	31,860	28,462	2.00
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	33,814	41,618	2.93
Candriam Bonds Total Return S GBP (Hedged) Acc	15,430	23,585	1.66
Eastspring US Corporate Bond Fund RGDM GBP (Hedged) Inc	17,777,996	186,793	13.15
iShares UK Gilts All Stocks Index Fund H Inc	16,476,745	20,711	1.46
JP Morgan Global Corporate Bond Fund I2 GBP (Hedged) Inc	756,516	80,304	5.65
Nordea 1 Diversified Return Fund BD GBP Acc	539,004	62,961	4.43
Payden Absolute Return Bond Fund GBP Acc	3,089,349	35,146	2.47
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	18,248,116	254,014	17.88
Royal London Sterling Credit Fund Z Inc	79,746,685	114,596	8.06
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct ◊	511,506	52,724	3.71
Schroder Sterling Liquidity Fund X Inct † ◊	38,084,959	38,085	2.68
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund P Inct	17,456,473	28,786	2.02
Schroders Personal Wealth Multi-Manager International Equity Fund P Inct	3,789,299	13,770	0.97
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund P Inct	17,669,297	27,228	1.92
State Street Global Treasury Bond Index Fund I GBP (Hedged) Acc	14,468,048	160,221	11.28
Vontobel Commodity Fund G GBP Acc	28	3	0.00
		1,280,616	90.13
<b>Exchange Traded Funds</b>			
iShares Core EUR Corporate Bond UCITS	18,499,384	98,879	6.96
iShares JP Morgan USD Emerging Markets Bond UCITS	172,627	14,516	1.02
Lyxor Commodities Thomson Reuters/CoreCommodity CRB TR UCITS Acc	2,624,564	27,693	1.95
		141,088	9.93
<b>TOTAL FINANCIALS</b>		<b>1,421,704</b>	<b>100.06</b>
<b>FIXED INCOME (0.00%, 31/10/19 2.36%)</b>			
<b>DERIVATIVES (0.00%, 31/10/19 0.30%)</b>			
<b>Forward Currency Contracts</b>			
Bought USD22,787,000 for GBP17,658,496 Settlement 24/11/2020		(110)	(0.01)
Sold USD37,441,000 for GBP28,957,093 Settlement 24/11/2020		124	0.01
Sold USD33,620,000 for GBP24,946,982 Settlement 03/12/2020		(942)	(0.06)
		(928)	(0.06)

# IPS Income Portfolio

## Portfolio Statement

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
E Mini Russell 2000 Index Futures December 2020	478	(1,065)	(0.08)
FTSE 100 Index Futures December 2020	(120)	544	0.04
MSCI Emerging Markets Index Futures December 2020	669	607	0.04
S&P 500 E Mini Index Futures December 2020	(164)	795	0.06
		<u>881</u>	<u>0.06</u>
<b>TOTAL DERIVATIVES</b>		<u>(47)</u>	<u>0.00</u>
<b>Portfolio of investments<sup>^</sup></b>		<u>1,421,657</u>	<u>100.06</u>
<b>Net other liabilities</b>		<u>(834)</u>	<u>(0.06)</u>
<b>Total net assets</b>		<u><u>1,420,823</u></u>	<u><u>100.00</u></u>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

## IPS Income Portfolio

### Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inc†‡	361,791	Schroder Sterling Liquidity Fund X Inc†‡	323,706
S&P 500 E Mini Index Futures September 2020	162,033	S&P 500 E Mini Index Futures September 2020	155,270
Schroder International Selection Fund Multi-Asset Total Return X GBP (Hedged) Acct‡	105,463	NASDAQ 100 E Mini Index Futures September 2020	89,712
State Street Global Treasury Bond Index Fund I GBP (Hedged) Acc	93,883	S&P 500 E Mini Index Futures December 2020	86,863
NASDAQ 100 E Mini Index Futures September 2020	85,177	Aberdeen Standard Corporate Bond Fund Q Inc	77,755
S&P 500 E Mini Index Futures June 2020	79,509	S&P 500 E Mini Index Futures June 2020	75,323
S&P 500 E Mini Index Futures December 2020	65,805	NASDAQ 100 E Mini Index Futures December 2020	55,950
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	61,441	Schroder International Selection Fund Multi-Asset Total Return X GBP (Hedged) Acct‡	48,154
NASDAQ 100 E Mini Index Futures December 2020	54,723	iShares UK Gilts All Stocks Index Fund H Inc	45,908
US Treasury Note 10 Year Ultra Bond Futures June 2020	43,876	Aberdeen Alternative Strategies Fund Q GBP	45,166

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure.

The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 12).

‡Cash equivalents.

‡Asset managed by the Investment Adviser.

## IPS Income Portfolio

### Comparative Table

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class A - Accumulation (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	142.23	132.81	135.19
Return before operating charges*	0.38	10.70	(1.17)
Operating charges	(1.24)	(1.28)	(1.21)
Return after operating charges*	(0.86)	9.42	(2.38)
Distributions	(3.63)	(3.05)	(2.81)
Retained distributions on accumulation shares	3.63	3.05	2.81
Closing net asset value per share	141.37	142.23	132.81
*after direct transaction cost of:	0.08	0.00	0.00
<b>Performance</b>			
Return after charges^	(0.60)%	7.09%	(1.76)%
<b>Other information</b>			
Closing net asset value (£000)	1,548	1,539	1,276
Closing number of shares	1,095,314	1,082,097	960,997
Operating charges#	0.88%	0.93%	0.90%
Direct transaction costs	0.06%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	145.90	142.90	136.50
Lowest share price	127.50	131.40	132.50

#Operating charges are representative of the ongoing charges figure.

^ The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 204 which is sourced from Schroder and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class P - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	114.63	109.43	113.74
Return before operating charges*	0.30	8.73	(0.95)
Operating charges	(0.23)	(0.88)	(0.86)
Return after operating charges*	0.07	7.85	(1.81)
Distributions	-	(2.65)	(2.50)
Return to shareholder as a result of class closure	(114.70)	-	-
Closing net asset value per share	-	114.63	109.43
*after direct transaction cost of:	0.02	0.00	0.00
<b>Performance</b>			
Return after charges	0.06%	7.17%	(1.59)%
<b>Other information</b>			
Closing net asset value (£000)	-	11	11
Closing number of shares	-	9,500	9,500
Operating charges#	0.74%	0.79%	0.76%
Direct transaction costs	0.06%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	115.20	115.90	115.00
Lowest share price	114.30	108.30	109.90

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Classes P Income (Gross) was closed on 9th December 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)	31/10/18 (p)
<b>Share Class Q - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	114.65	109.44	113.75
Return before operating charges*	0.31	8.75	(0.96)
Operating charges	(0.72)	(0.77)	(0.74)
Return after operating charges*	(0.41)	7.98	(1.70)
Distributions	(3.17)	(2.77)	(2.61)
Closing net asset value per share	111.07	114.65	109.44
*after direct transaction cost of:	0.06	0.00	0.00
<b>Performance</b>			
Return after charges	(0.36)%	7.29%	(1.49)%
<b>Other information</b>			
Closing net asset value (£000)	1,081,990	1,198,438	1,173,081
Closing number of shares	974,179,631	1,045,301,043	1,071,914,543
Operating charges#	0.64%	0.69%	0.66%
Direct transaction costs	0.06%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	117.00	116.00	115.00
Lowest share price	102.20	108.30	109.90

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b> <b>(p)</b>	<b>31/10/19</b> <b>(p)</b>	<b>31/10/18</b> <b>(p)</b>
<b>Share Class X - Accumulation (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	139.17	129.50	131.36
Return before operating charges*	0.38	10.45	(1.13)
Operating charges	(0.73)	(0.78)	(0.73)
Return after operating charges*	(0.35)	9.67	(1.86)
Distributions	(4.04)	(3.45)	(3.18)
Retained distributions on accumulation shares	4.04	3.45	3.18
Closing net asset value per share	138.82	139.17	129.50
*after direct transaction cost of:	0.08	0.00	0.00
<b>Performance</b>			
Return after charges	(0.25)%	7.47%	(1.42)%
<b>Other information</b>			
Closing net asset value (£000)	337,285	332,068	309,269
Closing number of shares	242,974,071	238,602,079	238,814,579
Operating charges#	0.53%	0.58%	0.55%
Direct transaction costs	0.06%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	142.90	139.80	132.80
Lowest share price	124.90	128.10	129.20

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Accumulation (Gross) are not published externally, as this is an internal share class.

**Statement of Total Return**

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Income			
Net capital (losses)/gains	2	(47,072)	70,399
Revenue	3	44,324	40,571
Expenses	4	(2,666)	(2,772)
Interest payable and similar charges		(25)	(36)
Net revenue before taxation		41,633	37,763
Taxation	5	(24)	(80)
Net revenue after taxation		41,609	37,683
<b>Total return before distributions</b>		<b>(5,463)</b>	<b>108,082</b>
Distributions	6	(41,623)	(37,683)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(47,086)</b>	<b>70,399</b>

**Statement of Change in Net Assets Attributable to Shareholders**

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>1,532,056</b>	<b>1,483,637</b>
Amounts receivable on creation of shares	95,450	38,659
Less: Amounts payable on cancellation of shares	(169,199)	(68,979)
	(73,749)	(30,320)
Dilution adjustment	46	3
Change in net assets attributable to shareholders from investment activities	(47,086)	70,399
Retained distributions on accumulation shares	9,556	8,337
<b>Closing net assets attributable to shareholders</b>	<b>1,420,823</b>	<b>1,532,056</b>

*Notes to the Financial Statements are on pages 215 to 224.*

# IPS Income Portfolio

## Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		1,385,689	1,527,077
<b>Current assets</b>			
Debtors	8	4,304	10,470
Cash and bank balances	9	8,282	2,224
Cash equivalents‡		38,085	2,956
<b>Total assets</b>		<b>1,436,360</b>	<b>1,542,727</b>
<b>Liabilities</b>			
Investment liabilities		(2,117)	(1,254)
Provision for liabilities	10	(12)	(53)
<b>Creditors</b>			
Bank overdrafts		(657)	(388)
Distribution payable		(6,612)	(8,413)
Other creditors	11	(6,139)	(563)
<b>Total liabilities</b>		<b>(15,537)</b>	<b>(10,671)</b>
<b>Net assets attributable to shareholders</b>		<b>1,420,823</b>	<b>1,532,056</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 215 to 224.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Non-derivative securities	(33,566)	73,740
Futures contracts	(8,645)	(2,767)
Forward currency contracts	(5,915)	(693)
ACD's periodic charge rebates taken to capital	62	51
Fund of funds rebates taken to capital	10	44
Currency gains	992	27
Transaction charges	(10)	(3)
Net capital (losses)/gains*	<u>(47,072)</u>	<u>70,399</u>

\*Includes realised losses of £5,451,000 and unrealised losses of £41,621,000 (31/10/19: realised losses of £6,001,000 and unrealised gains of £76,400,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

### 3. Revenue

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	2,786	3,548
Interest distributions	7,941	10,606
Offshore distributions	33,479	25,269
Bank interest	1	25
HM Revenue and Customs interest	1	6
Interest on debt securities	63	953
Fund of funds rebates	53	164
Total revenue	<u>44,324</u>	<u>40,571</u>

### 4. Expenses

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>2,166</u>	<u>2,278</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	158	163
Safe custody fees	24	12
	<u>182</u>	<u>175</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**4. Expenses (continued)**

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
<b>Other expenses:</b>		
Audit fee	11	11
Registration fees	1,376	1,436
Expense capping adjustment†	(1,069)	(1,128)
	<u>318</u>	<u>319</u>
Total expenses	<u>2,666</u>	<u>2,772</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q Income (Gross) share class no registration fee has been deducted and this has been borne by the ACD. The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £11,023 (31/10/19 : £9,523).

**5. Taxation****(a) Analysis of charge in year:**

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Corporation tax	57	7
Double tax relief	(43)	(7)
Irrecoverable overseas tax	51	52
Total current tax	<u>65</u>	<u>52</u>
Total deferred tax (note 5c)	<u>(41)</u>	<u>28</u>
Total taxation (note 5b)	<u>24</u>	<u>80</u>

**(b) Factors affecting total tax charge for the year:**

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

	01/11/19 to 31/10/20 £000	01/11/18 to 31/10/19 £000
Net revenue before taxation	41,633	37,763
Corporation tax of 20% (2019: 20%)	8,327	7,553
<b>Effects of:</b>		
Franked UK income*	(361)	(452)
Overseas non-taxable revenue*	(149)	(124)
Taxable income taken to capital	14	19
Irrecoverable overseas tax	51	52
Tax deductible interest distributions	(7,815)	(6,961)
Double tax relief	(43)	(7)
Total tax charge for year (note 5a)	<u>24</u>	<u>80</u>

\*As an authorised OEIC these items are not subject to corporation tax.

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

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**5. Taxation (continued)****(c) Deferred taxation:**

	<b>01/11/19 to 31/10/20 £000</b>	<b>31/10/19 to 31/10/19 £000</b>
Provision at the start of the year	53	25
Deferred tax (credit)/charge in profit and loss account for the year (note 5a)	(41)	28
Provision at the end of the year	<u>12</u>	<u>53</u>
Provision consists of:		
Revenue taxable in different periods	<u>12</u>	<u>53</u>

**6. Distributions**

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

	<b>01/11/19 to 31/10/20 £000</b>	<b>01/11/18 to 31/10/19 £000</b>
First interim	9,808	8,345
Second interim	7,187	7,996
Third interim	15,439	10,417
Final	<u>8,759</u>	<u>10,825</u>
	41,193	37,583
Add: Revenue deducted on cancellation of shares	683	277
Deduct: Revenue received on creation of shares	(253)	(177)
Net distributions for the year	<u>41,623</u>	<u>37,683</u>

*Details of the distributions per share are set out in the Distribution Tables on pages 225 to 226.*

**7. Movement between net revenue and net distributions**

	<b>01/11/19 to 31/10/20 £000</b>	<b>01/11/18 to 31/10/19 £000</b>
Net revenue after taxation	41,609	37,683
Tax charge on rebates taken to capital	14	-
Net distributions for the year	<u>41,623</u>	<u>37,683</u>

**8. Debtors**

	<b>31/10/20 £000</b>	<b>31/10/19 £000</b>
Sales awaiting settlement	2,166	3,000
Amounts receivable for issue of shares	-	4,203
Accrued revenue	1,660	2,744
Fund of funds rebates receivable	15	44
Income tax receivable	376	382
Expense capping adjustment receivable	87	97
Total debtors	<u>4,304</u>	<u>10,470</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**9. Cash and bank balances**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Cash and bank balances	2,828	2,224
Amounts held at futures clearing houses and brokers	5,454	-
Total cash and bank balances	<u>8,282</u>	<u>2,224</u>

**10. Provision for liabilities**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Deferred taxation	<u>12</u>	<u>53</u>

**11. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	5,792	198
Accrued expenses	333	365
Corporation tax payable	14	-
Total other creditors	<u>6,139</u>	<u>563</u>

**12. Related party transactions**

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited investments, which amount to £61,673 (31/10/19: £50,942).

Amounts paid to the ACD in respect of ACD and registration fees are disclosed in notes 2 and 4, with £284,088 (31/10/19: £315,002) due at the year end.

Amounts paid by the ACD in respect of the Expense capping adjustment are disclosed in note 4 with £86,699 (31/10/19: £96,860) due at the year end.

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 377,422,591 shares (31/10/19: 1,462,072 shares) with a cost of £496,199,333 (31/10/19: £2,500,000) and sales of 335,260,970 shares (31/10/19: 220,751 shares) with sales proceeds of £397,335,295 (31/10/19: £800,000).

The sub-fund has a related party holding of 77,511,534 shares (31/10/19: 35,349,912 shares) and value of £160,593,187 (31/10/19: £81,127,048) held at the year end within Scottish Widows Schroder Wealth Holdings Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £1,858,248 (31/10/19: £1,835,145).

for the year ended 31st October 2020

## 12. Related party transactions (continued)

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	31/10/20	31/10/19
	%	%
ACD and associates of the ACD	23.60	21.58

*Material Shareholders*

Boltro Nominees Limited held 6.38% of the sub-fund at 31st October 2020 (31/10/19: 69.91%).

Perry Nominees Limited held 1.37% of the sub-fund at 31st October 2020 (31/10/19: 10.97%).

## 13. Share classes

The sub-fund has three share classes in issue (31/10/2019: four).

The ACD's periodic charge on each share class is as follows:

	31/10/20
	%
Share Class A - Accumulation (Gross):	0.35
Share Class Q - Income (Gross):	0.20
Share Class X - Accumulation (Gross):	-

Share Class P Income (Gross) was closed on 9th December 2019.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 209 to 212.

The distributions per share class are given in the Distribution Tables on pages 225 to 226.

### Reconciliation of the shares movement in the year:

	01/11/19			31/10/20
	Opening shares	Creations	Cancellations	Closing shares
	in issue			in issue
Share Class A - Accumulation (Gross)	1,082,097	1,783,449	(1,770,232)	1,095,314
Share Class P - Income (Gross)	9,500	-	(9,500)	-
Share Class Q - Income (Gross)	1,045,301,043	43,254,415	(114,375,827)	974,179,631
Share Class X - Accumulation (Gross)	238,602,079	33,020,814	(28,648,822)	242,974,071

There are no conversions in the year to report.

## 14. Capital commitments and contingent liabilities

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

## 15. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 204. The risks inherent in the sub-fund's investment portfolio are as follows:

### (a) Currency risk

The sub-fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Schroder Investment Management Limited and the Scottish Widows Schroder Wealth Holdings Limited whose prices are quoted in Sterling. As a result, the sub-fund does not have any direct exposure to foreign currency movements. However, some of the sub-fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the sub-funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been a decrease or increase of approximately £57,334 (31/10/19: £76,531).

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)**

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure	Currency exposure
	31/10/20	31/10/19
	£000	£000
Australian dollar	802	-
Canadian dollar	167	-
Euro	(17)	(201)
Japanese yen	(63)	(397)
US dollar	4,844	(7,055)
Total	<u>5,733</u>	<u>(7,653)</u>

The sub-fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the sub-fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the sub-fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the sub-fund in circumstances where no such hedging transactions are undertaken.

*(b) Interest rate risk profile of financial assets and liabilities*

The sub-fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cash flow from the sub-fund's underlying investments may fluctuate depending upon the particular decisions made by each sub-fund. Given that the sub-fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The sub-fund's net cash holding of £2,827,707 (31/10/19: holding £2,224,202) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £4,796,909 (31/10/19: overdraft £387,724), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

*(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the sub-fund's exposure by the use of derivatives rather than through the sale and purchase by the sub-fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

Financial derivative instrument exposure - fair value	31/10/20	31/10/19
	£000	£000
Exchange traded derivatives	1,946	2,897
Forward currency contracts	124	2,940
Total Financial derivative instrument exposure	<u>2,070</u>	<u>5,837</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Risk management policies, derivatives and other financial instruments (continued)**

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	84,337	93,551
Forward currency contracts	37,174	70,097
Total Financial derivative instrument exposure	<b>121,511</b>	<b>163,648</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>01/11/18 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>121,511</b>	<b>163,648</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
HSBC Bank - Forward currency contracts	(1,052)	1,229
Lloyds Bank - Forward currency contracts	124	669
Merrill Lynch - Futures contracts	881	2,685
Total counterparty exposure	<b>(47)</b>	<b>4,583</b>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	4,486	388
AUD Cash - Merrill Lynch	802	-
CAD Cash - Merrill Lynch	167	-
EUR Cash - Merrill Lynch~	(17)	0
JPY Cash - Merrill Lynch~	(63)	0
USD Cash - Merrill Lynch~	(578)	0

~The value is less than £500 and is therefore rounded down to £0.

**(d) Liquidity risk**

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depositary, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

for the year ended 31st October 2020

### 15. Risk management policies, derivatives and other financial instruments (continued)

#### (e) Market price risk and fair value of financial assets and liabilities

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

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

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £14,216,566 (31/10/19: £15,287,785).

#### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	108.22	110.80
Commitment leverage	6.47	105.59

#### (g) Credit risk

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**16. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20	01/11/18 to 31/10/19	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	£000	£000	£000	£000
Collective Investment Schemes	834,991	466,132	880,301	498,851
Fixed Income	-	-	36,715	5,167
<b>Trades in the year before transaction costs</b>	<b>834,991</b>	<b>466,132</b>	<b>917,016</b>	<b>504,018</b>
<b>Commissions</b>				
Collective Investment Schemes	-	30	-	(4)
Futures	18	6	(18)	(7)
Total commissions	18	36	(18)	(11)
<b>Taxes</b>				
Collective Investment Schemes	780	-	-	-
Total costs	798	36	(18)	(11)
<b>Total net trades in the year after transaction costs</b>	<b>835,789</b>	<b>466,168</b>	<b>916,998</b>	<b>504,007</b>

**Total transaction cost expressed as a percentage of asset class trades**

	Purchases		Sales	
	01/11/19 to 31/10/20	01/11/18 to 31/10/19	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	%	%	%	%
<b>Commissions</b>				
Collective Investment Schemes	-	0.01	-	0.00
<b>Taxes</b>				
Collective Investment Schemes	0.09	-	-	-

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20	01/11/18 to 31/10/19
	%	%
Commissions	0.00	0.00
Taxes	0.05	-
Total costs	0.05	-

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.02% (31/10/19: 0.01%).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**17. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	143,034	(1,065)	161,148	(212)
Level 2	1,280,740	(1,052)	1,368,885	(1,042)
Level 3	-	-	-	-
Total fair value	<u>1,423,774</u>	<u>(2,117)</u>	<u>1,530,033</u>	<u>(1,254)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## IPS Income Portfolio

### Distribution Tables

for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2019  
 Second interim Shares purchased prior to 1st February 2020  
 Third interim Shares purchased prior to 1st May 2020  
 Final Shares purchased prior to 1st August 2020

Group 2 First interim Shares purchased on or between 1st November 2019 and 31st January 2020  
 Second interim Shares purchased on or between 1st February 2020 and 30th April 2020  
 Third interim Shares purchased on or between 1st May 2020 and 31st July 2020  
 Final Shares purchased on or between 1st August 2020 and 31st October 2020

#### Share Class A - Accumulation (Gross)

	Gross revenue (p)	Equalisation (p)	Distributions paid/payable to 31/12/2020 (p)	Distributions paid to 31/12/2019 (p)
Group 1				
First interim	0.8202	-	0.8202	0.6567
Second interim	0.6107	-	0.6107	0.6356
Third interim	1.4223	-	1.4223	0.8564
Final	0.7727	-	0.7727	0.9041
Group 2	(p)	(p)	(p)	(p)
First interim	-	-	-	0.6567
Second interim	-	-	-	0.6356
Third interim	-	-	-	-
Final	-	-	-	0.9041

#### Share Class P - Income (Gross)

	Gross revenue (p)	Equalisation (p)	Distributions paid/payable to 31/12/2020 (p)	Distributions paid to 31/12/2019 (p)
Group 1				
First interim	N/a	N/a	N/a	-
Second interim	N/a	N/a	N/a	-
Third interim	N/a	N/a	N/a	-
Final	N/a	N/a	N/a	-
Group 2	(p)	(p)	(p)	(p)
First interim	N/a	N/a	N/a	0.5818
Second interim	N/a	N/a	N/a	0.5582
Third interim	N/a	N/a	N/a	0.7359
Final	N/a	N/a	N/a	0.7721

Share Classes P Income (Gross) was closed on 9th December 2019.

**Distribution Tables****(continued)**

for the year ended 31st October 2020

**Share Class Q - Income (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.7320	-	0.7320	0.6085
Second interim	0.5564	-	0.5564	0.5875
Third interim	1.2033	-	1.2033	0.7695
Final	0.6787	-	0.6787	0.8048
Group 2	(p)	(p)	(p)	(p)
First interim	0.2274	0.5046	0.7320	0.6085
Second interim	0.1878	0.3686	0.5564	0.5875
Third interim	0.6081	0.5952	1.2033	0.7695
Final	0.3552	0.3235	0.6787	0.8048

**Share Class X - Accumulation (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2020	Distributions paid to 31/12/2019
Group 1	(p)	(p)	(p)	(p)
First interim	0.9261	-	0.9261	0.7542
Second interim	0.7152	-	0.7152	0.7333
Third interim	1.5147	-	1.5147	0.9570
Final	0.8797	-	0.8797	1.0068
Group 2	(p)	(p)	(p)	(p)
First interim	0.5141	0.4120	0.9261	0.7542
Second interim	0.2471	0.4681	0.7152	0.7333
Third interim	1.1146	0.4001	1.5147	0.9570
Final	0.5978	0.2819	0.8797	1.0068

### Investment Markets Overview

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for the year ended 31st October 2020

#### Investment Objective and Policy

To provide capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to shares, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets and fixed interest securities) and absolute return strategies\*.

\*Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 50% and 80% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 35% of the Fund will provide exposure to fixed interest securities. This may include sterling denominated and overseas high yield bond\* funds and sterling denominated and overseas investment grade bond\* funds. These may include corporate, government, covered bonds and index-linked bonds.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to Shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

\*Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

As at 17.1.2019 the Fund would have sat within the "Mixed Investment 40-85% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

for the year ended 31st October 2020

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 11th September 2020.</p>	<p>Typically lower rewards, lower risks</p> <p style="text-align: right;">Typically higher rewards, higher risks</p>							
	←	1	2	3	4	5	6	7

### Investment Review

Performance	01/11/19 to 31/10/20 %	16/09/19 to 31/10/19 %
Strategic Solution A Accumulation	(9.96)	n/a

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

As the Fund was launched on 16th September 2019, there is insufficient data available to provide a useful indication of performance to investors for the year ended 31st October 2019.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The fund returned -10.0% in the 12 months to 31st October 2020.

Although global equities achieved strong gains in the final months of 2019, the spread of Covid-19 around the world in early 2020 profoundly weakened investor sentiment, with global equities recording sharp falls. Countries around the world went into lockdown to try to contain the outbreak and governments and central banks announced huge and unprecedented policy measures to support businesses and households and reduce borrowing costs.

Global equities rebounded sharply in April as investors began to focus on the recovery. This continued in the spring and summer, albeit at a slower pace, as restrictions began to be eased. However, markets were weaker again in September and October as Covid-19 infection rates began to rise in many parts of the world. Uncertainty over the US presidential election also stymied investor sentiment.

Government bond yields fell as the Covid-19 pandemic led investors to seek lower risk assets. The US 10-year yield fell by 95 basis points (bps) to 0.86%. The UK 10-year yield was almost 40bps lower at 0.26%. The Bank of England began to discuss the possibility of negative interest rates, Brexit uncertainty resurfaced and there were concerns over the strength of the economic rebound.

European bond yields also declined: Germany's 10-year government bond's yield fell by more than 20 bps to -0.62%, Italy's by 30 bps to 0.72%. Spain's fell from 0.25% to 0.13%. Corporate bonds fell sharply at the start of the Covid-19 crisis but rebounded sharply, delivering strong total returns for the year, although they marginally trailed government bonds. Investment grade returned 6.4% (local currency), while high yield gained 2.5%, driven by returns from income.

The UK property market has been substantially impacted by the Covid-19 pandemic. Demand in non-food retail, hospitality and travel has been weaker either because of business decisions or as a result of government controls to slow contagion. Some retailers and restaurants were already struggling financially before Covid-19, so the number of insolvencies is likely to increase further. This is despite government stimulus packages to support business and minimise jobs losses.

## Strategic Solution

### Portfolio Statement

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.55%, 31/10/19 100.03%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen UK Property Feeder Unit Trust A Acc	5,870,863	7,591	11.21
BNY Mellon Insight Global Absolute Return Fund W Acc	903,262	1,051	1.55
Nordea 1 Diversified Return Fund BD GBP Acc	11,440	1,336	1.97
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	977,267	5,522	8.15
Schroder Multi-Asset Total Return Fund X GBP (Hedged) Acct †	26,907	2,773	4.09
Schroder Sterling Liquidity Fund X Inc † ‡ †	3,663,946	3,664	5.41
Schroders Personal Wealth Multi-Manager Global Real Estate Securities Fund A Acct	939,943	2,019	2.98
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	5,793,002	21,799	32.18
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct †	9,403,776	18,159	26.81
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	148,251	1,446	2.13
Vontobel Commodity Fund G GBP Acc	7,260	655	0.97
		66,015	97.45
<b>Exchange Traded Funds</b>			
iShares Core GBP Corporate Bond UCITS	9,093	1,421	2.10
		1,421	2.10
<b>TOTAL FINANCIALS</b>		<b>67,436</b>	<b>99.55</b>
<b>DERIVATIVES (-0.13%, 31/10/19 0.00%)</b>			
<b>Forward Currency Contracts</b>			
Bought CHF2,155,000 for GBP1,824,926 Settlement 24/11/2020		(1)	0.00
Bought EUR101,000 for GBP91,701 Settlement 24/11/2020~		0	0.00
Bought JPY38,981,000 for GBP286,264 Settlement 24/11/2020		3	0.00
Bought USD1,097,000 for GBP843,708 Settlement 24/11/2020		5	0.01
Bought USD275,000 for GBP210,354 Settlement 24/11/2020		2	0.00
Bought USD1,703,000 for GBP1,318,195 Settlement 24/11/2020~		0	0.00
Sold CAD361,000 for GBP210,415 Settlement 24/11/2020		1	0.00
Sold CHF835,000 for GBP706,647 Settlement 24/11/2020~		0	0.00
Sold EUR779,000 for GBP706,349 Settlement 24/11/2020		2	0.01
		12	0.02

**Portfolio Statement**

(continued)

as at 31st October 2020

	Holdings	Market Value £000	Total Net Assets %
<b>Futures Contracts</b>			
E Mini Russell 2000 Index Futures December 2020	23	(64)	(0.10)
EURO STOXX 50 Index Futures December 2020	12	(43)	(0.07)
FTSE 100 Index Futures December 2020	7	(28)	(0.04)
Mini TOPIX Index Futures December 2020	27	(8)	(0.01)
MSCI Emerging Markets Index Futures December 2020	41	34	0.05
S&P 500 E Mini Index Futures December 2020	(2)	12	0.02
		(97)	(0.15)
<b>TOTAL DERIVATIVES</b>		<b>(85)</b>	<b>(0.13)</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>67,351</b>	<b>99.42</b>
<b>Net other assets</b>		<b>391</b>	<b>0.58</b>
<b>Total net assets</b>		<b>67,742</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and is therefore rounded down to £0.

## Strategic Solution

### Material Portfolio Changes

for the year ended 31st October 2020

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Schroder Sterling Liquidity Fund X Inct‡	30,951	Schroder Sterling Liquidity Fund X Inct‡	27,287
S&P 500 E Mini Index Futures September 2020	10,644	Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	19,156
Schroders Personal Wealth Multi-Manager International Equity Fund A Acct	10,214	Aberdeen Standard UK Equity Index Managed Fund A Acc	16,983
FTSE 100 Index Futures June 2020	9,968	Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	16,514
S&P 500 E Mini Index Futures June 2020	9,844	Schroders Personal Wealth Multi-Manager UK Equity Income Fund A Acct	11,565
Schroders Personal Wealth Multi-Manager UK Equity Focus Fund A Acct	8,201	S&P 500 E Mini Index Futures September 2020	10,429
Schroder Multi-Asset Total Return X GBP (Hedged) Acct	6,981	FTSE 100 Index Futures June 2020	10,339
MSCI Emerging Markets Index Futures June 2020	6,276	S&P 500 E Mini Index Futures June 2020	9,241
S&P 500 E Mini Index Futures December 2020	4,965	Aberdeen UK Property Feeder Unit Trust A Acc	7,712
NASDAQ 100 E Mini Index Futures September 2020	4,277	MSCI Emerging Markets Index Futures June 2020	6,656

SPW have chosen to provide the above information relating to Purchases and Sales of Futures at the value of their exposure. The above table compliments the data provided in the investment managers report by outlining the top 10 Portfolio components.

†This investment is a related party (see note 11).

‡Cash equivalents.

◇Asset managed by the Investment Adviser.

## Strategic Solution

### Comparative Table

as at 31st October 2020

	31/10/20 (p)	31/10/19 (p)
<b>Share Class A - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	189.76	190.90
Return before operating charges*	(15.63)	(0.67)
Operating charges	(3.21)	(0.47)
Return after operating charges*	(18.84)	(1.14)
Distributions	(2.04)	(0.96)
Retained distributions on accumulation shares	2.04	0.96
Closing net asset value per share	170.92	189.76
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges^	(9.93)%	(0.60)%
<b>Other information</b>		
Closing net asset value (£000)	29,325	34,455
Closing number of shares	17,157,741	18,157,500
Operating charges#	1.80%	1.88%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	196.30	191.50
Lowest share price	149.10	186.70

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. The net asset value figures include any accounting adjustments and as such, the return after charges is different to the performance return stated in the Investment Market Review on page 228 which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class G - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	155.09	155.94
Return before operating charges*	(12.91)	(0.57)
Operating charges	(2.07)	(0.28)
Return after operating charges*	(14.98)	(0.85)
Distributions	(2.11)	(0.87)
Retained distributions on accumulation shares	2.11	0.87
Closing net asset value per share	140.11	155.09
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(9.66)%	(0.55)%
<b>Other information</b>		
Closing net asset value (£000)	38,417	45,845
Closing number of shares	27,418,987	29,560,200
Operating charges#	1.42%	1.38%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	160.60	156.40
Lowest share price	122.10	152.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2020

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>(p)</b>	<b>(p)</b>
<b>Share Class X - Accumulation</b>		
<b>Change in net assets per share</b>		
Opening net asset value per share	228.43	229.41
Return before operating charges*	(33.11)	(0.91)
Operating charges	(0.25)	(0.07)
Return after operating charges*	(33.36)	(0.98)
Distributions	-	(1.55)
Retained distributions on accumulation shares	-	1.55
Return to shareholder as a result of class closure	(195.07)	-
Closing net asset value per share	-	228.43
*after direct transaction cost of:	0.00	0.00
<b>Performance</b>		
Return after charges	(14.60)%	(0.43)%
<b>Other information</b>		
Closing net asset value (£000)	-	91,847
Closing number of shares	-	40,208,200
Operating charges#	0.24%	0.23%
Direct transaction costs	0.00%	0.00%
<b>Prices**</b>		
Highest share price	237.00	230.20
Lowest share price	180.50	224.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019 and closed on 24th April 2020.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

## Strategic Solution

### Statement of Total Return

for the year ended 31st October 2020

	Notes	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Income			
Net capital losses	2	(22,556)	(1,914)
Revenue	3	2,588	1,137
Expenses	4	(289)	(18)
Interest payable and similar charges		(3)	-
Net revenue before taxation		2,296	1,119
Taxation	5	(279)	(68)
Net revenue after taxation		2,017	1,051
<b>Total return before distributions</b>		<b>(20,539)</b>	<b>(863)</b>
Distributions	6	(2,053)	(1,059)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(22,592)</b>	<b>(1,922)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2020

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Opening net assets attributable to shareholders</b>	<b>172,147</b>	-
Assets transferred from SW Investment Solutions Funds ICVC†	-	174,629
Amounts receivable on creation of shares	1,961	313
Less: Amounts payable on cancellation of shares	(84,703)	(1,927)
	(82,742)	(1,614)
Change in net assets attributable to shareholders from investment activities	(22,592)	(1,922)
Retained distributions on accumulation shares	929	1,054
<b>Closing net assets attributable to shareholders</b>	<b>67,742</b>	<b>172,147</b>

† This transaction involves a related party (see note 11).

Notes to the Financial Statements are on pages 237 to 244.

## Strategic Solution

### Balance Sheet

as at 31st October 2020

	Notes	31/10/20 £000	31/10/19 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		63,831	168,437
<b>Current assets</b>			
Debtors	8	106	538
Cash and bank balances	9	549	149
Cash equivalents‡		3,664	3,824
<b>Total assets</b>		<b>68,150</b>	<b>172,948</b>
<b>Liabilities</b>			
Investment liabilities		(144)	(60)
<b>Creditors</b>			
Bank overdrafts		(45)	(125)
Other creditors	10	(219)	(616)
<b>Total liabilities</b>		<b>(408)</b>	<b>(801)</b>
<b>Net assets attributable to shareholders</b>		<b>67,742</b>	<b>172,147</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current year and comparative period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 237 to 244.

## Notes to the Financial Statements

for the year ended 31st October 2020

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies, judgements and estimates set out on pages 10 to 12.

### 2. Net capital losses

The net capital losses during the year comprise:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Non-derivative securities	(23,248)	(1,947)
Futures contracts	345	48
Forward currency contracts	141	(52)
ACD's periodic charge rebates taken to capital	178	38
Fund of funds rebates taken to capital	3	-
Currency gains/(losses)	1	(1)
Transaction charges	(8)	-
Compensation~	32	-
Net capital losses*	<u>(22,556)</u>	<u>(1,914)</u>

\*Includes realised losses of £18,567,000 and unrealised losses of £3,989,000 (31/10/19: realised losses of £57,000 and unrealised losses of £1,857,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting period.

~Compensation received from Schroder Investment Management with regards to the trading error.

### 3. Revenue

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	1,429	940
Interest distributions	185	-
Offshore distributions	714	136
Fund of funds rebates	260	61
Total revenue	<u>2,588</u>	<u>1,137</u>

### 4. Expenses

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>274</u>	<u>14</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	13	3
Safe custody fees	1	-
	<u>14</u>	<u>3</u>
<b>Other expenses:</b>		
Audit fee	10	1
Expense capping adjustment	(9)	-
	<u>1</u>	<u>1</u>
Total expenses	<u>289</u>	<u>18</u>

Expenses include irrecoverable VAT.

The PricewaterhouseCoopers LLP audit fee for the year, exclusive of VAT is £9,750 (31/10/19 : £8,400).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**5. Taxation****(a) Analysis of charge in year:**

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Corporation tax	261	68
Corporation tax prior year adjustment	18	-
Double tax relief	(10)	-
Irrecoverable overseas tax	10	-
Total current tax	<u>279</u>	<u>68</u>
Total taxation (note 5b)	<u><u>279</u></u>	<u><u>68</u></u>

**(b) Factors affecting total tax charge for the year:**

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

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Net revenue before taxation	<u>2,296</u>	<u>1,119</u>
Corporation tax of 20%	459	224
<b>Effects of:</b>		
Franked UK income*	(204)	(160)
Overseas non-taxable revenue*	(12)	(4)
Taxable income taken to capital	36	8
Irrecoverable overseas tax	10	-
Corporation tax: adjustment in respect of prior years	18	-
Income taxed in prior year	(18)	-
Double taxation relief	(10)	-
Total tax charge for year (note 5a)	<u><u>279</u></u>	<u><u>68</u></u>

\*As an authorised OEIC these items are not subject to corporation tax.

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

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current year or prior period.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Final	929	1,054
Add: Revenue deducted on cancellation of shares	1,134	7
Deduct: Revenue received on creation of shares	(10)	(2)
Net distribution for the year	<u><u>2,053</u></u>	<u><u>1,059</u></u>

Details of the distributions per share are set out in the Distribution Table on page 245.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**7. Movement between net revenue and net distributions**

	<b>01/11/19 to 31/10/20</b>	<b>16/09/19 to 31/10/19</b>
	<b>£000</b>	<b>£000</b>
Net revenue after taxation	2,017	1,051
Tax charge on rebates taken to capital	36	8
Net distribution for the year	<u>2,053</u>	<u>1,059</u>

**8. Debtors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Sales awaiting settlement	-	107
Amounts receivable for issue of shares	2	-
Accrued revenue	5	2
Fund of funds rebates receivable	26	41
Income tax receivable	69	29
Expense capping adjustment receivable	3	-
Debtors from conversion	1	359
Total debtors	<u>106</u>	<u>538</u>

**9. Cash and bank balances**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Cash and bank balances	85	-
Amounts held at futures clearing houses and brokers	464	149
Total cash and bank balances	<u>549</u>	<u>149</u>

**10. Other creditors**

	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Purchases awaiting settlement	-	13
Amounts payable for cancellation of shares	56	546
Accrued expenses*	44	(11)
Corporation tax payable	119	68
Total other creditors	<u>219</u>	<u>616</u>

\*Prior period accrued expenses were in a negative net rebate position due to the level of expenses inherent in the underlying holdings.

for the year ended 31st October 2020

### 11. Related party transactions

From the period to 9th December 2019, the authorised corporate director of the company ("the ACD") was Scottish Widows Unit Trust Managers Limited ("SWUTM") and Scottish Widows Schroder Personal Wealth Limited subsequent to that date. All related party transactions related to the ACD during the year are impacted by this change in ACD. All related party transactions in the comparative year are related to SWUTM. SWUTM is wholly owned by Scottish Widows Limited, which itself is wholly owned by Lloyds Bank plc. Accordingly, each of these entities are related parties of the company.

Scottish Widows Schroder Personal Wealth Limited ("the ACD"), as the authorised corporate director of the company, is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the company. Scottish Widows Schroder Wealth Holdings Limited ("SPW HoldCo"), as the parent company of the ACD is the ultimate controlling party of the company. As such any member company of SPW HoldCo, is also a related party. The current members of SPW HoldCo are LBG Equity Investments Limited and Schroder Administration Limited.

SPW consider Lloyds Banking Group PLC and all subsidiaries, as well as, Schroders PLC and all subsidiaries, to be Related parties.

Scottish Widows Schroder Personal Wealth Limited act as principal from 9th December 2019 on all the transactions of shares in the sub-fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Schroder Personal Wealth Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Scottish Widows Schroder Wealth Holdings Limited investments, which amount to £177,526 (31/10/19: £37,628).

Amounts paid to/from the ACD in respect of ACD and registration fees are disclosed in note 2 and 4, with £26,152 (31/10/19: 14,826) due at the year end (inclusive of the expense reimbursement in note 8).

The sub-fund entered into related party transactions of the ACD investments during the year. This included purchases of 38,634,473 shares (31/10/19: 31,798,837 shares) with a cost of £57,911,057 (31/10/19: £88,060,357) and sales of 48,551,619 shares (31/10/19: 2,054,116 shares) with sales proceeds of £80,452,619 (31/10/19: £3,696,611).

The sub-fund has a related party holding of 19,827,574 shares (31/10/19: 29,744,721 shares) and value of £48,414,143 (31/10/19: £83,670,095) held at the year end within Scottish Widows Schroder Personal Wealth Limited.

Revenue disclosed in note 3 includes amounts received from the ACD investments. The total revenue received amounts to £676,829 (31/10/19: £795,704).

During the year to 31st October 2020 assets valued at £nil were transferred to the sub-fund from related parties (31/10/19: £53,690,409).

#### *Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the sub-fund's value were:

	<b>31/10/20</b>	<b>31/10/19</b>
	%	%
ACD and associates of the ACD	0.00	53.31

### 12. Share classes

The sub-fund has two share classes in issue (31/10/2019: three).

The ACD's periodic charge on each share class is as follows:

	<b>31/10/20</b>
	%
Share Class A - Accumulation:	1.15
Share Class G - Accumulation:	1.15

Share Class X Accumulation was closed on 24th April 2020.

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 232 to 234.

The distributions per share class are given in the Distribution Table on page 245.

for the year ended 31st October 2020

## 12. Share classes (continued)

### Reconciliation of the shares movement in the year:

	01/11/19 Opening shares in issue	Creations	Cancellations	31/10/20 Closing shares in issue
Share Class A - Accumulation	18,157,500	301,998	(1,301,757)	17,157,741
Share Class G - Accumulation	29,560,200	532,004	(2,673,217)	27,418,987
Share Class X - Accumulation	40,208,200	300,736	(40,508,936)	-

## 13. Capital commitments and contingent liabilities

On 31st October 2020, the sub-fund had no capital commitments (31/10/19: £nil) and no contingent liabilities (31/10/19: £nil).

## 14. Risk management policies, derivatives and other financial instruments

A statement of the sub-fund's objective and the policy for achieving it has been included on page 227. The risks inherent in the sub-fund's investment portfolio are as follows:

### (a) Currency risk

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The sub-fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

As at 31st October 2020, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the sub-fund would have been an increase or decrease of approximately £43,164 (31/10/19: £41,256).

As at 31st October the sub-fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/20 £000	Currency exposure 31/10/19 £000
Canadian dollar	(210)	-
Euro	(640)	15
Japanese yen	281	1,701
Swiss franc	1,117	-
US dollar	3,768	2,410
Total	4,316	4,126

### (b) Interest rate risk profile of financial assets and liabilities

The sub-fund receives revenue from holdings in collective investment schemes. The cashflow from the sub-fund's underlying investments may fluctuate depending upon the particular decisions made by each sub-fund. The sub-fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The sub-fund's net cash holding of £84,637 (31/10/19: overdraft £89,729) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The sub-fund holds net cash at futures brokers of £419,072 (31/10/19: cash £113,905), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the sub-fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

### (c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the sub-fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the sub-fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2020

**14. Risk management policies, derivatives and other financial instruments (continued)**

The sub-fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the sub-fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the sub-fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the sub-fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	46	59
Forward currency contracts	13	1
<b>Total Financial derivative instrument exposure</b>	<b>59</b>	<b>60</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	4,374	3,714
Forward currency contracts	4,608	2,149
<b>Total Financial derivative instrument exposure</b>	<b>8,982</b>	<b>5,863</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>01/11/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
<b>Underlying exposure obtained through EPM techniques</b>	<b>8,982</b>	<b>5,863</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
HSBC Bank - Forward currency contracts	7	(52)
Lloyds Bank - Forward currency contracts	2	-
Morgan Stanley - Forward currency contracts	3	-
Royal Bank of Canada - Forward currency contracts	1	-
UBS - Forward currency contracts	(1)	-
Merrill Lynch - Futures contracts	(97)	52
<b>Total counterparty exposure</b>	<b>(85)</b>	<b>-</b>

<b>Collateral</b>	<b>31/10/20</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	449	127
EUR Cash - Merrill Lynch	15	22
JPY Cash - Merrill Lynch	(1)	(29)
USD Cash - Merrill Lynch	(44)	(6)

for the year ended 31st October 2020

#### 14. Risk management policies, derivatives and other financial instruments (continued)

##### (d) Liquidity risk

All of the sub-fund's financial assets are considered to be readily realisable, comprising predominantly of Collective investment schemes. In general, the Investment Adviser manages the sub-fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the sub-fund may borrow up to 10% of its value to ensure settlement.

As set out in the Prospectus, the ACD may, with the prior agreement of the Depository, temporarily suspend the issue, cancellation, sale and redemption of shares in the sub-fund or a class within the sub-fund where due to exceptional circumstances it is in the interests of all the shareholders. This may be used for circumstances affecting material uncertainty on asset valuations and protection of the sub-fund's liquidity.

All of the sub-fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

##### (e) Market price risk and fair value of financial assets and liabilities

The sub-fund invests principally in regulated collective investment schemes managed within the Scottish Widows Schroder Wealth Holdings Limited. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the sub-fund's objectives. In addition, the management of the sub-fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

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

As at 31st October 2020, if the price of investments held by the sub-fund increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this sub-fund would equate to £673,510 (31/10/19: £1,722,011).

##### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a sub-fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the sub-fund is set out in the Prospectus.

Where the investment policy of a sub-fund permits the use of derivatives and/or forward transactions for investment purposes, the sub-fund may be leveraged to the extent that this may potentially increase the volatility and risk of the sub-fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a sub-fund.

The table below sets out the total amount of leverage employed by the sub-fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the sub-fund had been used.

	31/10/20	31/10/19
	%	%
Gross leverage	-	104.30
Commitment leverage	-	103.38

##### (g) Credit risk

The sub-fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the sub-fund has fulfilled its obligations. The sub-fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2020

**15. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000	01/11/19 to 31/10/20 £000	16/09/19 to 31/10/19 £000
Collective Investment Schemes	68,130	177,592	151,331	4,378
<b>Commissions</b>				
Futures~	2	0	(2)	0
<b>Total net trades in the year after transaction costs</b>	<b>68,132</b>	<b>177,592</b>	<b>151,329</b>	<b>4,378</b>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/19 to 31/10/20 %	16/09/19 to 31/10/19 %
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.01% (31/10/19: 0.00%).

**16. Fair value**

Valuation technique	31/10/20		31/10/19	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	1,467	(143)	59	(7)
Level 2	66,028	(1)	172,202	(53)
Level 3	-	-	-	-
Total fair value	<b>67,495</b>	<b>(144)</b>	<b>172,261</b>	<b>(60)</b>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Strategic Solution

### Distribution Tables

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for the year ended 31st October 2020

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 1st November 2019

Group 2 Final Shares purchased on or between 1st November 2019 and 31st October 2020

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) 2.0398	(p) -	(p) 2.0398	(p) 0.9610
Group 2 Final	(p) 1.3775	(p) 0.6623	(p) 2.0398	(p) 0.9610

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) 2.1127	(p) -	(p) 2.1127	(p) 0.8663
Group 2 Final	(p) 1.2610	(p) 0.8517	(p) 2.1127	(p) 0.8663

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2020	Distribution paid to 31/12/2019
Group 1 Final	(p) N/a	(p) N/a	(p) N/a	(p) 1.5498
Group 2 Final	(p) N/a	(p) N/a	(p) N/a	(p) 1.5498

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 53.03% of the dividend, is received as franked investment income.

Final - 45.09% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 1.88% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

## General Information

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### About OEICs

The Investment Portfolio ICVC (the "Company") is an umbrella Open Ended Investment Company ("OEIC"). An OEIC is a collective investment vehicle with variable capital in which your sub-funds are pooled with a portfolio of investments in accordance with its Prospectus and the Collective Investment Schemes Sourcebook (COLL Sourcebook).

It should be remembered that the value of your shares will be affected by fluctuations in the relevant markets and foreign currency exchange rates (where applicable) and may, therefore, go down as well as up. You should view your investment over the medium to long term.

Please contact us on 0344 822 8910 for more information. We may record and monitor calls to help us improve our service.

All sub-funds are classified as non-UCITS retail schemes which complies with Chapter 5 of the COLL Sourcebook.

The base currency of the Company is Sterling, but a class of shares in respect of any sub-fund may be designated in any currency other than Sterling.

### Shares

The Company currently offers five share classes; Class A, Class G, Class P, Class Q and Class X. Each share class has a different ACD fee.

### Prices and Dealing Times

The price used for either the purchase or sale of shares is normally the next price calculated after your instructions are received and accepted at our Edinburgh Office. Advisers have no authority to guarantee applications or prices.

The latest prices are obtainable from the Dealing Desk on 0344 822 8910.

Shares may be bought or sold between 9:00am and 5:30pm on Mondays to Fridays inclusive.

### Liability

Shareholders are not liable for the debts of the Company.

### Prospectus

The Prospectus, which is available from the ACD free of charge, outlines how the Company is managed and gives details of the types of assets in which each sub-fund may invest. The Prospectus and (where applicable) the Instrument of Incorporation have been amended during the year to 31st October 2020 (as noted on pages 2 and 3). Full terms and conditions are available from the ACD.

### Personal Taxation

Unless your shares are held within an ISA, if you sell your shares or switch your shares to a different sub-fund, this is treated as a disposal for Capital Gains Tax purposes. Tax rules can change. The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.

Shareholders are recommended to consult with their professional tax advisers if they are in any doubt about their position.

### Queries

If you have any queries about the operation of your sub-fund you should in the first instance contact the ACD. Please supply details of your holding (including surname, initials and account number).



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