

SARASIN

SARASIN INVESTMENT FUNDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended
31 DECEMBER 2019

Registered Number: 02190813



ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2019

DIRECTORS

C. Bell (resigned 19 December 2019)
S.A.M. Jeffries
J. Lake * (resigned 31 March 2020)
G.V. Matthews (Chief Executive Officer)
G. Steinberg ** (Chairman) (appointed 30 July 2019)
E. Tracey ** (appointed 4 October 2019)
* Non-executive director
** Independent non-executive director

REGISTERED OFFICE

Juxon House
100 St. Paul's Churchyard
London EC4M 8BU
United Kingdom

BANKERS

The Royal Bank of Scotland plc

AUDITOR

Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London EC3A 3TR
United Kingdom

BUSINESS ADVISER

Smith & Williamson LLP
25 Moorgate
London EC2R 6AY
United Kingdom

LAWYERS

Charles Russell Speechlys LLP
5 Fleet Place
London EC4M 7RD
United Kingdom

Eversheds LLP
1 Wood Street
London EC2V 7WS
United Kingdom

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2019

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STRATEGIC REPORT

For the year ended 31 December 2019

Cautionary Statement

This Strategic Report has been prepared solely to provide additional information to assess Sarasin Investment Funds Limited's ("the Company's") strategies and the potential for those strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors, in good faith, based on the information available to them up to the time of their approval of this report, and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors underlying any such forward-looking information.

Activities

The principal activity of the Company is that of Authorised Corporate Director ("ACD") for the following United Kingdom (UK) fund range:

- Sarasin Funds ICVC, an Open Ended Investment Company ("OEIC") with fourteen sub-funds;
- Sarasin Fund of Funds OEIC with two sub-funds;
- Sarasin Fund for Charities, a non-UCITS OEIC with one sub-fund; and
- The Mazener Fund (OEIC).

The Company is also Manager of the following fund:

- Sarasin Charity Authorised Investment Funds ("CAIF"), a UK umbrella authorised Unit Trust with three sub-funds, registered with the Charities Commission.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

Business Review

Total Assets under Management ("AuM") for fund products under the Company's management and administration increased in value by 20% over the year to £4.77bn at year end (31 December 2018: £3.99bn). Growth was investment performance led, with net new asset inflow also contributing £147m. Revenue from core services increased by 6% on prior year to £41.6m (2018: £39.1m). Gross profit (after cost of sales including investment management fees and commissions) increased by 9% from £11.8m to £12.9m.

From a markets perspective, 2019 has been a strong year for global equities, particularly in the U.S. with the S&P 500 finishing the year up 31.5% (USD), the second highest return over the last 20 years. This was against a backdrop of geopolitical uncertainty with trade tensions between the U.S. and China, Brexit uncertainty in Europe and rising populist movements in global politics. Equity returns were driven heavily by central banks lowering interest rates in a bid to accelerate economic growth and whilst overweight equities remains a prevalent theme, considerations regarding the end of the current cycle, disconnected fundamentals from valuations and political uncertainty going into 2020 warrant caution.

In the UK, the economy was clouded by Brexit uncertainty with the occasional bout of reprieve. GBP fell to its lowest levels against the US Dollar and currency uncertainty remained a source of risk for European investors. The fourth quarter of 2019 however saw GBP rallying following a Conservative majority in the UK Parliament resulting in UK equities being the highest performing asset class across several portfolios.

In contrast, fixed income proved a more challenging environment. A general slowdown in economic conditions has resulted in low and even negative interest rates. Rates outside of Europe have also seen a reduction in their premium with high yield and investment grade credit and government bonds sitting at expensive levels.

The following analysis relates the core trading performance of the Company to that of the underlying funds in respect of which it acts as ACD or Manager.

Absolute performance was strong across the product range. The Sarasin Funds ICVC increased in AuM by 26% over the year to £2.33bn (2018: £1.85bn). Net inflows contributed £172m in aggregate. The largest contributors were Food & Agriculture Opportunities (+£144m net inflows), followed by Responsible Corporate Bond (+£32m). The largest net outflow was from Thematic Global Equity (-£28m). The Sarasin CAIFs increased in AUM by 18% over the year to £2.16bn (2018: £1.83bn). Net inflows contributed £35m, principally across the Endowments Fund (+£19m) and the Climate Active Endowments Fund (+£18m). The Mazener Fund witnessed a marginal decline in AuM of 2.7% over the year to £217m (2018: £223m), with strong investment performance offset by -£43m net outflow. Sarasin Fund of Funds OEIC saw 3% growth in AUM over the year to £64m (2018: £62m). This was mainly performance led, with net outflows of -£11m in aggregate across four sub-funds.

STRATEGIC REPORT

For the year ended 31 December 2019

Business Review (continued)

2019 saw the consolidation of the Fund of Funds OEIC at the sub-fund level with Global Strategic Growth merging into Global Diversified Growth and Global Growth merging into Global Equity, leaving two remaining sub-funds at the year-end.

In addition to gross profit growth for the Company, administrative expenses remained flat at £5.35m (2018: £5.32m). Profit before tax has grown by 15% to £7.52m for the year (2018: £6.52m).

The Company's Statement of Financial Position has grown in net asset terms by 6% to £10.39m (2018: £9.77m). The growth on prior year was due to the transfer of 2019 profits of £6.10m to retained earnings net of £5.48m paid in dividends during the year. Cash reserves have increased by 2% to £10.73m (2018: £10.52m).

In the regulatory arena, planning for the possible Brexit outcomes continued and on 31 January 2020, the UK ceased to be a member of the European Union (EU). While the terms of the UK's departure have been agreed, the nature of the future relationship between the UK and the EU is subject to continuing negotiation during a transition period that is due to end on 31 December 2020. During this period, EU regulation still applies in the UK and the trading relationship remains as it was prior to 31 January 2020.

There remains uncertainty regarding the relevant regulation post-transition and the extent to which market access between the UK and the EU will operate. Since the initial Brexit vote in 2016, the Group of which the Company is part has undertaken a thorough review of the potential impacts of the UK's exit from the EU on the Company's business and operations. A cross-functional Brexit management team has been coordinating planning and development to ensure that client needs continue to be met post-Brexit, with all post-transition possibilities considered.

At present, uncertainty remains for fund and investment management businesses in the UK in terms of the shape of regulation post-transition and the extent of future EU market access. The Directors and Management continue to monitor the situation carefully and will plan appropriately.

After a successful 2019, investment markets continued their upward trajectory into Q1 2020, AuM growth continued and both relative and absolute investment performance continued to be strong. A significant economic and market shock then followed after the outbreak of Coronavirus. The virus was declared a global pandemic on 11 March 2020. Global financial markets have incurred increased volatility and uncertainty. The business has seen performance challenges on an absolute return basis. AuM reduced significantly through March 2020, partially recovering to £4.39bn as at 14 April 2020. During this challenging period, the investment manager has been working extremely hard to ensure that investment portfolios are positioned appropriately to weather the storm and our clients are kept well informed. Operationally, the business has been closely following the guidance provided by the UK Government. Throughout, we have been focussed on the health and wellbeing of all staff, and their families, while continuing to fulfil our responsibilities to clients. The business transitioned to a full home-based working environment in line with UK Government guidance toward the end of March 2020. The transition took place smoothly and full operational continuity has been maintained by the business and its service providers. The pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. Whilst financial performance in 2020 will be impacted, the Company is financially robust and in good position to withstand the impact of events. The Directors continue to monitor the situation carefully and react accordingly. Further disclosure is provided in Note 23.

Whilst much of management's immediate focus has turned to the pandemic and addressing the operational continuance of all activities going forward in the most efficient way, the Company will continue to act as ACD/Manager for the UK fund range through the coming year, creating and changing fund structures as required by the needs of the business.

Risk Management

Assessing and assuming risks are an integral part of any asset management business. The Company is part of a group that has a policy of identifying and controlling risk. The Group employs a clearly defined, transparent and integrated system of risk management as set out in the Internal Capital Adequacy Assessment Process document ("ICAAP"), which covers all of the Group's business segments, including those of the Company. This requires considerable human and technological resources.

The ICAAP identifies and monitors all risks, their likelihood of occurrence and mitigating factors that Management have put in place, such as internal control processes and insurance arrangements. The ICAAP is updated to accommodate new developments in the business. Active risk management minimises undesirable risks and allows the capital of the Group to be employed as efficiently as possible to the benefit of shareholders and other stakeholders. Risk management is therefore a vital link in the value creation chain, as it flags up real and potential risks for the Group's decision-makers. The Group approach to risk management is discussed in further detail in the Group's Annual Report and financial statements, which does not form part of this report.

STRATEGIC REPORT

For the year ended 31 December 2019

Risk Management (continued)

The principal risks and uncertainties facing the Company are set out below.

Direct Risks to the Company

Operational Risk

Operational risk is defined as the risk of loss, resulting from inadequate or failed internal processes, people, systems or as a consequence of external events. This definition includes legal risks, breach of regulation and trading error. These risks may have material strategic and/or reputational effects.

The Risk Office monitors core operational risk using a risk matrix, which is updated as new concerns arise. Operational Risk Self-Assessment is utilised, whereby business units rate the risks within their environment, creating key risk indicators that are then monitored on an ongoing basis as an alert to stressed events.

Emphasis is given to the management of operational risks in the following ways:

- Directives – These set down the main goals for the management and control of operational risk, and they serve as a guide for identifying and measuring operational risk and meeting reporting obligations;
- Education – Group employees are obliged to deal effectively with the risks arising in their everyday work. The line manager is supported by regularly updated information on the Group's Intranet. Background information is provided to new staff and
- Reporting – Evaluations and analysis take place in the context of regular risk reporting to the Management Board.

The Incident Log for operational risks is a central pillar for the management and control of operational risk. It is used to record and categorise all operational errors or incidents that may give rise to a loss.

The most significant operational risks facing the Company, as documented in the latest ICAAP, are:

- Trading error;
- Internal and external fraud;
- Investment process breach (including asset valuation) and
- Breach of regulation.

Credit Risk

Credit risk is the risk of loss caused by the failure of a counterparty to fulfil their contractual obligations. Concentration of assets with a particular counterparty can contribute to an increase in the level of risk.

The Company's principal financial assets, and therefore its primary source of credit risk, are cash balances held at bank, trade and other receivables.

The credit risk on cash at bank is restricted via usage of counterparty banks with credit ratings assigned by international credit rating agencies. The credit risk on debtor balances arising from transactions in fund products is generally limited as these transactions normally settle within four days. Concentration risk from transactions in fund products is limited as exposures are spread over a large number of counterparties.

Credit risk exposure is regularly reviewed and is managed in accordance with the risk appetite of the business via the application of policy set in relation to the type of counterparty used, the level of concentration allowed and, in the case of cash deposits, counterparty limits set.

Indirect Risks to the Company

In addition to the principal direct risks detailed above, the Company is also exposed to indirect risks arising from investments made and assets managed on behalf of customers. The primary source of revenue for the Company is directly linked to the value of the investments managed on behalf of customers (AuM), which is primarily driven by two factors: the relative performance of the investments held on behalf of customers and the ability to retain and acquire customer assets, which is itself driven in part by investment performance.

The achievement of a reasonable return on any investment inevitably entails a degree of risk tolerance in the long run, and it is particularly important to have a full overview of total risk exposure of an investment at all times. Given the volatility of financial markets, the quality of risk management in this area has become a crucial competitive factor in the industry, and the integrated system of risk management employed ensures that the Company is well placed to effectively manage these risks.

STRATEGIC REPORT

For the year ended 31 December 2019

Risk Management (continued)

Indirect Risks to the Company (continued)

The AuM of The Mazener Fund is managed in separate portfolios by three investment managers. An indirect risk arises relating to the absence of control over the operations of two third party managers that operate independently to the group of which the Company is part.

Section 172 Companies Act Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. It sets out a series of matters to which the directors' must have regard in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders.

The Company's sole shareholder is Sarasin & Partners LLP. The Board of the Company is committed to engaging with key stakeholders when making decisions and formulating strategy. The Board recognises that understanding what is important for stakeholders and fully appreciating their needs and concerns will only improve the Board's decision-making process.

The Board considers it crucial that the Company maintains a reputation for high standards of business conduct. The Board is responsible for setting, monitoring and upholding the culture, values, standards, ethics and reputation of the Company to ensure that the Company's obligations to its shareholder and other stakeholders are met. The Board adheres to and promotes the core values of the Company; integrity, client-focus, innovation, expertise, commitment, responsibility and accountability. The Board monitors adherence to policies and compliance with corporate governance requirements and is committed to acting where the business fails to act in the manner expected of it.

Embedded throughout the business is a robust risk framework adopting rigorous governance and business conduct controls to manage risk effectively. The Board has considered matters including risk management, controls, compliance, complaints and internal and external audit reports during the year.

The consideration of the long-term impact of decisions made on stakeholders and the fostering of relationships with suppliers, investors and others is embedded in the Company's operating model and processes. Key suppliers to the business including investment managers, trustee, depository and fund administrator all report to the Board on a regular basis. The Board has actively considered client outcomes in areas including product strategy, fund performance, dividend policy decisions and value assessment during the year.

The Company manages and administers AuM on behalf of a large number of charitable and non-for-profit organisations and forms part of a wider Group that supports charities where the Sarasin contribution can make a real difference. The Group is also aligning the business with the goals of the Paris Climate Agreement including committing to reduce the carbon footprint to net zero by 2050 and reducing single-use plastic.

Approval

This report was approved by the Board of Directors and signed on its behalf by:



G.V. Matthews

Chief Executive Officer

24 April 2020

DIRECTORS' REPORT

For the year ended 31 December 2019

The Directors present their Annual Report on the affairs of the Company, the audited financial statements and auditor's report for the year ended 31 December 2019. As permitted by legislation, certain disclosures normally included in the Directors' Report have been integrated into the Strategic Report on pages 4 to 7.

Dividends

The Company's profit for the year to be transferred to reserves is set out in the Statement of Comprehensive Income on page 12. The Directors do not recommend the payment of a final dividend for the year at this time pending review later in the year, given the market turbulence caused by the onset of the COVID-19 pandemic (2018: 1,910p per ordinary share). An interim dividend of 280p per ordinary share, totalling £700,000, was declared and paid during the year (2018: 200p per ordinary share).

Financial Risk Management

Financial risk management objectives, policies and financial exposures are disclosed in the Risk Management section of the Strategic Review and Note 22.

Pillar III Disclosures

Unaudited Pillar III disclosures required by the FCA are prepared at the Sarasin (U.K.) Limited level on a consolidated basis. Sarasin (U.K.) Limited is a parent undertaking of the Company. Disclosures are located on the Group's website at www.sarasinandpartners.com/important-information.

Directors

The Directors who served during the year ended 31 December 2019 and up to the date of signing of the Annual Report and financial statements are as follows:

C. Bell	(resigned 19 December 2019)	G.V. Matthews	Chief Executive Officer
S.A.M Jeffries		G. Steinberg **	Chairman (appointed to the Board 30 July 2019)
J. Lake *	(resigned 31 March 2020)	E. Tracey **	(appointed 4 October 2019)

* Non-Executive Director

** Independent Non-Executive Director

Remuneration Disclosure

The provisions of the Undertakings for Collective Investment in Transferable Securities ("UCITS") Remuneration Code and the Alternative Investment Fund Managers Directive ("AIFMD") require the fund manager, the Company, to establish and apply remuneration policies and practices that are consistent with and promote sound and effective risk management that neither encourage risk taking which is inconsistent with the risk profiles, prospectuses trust deeds and deeds of constitution of the funds to which it has been appointed (the "Funds") nor impair compliance with the Company's duty to act in the best interests of the Funds.

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

The board of directors of the Company, the "Board," consists of four directors with two additional directors serving during the year until their resignation dates (each a Director). The Company has no additional employees.

The Company has delegated the performance of the investment and re-investment of the assets of the Funds to Sarasin & Partners LLP (the "Investment Manager"). As noted below, the Company relies on the remuneration policies and procedures of each delegate to ensure that their remuneration structures promote a culture of investor protection and mitigate conflicts of interest.

DIRECTORS' REPORT

For the year ended 31 December 2019

Remuneration Disclosure (continued)

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

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

The Directors are considered to be those that have a material impact on the risk profile of the Funds. Accordingly, the remuneration provisions of the regulations only affect the Company with regard to the Board. Each Director is entitled to be paid a fixed director's fee based on an expected number of meetings and the work required to oversee the operations of the Company, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The fee payable to each Director is reviewed from time to time, based on the evolution of the Company's activities.

The Directors do not receive performance based variable remuneration, thereby avoiding any potential conflicts of interest. In addition, two continuing Directors plus a third Director who resigned on 19 December 2019 have waived the fees to which they would otherwise be entitled. As a result, the total fixed and variable remuneration of the Directors of the Board who are considered to comprise the entire staff of the Company for the financial year ending 31 December 2019 is £33,333 (2018: £10,000), comprising wholly of fixed remuneration. Further disclosure is provided in Note 19.

Given the internal organisation of the Company and considering its size with the limited nature, scope and complexity of its activities, it is not considered proportionate for the Company to set up a remuneration committee. The Board notes that the net assets of the Funds and the legal structure of the Company as a management company with a Board of Directors and no other employees are factors supporting the view that a remuneration committee would not be considered appropriate for the Company. The Board receives confirmation from the Investment Manager on an annual basis that there has been no material change to its remuneration policy, or if there has been a material change, receives details of those changes to the Board. The Remuneration Policies of the Company and of Sarasin & Partners LLP are available at www.sarasinandpartners.com/important-information.

Directors' Indemnities

Sarasin & Partners LLP maintains professional indemnity and directors' and officers' liability insurance for itself and its subsidiaries, including the Company.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- a) As the Director is aware of, so far there is no relevant audit information of which the Company's auditor is unaware and
- b) Each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2016.

Approval

This report was approved by the Board of Directors and signed on its behalf by:



G.V. Matthews

Chief Executive Officer

24 April 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES in relation to the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance and
- Assess the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy, at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITOR

To the Members of Sarasin Investment Funds Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sarasin Investment Funds Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

REPORT OF THE INDEPENDENT AUDITOR

To the Members of Sarasin Investment Funds Limited

accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

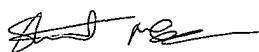
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Stuart McLaren (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

24 April 2020

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019 £	2018 £
Revenue	6	41,600,688	39,141,560
Cost of sales		(28,743,192)	(27,305,606)
Gross profit		12,857,496	11,835,954
Administrative expenses		(5,354,053)	(5,322,953)
Profit from operations	7	7,503,443	6,513,001
Interest income	8	23,000	15,501
Finance costs	9	(5,153)	(6,130)
Profit before taxation		7,521,290	6,522,372
Taxation	10	(1,423,730)	(1,246,844)
Profit and total comprehensive income for the year		6,097,560	5,275,528

All the Company's operations are classed as continuing and there were no items of other comprehensive income in the current or prior year.

The annexed notes from 1 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	2019	2018
Assets		£	£
Non-current assets			
Investment in subsidiaries	11	1,000	1,000
Current assets			
Investment securities at fair value through profit or loss	12	7,694	5,780
Trade and other receivables:			
Amounts due from Trustee & Depository	13	4,614,802	5,493,505
Amounts due from customers	13	5,855,744	3,672,560
Accrued income and prepaid expenses	13	958,119	12,283
Other receivables	13	34,151	80,255
Cash and cash equivalents	14	10,731,515	10,521,277
Total assets		22,203,025	19,786,660

Liabilities and shareholder's equity	Notes	2019	2018
Current liabilities			
Trade and other payables:			
Amounts due to Trustee and Depository		5,508,342	3,295,246
Amounts due to customers		1,300,629	2,248,169
Other liabilities	15	196,457	411,247
Accrued expenses		4,137,948	3,526,988
Current tax liabilities		669,473	536,394
Total liabilities		11,812,849	10,018,044
Shareholder's equity			
Issued capital	16	250,000	250,000
Retained earnings		10,140,176	9,518,616
Total shareholder's equity		10,390,176	9,768,616
Total liabilities and shareholder's equity		22,203,025	19,786,660

The annexed notes from 1 to 25 form an integral part of these financial statements. The financial statements were approved by the Board of Directors of Sarasin Investment Funds Limited (Company no. 02190813) on 23 April 2020 and authorised for issue and signed on its behalf on 24 April 2020 by:



G.V. Matthews
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2019

	Notes	Issued capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2018		250,000	8,973,088	9,223,088
Total comprehensive income		-	5,275,528	5,275,528
Dividend paid	17	-	(4,730,000)	(4,730,000)
Balance at 31 December 2018		250,000	9,518,616	9,768,616
Total comprehensive income		-	6,097,560	6,097,560
Dividends paid	17	-	(5,476,000)	(5,476,000)
Balance at 31 December 2019		250,000	10,140,176	10,390,176

The annexed notes from 1 to 25 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Notes	2019	2018
		£	£
Operating activities			
Profit before taxation		7,521,290	6,522,372
Interest income		(23,000)	(15,501)
Finance costs		5,153	6,130
Operating cash flows before movements in working capital		7,503,443	6,513,001
Increase in receivables		(2,204,213)	(3,895,032)
Increase in payables		1,661,726	3,698,889
Cash generated by operations		6,960,956	6,316,858
Corporation tax paid		(1,290,652)	(1,325,273)
Net cash flows from operating activities		5,670,304	4,991,585
Investing activities			
(Increase)/decrease in current asset investments		(1,914)	35,913
Interest received		23,000	15,501
Net cash flows from investing activities		21,086	51,414
Financing activities			
Dividends paid		(5,476,000)	(4,730,000)
Interest paid		(5,153)	(6,130)
Net cash flows used in financing activities		(5,481,153)	(4,736,130)
Net increase in cash and cash equivalents		210,238	306,869
Cash and cash equivalents at beginning of year		10,521,277	10,214,408
Cash and cash equivalents at end of year	14	10,731,515	10,521,277

The annexed notes from 1 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. CORPORATE INFORMATION

The Company is a private Company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is disclosed on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4 to 6.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for investment securities at fair value through profit or loss, which are carried at fair value.

These financial statements present information about the Company as an individual undertaking and not about the group of which this Company is parent. The Company is exempt from the obligation to prepare and deliver consolidated group financial statements under section 400 of the Companies Act 2006 and IFRS 10, as it has been included in the consolidated financial statements of its intermediate parent companies S.I.M. Partnership (London) Limited and Sarasin (U.K.) Limited, which are registered in the UK and comply with IFRS.

The Company's business activities and the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 7. The impact of Coronavirus on the business is disclosed in the Business Review in the Strategic Report and in Subsequent Events Note 23. The financial position of the Company, its cash flows and liquidity position are reflected in the financial statements on pages 13 to 30. The Company has considerable financial resources, and consequently, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The principal accounting policies adopted, which have been applied consistently in the current and prior year, are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue represents fees receivable for the provision of Management and Administration services to investment funds and is presented net of value added tax, rebates and discounts.

Management services relate to the role of the ACD/Manager of investment funds as described in fund constitutional documentation. Administration fees enable the Company to discharge certain fees and expenses on behalf of funds as set out in fund prospectuses.

Management and Administration fees are calculated based on a percentage of the net asset value of funds as disclosed, on a share class basis, in prospectuses. Fees are accrued daily as services are provided, and it is probable that fees will be receivable and settle monthly in arrears.

Foreign Currencies

The functional and presentational currency of the Company is pounds sterling ("£"). Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined, and those carried at historical cost are translated at rates prevailing at the date of the initial transaction. All differences are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date.

The tax expense represents the sum of the tax currently payable and any deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are not taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets, liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry-forwards of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carry-forwards of unused tax credits and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the Statement of Comprehensive Income. When it relates to items charged or credited directly to other comprehensive income, the deferred tax is also recorded as other comprehensive income.

Investments in Subsidiaries

Investments in subsidiaries are recognised at cost less any provision for impairment.

Financial Instruments: Financial Assets

(a) Recognition and Measurement of Financial Assets

The Company recognises a financial asset when it becomes a party to the contractual provisions of the instrument. The Company initially recognises trade and other receivables on the date of the transaction. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of a financial asset measured at fair value through profit or loss are recognised as profit or loss.

(b) Classification of Financial Assets

The Company classifies financial assets at initial recognition as financial assets measured at amortised cost or financial assets measured at fair value through profit or loss.

(i) Financial assets measured at amortised cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortised cost: (i) the financial asset is held within the Company's business model whose objective is to hold assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset measured at amortised cost is initially recognised at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortised cost is determined using the effective interest method, net of impairment loss, if necessary.

The Company's financial assets measured at amortised cost comprise of trade and other receivables (principally management and administration fees receivable), cash and cash equivalents (comprising of cash at bank and short-term deposits). For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

3: SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Financial assets measured at fair value through profit or loss

Financial assets classified as “at fair value through profit or loss” are measured at fair value with changes in fair value recognised in profit or loss. A financial asset measured at fair value through profit or loss is recognised initially at fair value, and its transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss.

The Company's financial assets measured at fair value through profit or loss comprise of seed investments in investment funds for which the Company acts as the ACD/Manager.

(c) Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire or the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial Instruments: Financial Liabilities

(a) Recognition and Measurement of Financial Liabilities

The Company recognises a financial debt when it becomes a party to the contractual provisions of the instrument.

(b) Classification of Financial Liabilities

(i) Financial liabilities measured at amortised cost

A financial liability, other than those measured at fair value through profit or loss, is classified as a financial liability measured at amortised cost. A financial liability at amortised cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortised cost, based on the effective interest rate method. The Company's financial liabilities measured at amortised cost include trade, other payables and bank overdrafts.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value. After initial recognition, the financial liability is measured at fair value with subsequent changes recognised as profit or loss. The Company does not have any financial liabilities measured at fair value through profit or loss.

(c) Derecognition of Financial Liabilities

Financial liabilities are derecognised when they are extinguished, i.e., when the contractual obligation is discharged, cancelled or expired.

4: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or is in the period of the revision and future periods if the revision affects both current and future periods. For the purpose of these financial statements, no significant judgements or estimates have been made that would affect reported amounts or disclosures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

5. ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations affecting the financial statements

In the current year, no new or revised Standards and Interpretations were adopted that had a significant impact on the amounts reported in these financial statements.

Standards and interpretations not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements. Also, in the current year, the Company's application of new and revised IFRSs has not resulted in material effects on the information in the Statement of Financial Position as at 1 January 2018. Accordingly, no third Statement of Financial Position has been presented.

Standards

IFRS 16: Leases

IFRS 16 is effective for annual periods beginning 1 January 2019. The standard eliminates the classification of leases as either operating leases or finance leases by introducing a comprehensive model for the identification of lease arrangements and accounting treatment for both lessees and lessors, which distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. There is substantially no change to the accounting requirements for lessors. The standard requires all leases with a term of more than 12 months, where an entity is the lessee, to be included on the Statement of Financial Position, recognising a right-of-use ("ROU") asset and a related lease liability representing the present value obligation to make future lease payments. The ROU asset will be assessed for impairment annually (incorporating any onerous lease assessments) and depreciated on a straight-line basis over the shorter of the expected life of the asset and the lease term, adjusted for any re-measurements of the lease liability. The lease liability will be adjusted subsequently for lease payments and interest, as well as the impact of any lease modifications. The Company does not have any leases therefore the introduction of the standard has no impact on the Company.

Interpretations

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to (i) determine whether uncertain tax positions are assessed separately or as a group; and (ii) assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method. There is no uncertainty in relation to income tax treatments for the Company.

Amendments

IFRS 9 Financial Instruments

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI. These amendments do not impact the Company.

IAS 19 Employee Benefits

The amendments to IAS 19 clarify the need to update assumptions whenever there is a plan amendment, curtailment or settlement. The Company does not have any defined benefit pension arrangements therefore the amendments do not impact the Company.

IAS 28 Investments in Associates and Joint Ventures

The amendments clarify that a company applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. These amendments do not impact the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

5. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Amendments (continued)

Annual Improvements to IFRS's 2015–2017 cycle

The annual improvements include amendments to four standards:

IAS 12 Income Taxes – the amendments clarify that the income tax consequences of dividends should be recognised in profit or loss, other comprehensive income or equity according to where the transactions that generated the distributable profits were originally recognised. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations – the amendments clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business, including unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements - the amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, previously held interests are not re-measured.

The adoption of these amendments has had no effect on the Company's financial statements

Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs, which were in issue but not yet effective and in some cases had not yet been adopted by the EU:

IAS 1 (amendments)	Presentation of Financial Statements
IAS 8 (amendments)	Accounting Policies, Changes in Accounting Estimates and Errors
IFRS 3 (amendments)	Business Combinations
IFRSs (amendments)	Amendments to references to the Conceptual Framework in IFRS Standards
IFRS 7, IAS 39, IFRS 9 (amendments)	Financial Instruments

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

6. REVENUE

	2019	2018
	£	£
The Company's revenue is stated net of VAT and is analysed as follows:		
Management fees	35,460,409	33,572,314
Administration fees	6,076,147	5,507,165
Other income	64,132	62,081
	41,600,688	39,141,560

Revenue arises from services provided in the UK.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

7. PROFIT FROM OPERATIONS

	2019	2018
	£	£
Profit from operations has been arrived at after charging:		
Auditor remuneration (see analysis below)	246,796	232,275
Net foreign exchange gain/(loss)	31,213	(5,081)

	2019	2018
	£	£
The analysis of auditor remuneration is set out below:		
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	36,000	15,000
Fees payable to the Company's auditor and their associates for other services to the Group: audit of the Company's managed funds	170,796	154,393
Total audit fees	206,796	169,393
Audit-related assurance services ¹	40,000	39,000
Taxation advisory services ²	-	13,882
Other assurance services ²	-	10,000
Total non-audit fees	40,000	62,882
Total audit and non-audit fees	246,796	232,275

¹ Audit-related assurance services comprise client asset assurance services ("CASS") in the current and prior year.

² Taxation advisory and other assurance services are in respect of the Company's managed funds.

8. INTEREST INCOME

	2019	2018
	£	£
Interest on cash at bank	23,000	15,501

9. FINANCE COSTS

	2019	2018
	£	£
Interest - bank overdrafts	-	2,668
Interest - other	5,153	3,462
	5,153	6,130

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

10: TAXATION

	2019	2018
	£	£
Current tax:		
UK corporation tax based on profit for the year	1,423,730	1,246,844
Total tax	1,423,730	1,246,844
Tax reconciliation:		
Profit before tax	7,521,290	6,522,372
Profit for the year, multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	1,429,045	1,239,251
Tax (over)/under provided in previous years	(5,315)	7,593
Total tax expense reported in the Statement of Comprehensive Income	1,423,730	1,246,844
Effective tax rate for the year	18.93%	19.12%

The Company's effective tax rate for the year has fallen in comparison to the prior year due to the current year effect of the over-provision recognised in the prior year.

Corporation tax payable of £669,473 (2018: £536,394) is outstanding at 31 December 2019, disclosed within current tax liabilities in the Statement of Financial Position.

The Company has no deferred tax assets or liabilities in the current or prior year.

11: INVESTMENT IN SUBSIDIARIES

	2019	2018
	£	£
SIF Nominees U.K. Limited	1,000	1,000

The Company has one direct subsidiary investment, SIF Nominees U.K. Limited, which is valued at cost less provision for impairment. The subsidiary is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The registered address of the subsidiary is Juxon House, 100 St. Paul's Churchyard, London, EC4M 8BU, United Kingdom. Further details are set out below:

Company	Description of shares held	Proportion of ownership interest and voting power	Principal activity
SIF Nominees U.K. Limited	£1 Ordinary shares	100%	Nominee company, which is the named account holder for Luxembourg and Ireland fund units subscribed to via administrative wrappers offered by the Company.

Subsequent to the year-end, the company's principal activity ceased. Following this, the company's directors resolved to dissolve the company at a meeting held on 16 March 2020. The invested share capital of £1,000 will be returned to the Company as part of the dissolution process in 2020. Refer also to Subsequent Events Note 23.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

12. INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	£	£
Investment securities at fair value through profit or loss	7,694	5,780

Investment securities at fair value through profit or loss comprise direct equity seed holdings in Sarasin investment funds.

The fair value hierarchy, which reflects the level of judgement involved in estimating fair values, is as follows:

- Level 1: The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.
- Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1, i.e., developed using market data.
- Level 3: Valuation techniques using unobservable inputs, i.e., for which market data is unavailable.

These investments are classified as level 2 as value is readily observable and is based on quoted market price in markets where trading frequency is less than daily. The size of the holding in the share class of each fund is small relative to total fund size and is held for the short-term in order to launch/maintain a fund share class. Given the size of holding in each fund share class, the Company's exposure to loss associated with its interests in these funds is considered to be low. Further analysis of investment holdings by asset class is provided in Note 21.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables are payable on demand or within one year.

Management and administration fee income due at the year-end is disclosed within 'Amounts due from Trustee & Depository'.

The carrying value of trade and other receivables approximates their fair value.

14. CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash at bank	10,731,516	10,521,277

All balances are unsecured and repayable on demand. Interest is paid or earned at between UK base rate -0.25% to UK base rate +0.1%. Sterling bank overdrafts do not accrue interest due to the establishment of an account netting arrangement for interest purposes. Euro bank overdrafts accrue interest at UK base rate +2%.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

15. OTHER LIABILITIES

	2019	2018
	£	£
Trade creditors	117,515	204,013
Amounts payable to Group entities	71,202	207,141
Other payables	7,740	93
	196,457	411,247

All other liabilities are repayable on demand or within one year. Amounts payable to Group entities are unsecured and interest-free. The carrying value of other liabilities approximates their fair value.

16. SHARE CAPITAL

	2019	2018
	£	£
Authorised:		
Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid:		
250,000 (2018: 250,000) Ordinary shares of £1 each	250,000	250,000

17. DIVIDENDS

	2019	2018
	£	£
Amounts recognised as distributions to the equity holder in the year:		
Interim dividend for the year ended 31 December 2019: 280p	700,000	-
Final dividend for the year ended 31 December 2018: 1,910p	4,776,000	-
Interim dividend for the year ended 31 December 2018: 200p	-	500,000
Final dividend for the year ended 31 December 2017: 1,692p	-	4,230,000
	5,476,000	4,730,000

18. EMPLOYEES

The Company had no employees in the year (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

19. REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2019	2018
	£	£
In respect of qualifying services:		
Director fees – J. Lake	10,000	10,000
Director fees – G. Steinberg	14,583	-
Director fees – E. Tracey	8,750	-
	33,333	10,000

All other Directors were employed and remunerated as directors or executives of Sarasin (U.K.) Limited and its subsidiaries (the "Group") in respect of their services to the Group as a whole. Disclosure is provided in the consolidated financial statements of Sarasin (U.K.) Limited.

20. RELATED PARTY TRANSACTIONS

Transactions between the Company and fellow Group companies are disclosed below.

	Revenues		Expenses		Amounts owed from/(to) Related Parties	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Sarasin & Partners LLP	63,000	63,000	28,860,813	27,419,061	(70,202)	(206,141)

Revenue received from Sarasin & Partners LLP, the Company's immediate parent, relates to the provision of fund administrative services.

Expenses paid to Sarasin & Partners LLP relate to services for the investment management, distribution of funds and management charges for the provision of staff, property facilities, information, legal and compliance services and other administrative costs.

In addition to the amounts disclosed in the table above:

- Accrued expenditure of £2,948,340 (2018: £2,190,830) payable to Sarasin & Partners LLP in respect of services for investment management and distribution of funds is disclosed within accrued expenses in the Statement of Financial Position;
- A liability of £1,000 (2018: £1,000) is owed to subsidiary SIF Nominees U.K. Limited relating to investment in share capital;
- The Company paid dividends during the year to its immediate parent, Sarasin & Partners LLP, totalling £5.48m (2018: £4.73m);
- The Company is a beneficiary of a £2.1m overdraft facility guarantee from its immediate parent entity (2018: £2.1m);
- The Company has entered into a subordinated loan facility with its immediate parent, Sarasin & Partners LLP, in the amount of £2m (2018: £2m) and
- J. Lake received £10,000 during the year for director services (2018: £10,000).

Amounts outstanding are unsecured and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. All transactions were carried out on an arms-length basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

21. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity designed so that its activities are not governed by way of voting rights, for example where contractual arrangements are the dominant factor in affecting an investor's returns. The Company has evaluated such exposures and concluded that where the Company holds a seed investment in, or has a contractual fee arrangement with, a collective investment scheme ("CIS"). This represents an interest in a structured entity. The activities of these entities are governed by investment management agreements.

The Company is the ACD and Manager for several CISs, which are considered to be structured entities within the definition of IFRS 12, and are not consolidated. The Company holds an interest in these CISs through the receipt of management fee, fixed operating charge income and the holding of seed investment positions.

The CISs are constituted as open-ended investment companies (OEICs) and charity authorised investment funds (CAIFs). These entities invest in a range of asset classes as detailed in the table on the following page, which discloses by asset class, fund AuM, carrying value of the Company's interests in CISs as recognised in the Statement of Financial Position and the income earned from managing and administering CISs as recognised in the Statement of Comprehensive Income.

The CISs have various investment objectives and policies, and they are subject to the terms and conditions of their offering documentation. However, all entities invest capital from investors in a portfolio of assets in order to provide a return to those investors from capital appreciation of those assets, income from those assets or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold. The CISs are financed through equity capital provided by investors.

Asset Class	Total AUM		Revenue ¹	
	2019	2018	2019	2018
	£m	£m	£	£
Equity	1,836	1,428	18,786,056	17,259,188
Multi-asset	2,591	2,258	20,372,589	17,755,665
Fund of funds	64	62	682,751	884,965
Fixed income	286	244	1,695,160	1,659,399
	4,777	3,992	41,536,556	39,079,479

Asset Class	Fair value of investments held ²		Trade and other receivables ³		Maximum exposure to loss ⁴	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Equity	7,656	2,269	2,062,992	1,424,547	2,070,648	1,426,816
Multi-asset	-	2,391	1,879,696	1,629,741	1,879,696	1,632,132
Fund of funds	-	-	120,055	62,752	120,055	62,752
Fixed income	-	999	193,024	128,298	193,024	129,297
	7,656	5,659	4,255,767	3,245,338	4,263,423	3,250,997

Notes:

¹ Revenue includes management and administration fees as disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

21. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Notes (continued):

² The Company also holds investments totalling £38 (2018: £121) in other CISs in respect of which no income is earned. The total fair value of investments held of £7,694 (2018: £5,780) is disclosed in Note 12.

³ Trade and other receivables comprise fee income disclosed in the Statement of Financial Position within 'amounts due from trustee and depository'.

⁴ The Company's maximum exposure to loss from unconsolidated structured entities at 31 December 2019 is the sum total of seed investment held and trade and other receivables from CISs.

Maximum exposure to loss

The Company's maximum exposure to loss associated with its interests in these CISs is limited to the carrying value of seed investment plus trade and other receivables shown in the table above.

Financial support

The Company has not provided financial support to any of the CISs during the year and has no contractual obligations or current intention of providing financial support in the future.

Other information

There are no liquidity arrangements, guarantees or other commitments that may affect the fair value or risk of the Company's interest in the CISs.

22. FINANCIAL INSTRUMENTS

Categories and Accounting Policies

Details of the categories of financial instruments and their respective accounting policies are disclosed in Note 3.

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder. The capital structure of the Company consists entirely of equity, comprising issued capital and retained earnings as disclosed in the Statement of Financial Position. The Company has no restrictions or specific capital requirements other than capital adequacy requirements by the FCA. These requirements are monitored by the Company on an ongoing basis. There were no recorded breaches of the requirements during the year.

Financial Risk Management

The Group's corporate Finance and Risk functions provide services to the Company and monitor/manage the financial risks relating to the operations of the Company through internal management information and risk reports, which analyse exposures by degree and magnitude of risk. These risks include market risk (incorporating foreign currency risk and interest rate risk), credit risk, liquidity risk and solvency risk.

Market Risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and, to a lesser extent, interest rates (see below). The Company does not take material proprietary investment positions, and therefore, its exposure to other market risks is limited to the financial impact of the performance of its investment products and commercial success.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

22. FINANCIAL INSTRUMENTS (continued)

Market Risk: Foreign Currency Risk

Foreign currency risk is the risk that arises from a change in the price of one currency against another. It is defined as the risk that exchange rates will change unfavourably, particularly where there are assets, income flows, liabilities or expenditure flows in different currencies and their positions are not hedged. The Company is exposed to foreign currency risk through its assets, liabilities, income and expenses denominated in currencies other than Sterling, where their positions are not hedged. Exposure is limited to balances that are required for the settlement of transactions with the Company's managed funds, denominated in foreign currencies that are principally restricted to the major global currencies. These balances are normally held for a maximum of four days and are always held in the currency ultimately payable or receivable. Risk is managed via the regular monitoring of the level and duration of contractual exposure to these currencies and movements in rates of exchange to Sterling.

Market Risk: Interest Rate Risk

Interest rate risk in respect of the Statement of Financial Position is reviewed on a regular basis. With the exception of bank overdrafts held from time to time for the settlement of transactions in the Company's managed funds, the Company does not have any interest rate obligations. Overdrafts are reviewed regularly and could be cleared immediately should interest rates rise. Management do not consider this exposure to be significant.

Credit Risk

Credit risk is considered to be a principal financial risk of the Company and is explained within the Risk Management section of the Strategic Report on page 5.

Liquidity Risk

Liquidity risk is the risk that the Company, although solvent, either does not have sufficient available resources to enable it to meet its short-term obligations as they fall due or can secure them only at excessive cost. Operational liquidity management in the day-to-day running of the business is overseen by the Finance department. Its tasks include controlling payments, planning the anticipated cash flows and securing liquidity.

Solvency Risk

Solvency risk is the risk that the Company cannot meet its long-term debts and financial obligations for full value even after disposal of its assets. The Company's solvency is monitored and maintained by the Finance department and the Board within the framework of the regulations laid down by the FCA.

Fair Value Measurements

For all financial instruments the carrying value is an approximation of fair value.

23. SUBSEQUENT EVENTS

Dissolution of Subsidiary

Subsequent to the year-end, the principal activity of subsidiary SIF Nominees UK Limited ceased and the company's directors resolved to dissolve the company at a meeting held on 16 March 2020. The invested share capital of £1,000 will be returned to the Company as part of the dissolution process in 2020. Refer also to Investment in Subsidiaries Note 11.

Coronavirus

The Coronavirus epidemic is believed to have originated in Wuhan, Hubei, China. While containment efforts were made to slow the spread of the epidemic the outbreak has now spread globally and has led to the World Health Organisation declaring the Coronavirus outbreak a pandemic on 11 March 2020.

The Directors are aware that global financial markets have been monitoring and reacting to the outbreak. All markets have incurred increased volatility and uncertainty since the onset of the pandemic.

Since the year end the impact of Coronavirus on financial markets has led to performance challenges on an absolute return basis. AuM reduced from £4.8bn at year-end to a low of £4.0bn by mid-March 2020. Whilst still exhibiting volatility, markets have partially rebounded since then, with AuM increasing to £4.39bn as at 14 April 2020.

During this challenging period, the investment manager has been working extremely hard to ensure that investment portfolios are positioned appropriately to weather the storm and clients are kept well informed. There have not been any significant portfolio redemptions across the product range directly linked to the market shock.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

23. SUBSEQUENT EVENTS (continued)

Coronavirus (continued)

The Directors have noted the operational risks that are posed to the assets under the Company's administration and to the service providers of the UK fund range due to global and local movement restrictions that have been enacted by various governments.

Operationally, the business has been closely following, and in some cases, front-running, the guidance provided by the UK Government. Throughout, we have been focused on the health and wellbeing of all staff, and their families, while continuing to fulfil our responsibilities to clients. The business transitioned to a full home-based working environment in line with UK Government guidance toward the end of March 2020. The transition took place smoothly and full operational continuity has been maintained by the business and its service providers.

The Coronavirus pandemic is an unprecedented event and the eventual impact on the global economy and markets will largely depend on the scale and duration of the outbreak. The Directors will continue to monitor this situation.

24. CONTINGENT LIABILITIES

As at 31 December 2019, there were no contingent liabilities (2018: £nil).

25. PARENT UNDERTAKINGS

The parent undertaking of the smallest group of undertakings for which consolidated financial statements are prepared and of which the Company is a member is SIM (Partnership) London Limited, a company registered in the United Kingdom. Copies of the financial statements of SIM (Partnership) London Limited can be obtained from Juxon House, 100 St. Paul's Churchyard, London EC4M 8BU.

The parent undertaking of the largest group of undertakings for which consolidated financial statements are prepared and of which the Company is a member is J. Safra Sarasin Holding Limited, a company incorporated in Switzerland. Copies of the financial statements of J. Safra Sarasin Holding Limited can be obtained from Elisabethenstrasse 62, 4002 Basel, Switzerland.

J. Safra Sarasin Holding Limited is ultimately owned by Mr. Joseph Y. Safra and members of his family.