

Annual Report

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

For the year ended 31 July 2018

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

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* Collectively, these items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ("the Sourcebook").

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Trust Profile and Information

Fund Manager

Julie-Ann Ashcroft

Launch date

21 December 1998

Objective

The investment objective of Standard Life Wealth Balanced Bridge Fund ("the Trust") is to provide a combination of income and growth.

Policy

The Trust invests in warrants, deposits, approved money market instruments, collective investment schemes, derivative instruments and forward transactions.

Risk

The investments of the Trust are subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that the investment objective of the Trust will actually be achieved and no warranty or representation is given to this effect. The investor must be able to accept significant losses, thus the Trust is suitable for investors who can afford to set aside the capital for at least 5 years.

Benchmark

30% FTSE World ex UK
30% FTSE All-share
15% Bank of America Merrill Lynch Sterling Non Gilts
15% FTA Government All Stocks
10% 1 month LIBOR*

*London Interbank Offered Rate

Reporting dates

Interim	31 January
Annual	31 July

Distribution record dates

Interim	31 October
Interim	31 January
Interim	30 April
Annual	31 July

Payment dates

Two dealing days before

Interim	31 December
Interim	31 March
Interim	30 June
Annual	30 September

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Trust Profile and Information

Continued

Trust Information						
Head office	Manager	Registered Office	Directors of the Manager	Secretary of the Manager	Trustee	Registered Office and Head Office
Aberdeen Standard Investments 1 George Street Edinburgh EH2 2LL 0345 113 6966	Standard Life Investments (Mutual Funds) Limited	1 George Street Edinburgh EH2 2LL	A.S. Acheson S. Campbell S.A. Fitzgerald J. Lowe L. Scott D.E. Thomas S. Wemyss	H. Kidd	Citibank Europe plc, UK Branch	1 North Wall Quay Dublin 1

Trust Information Continued			
Auditor	Registrar	Investment Adviser	Sub-Adviser
KPMG LLP 15 Canada Square Canary Wharf London E14 5GL	Standard Life Investments (Mutual Funds) Limited 1 George Street Edinburgh EH2 2LL	Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL The Investment Adviser is authorised and regulated by the Financial Conduct Authority	Standard Life Wealth Limited 1 George Street Edinburgh EH2 2LL

Keeping you informed

You can keep up to date with the performance of your investments by visiting our website standardlifewealth.com. Alternatively, if you would rather speak to us, please call 0345 113 6966 (+44 (0) 1268 445 488 if outwith the UK) between 8:30am and 5:30pm Monday to Friday.

Merger of Aberdeen Asset Management and Standard Life

Prior to the 14 August 2017, the manager Standard Life Investments (Mutual Funds) Limited and the Investment Adviser, Standard Life Investments Limited, were subsidiaries of Standard Life Plc. On 14 August 2017, Standard Life Plc and Aberdeen Asset Management Plc, completed a merger to form Standard Life Aberdeen Plc.

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Statement of Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net income and net gains or losses on the property of the Trust for the period.

In preparing the financial statements the Manager is responsible for:

- ▶ selecting suitable accounting policies and then applying them consistently;
- ▶ making judgements and estimates that are reasonable and prudent;
- ▶ following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- ▶ complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association* in May 2014;
- ▶ keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- ▶ assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- ▶ using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- ▶ 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; and
- ▶ taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

*The Investment Management Association changed to the Investment Association (IA) in January 2015.

Manager's Statement

The Manager is Standard Life Investments (Mutual Funds) Limited which is authorised and regulated by the Financial Conduct Authority for investment business.

Standard Life Wealth Balanced Bridge Fund is an Authorised Unit Trust Scheme under section 243 of the Financial Services and Markets Act 2000.

The Trust is certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive allowing the Manager to market the Trust in member states of the European Union subject to relevant local laws.

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where the Trust has a negative total return but a positive net revenue position, there will be a distribution.

Names and addresses of the Manager, Trustee, Registrar, Investment Adviser and Auditor are contained on page 2 of the Annual Report and Financial Statements. The investment objective of the Trust is disclosed within the Trust Profile and Information, and the investment activities are disclosed within the Investment Report. Copies of the most recent Prospectus are available online at standardlifeinvestments.com.

We hereby certify the Annual Report and Financial Statements on behalf of the Directors of Standard Life Investments (Mutual Funds) Limited.

Directors
Standard Life Investments (Mutual Funds) Ltd
25 October 2018

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Report of the Trustee

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Standard Life Wealth Balanced Bridge Fund for the Year ended 31 July 2018

The Trustee is responsible for the safekeeping of all the property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income that arises from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operates in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has, observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.



Citibank Europe plc, UK Branch
London
24 October 2018

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Independent Auditor's Report to the Unitholders of Standard Life Wealth Balanced Bridge Fund ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 31 July 2018 which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables for the Trust and the accounting policies set out on pages 23 to 24.

In our opinion the financial statements:

- ▶ give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of the Trust as at 31 July 2018 and of the net revenue and the net capital gains on the property of the Trust for the year then ended; and
- ▶ have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Manager (Standard Life Investments (Mutual Funds) Limited) is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- ▶ we have not identified material misstatements in the other information; and
- ▶ in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

Manager's responsibilities

As explained more fully in their statement set out on page 3, the Manager is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.


A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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Independent Auditor's Report to the Unitholders of Standard Life Wealth Balanced Bridge Fund (‘the Trust’) Continued

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

26 October 2018

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The Registrar of the Trust

The Manager is the Registrar of the Standard Life Wealth Balanced Bridge Fund. The Manager has delegated certain aspects of the operational duties to DST Financial Services International limited (“DST Systems”).

The Registrar is responsible to the Trustee for the maintenance of a register of unitholders in the Trust. This register can be inspected free of charge at the offices of DST Systems at DST House, St Nicholas Lane, Basildon, Essex, SS15 5FS.

The Registrar is also responsible for the distribution of tax vouchers to unitholders at the addresses recorded on the register.

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Investment Report

Fund Manager: Julie-Ann Ashcroft

Market commentary

Although it is not unusual for equity markets to perform above the long-term average, 2017 was an unprecedented year for the way in which this was achieved. The S&P 500 Index made gains every single calendar month for the first time since 1958, and this pattern continued into the end of January 2018. Even the tech-heavy NASDAQ gained 11 out of 12 months which was also a record. Monthly returns were more mixed from the UK and European equity markets but this did not stop UK equities ending 2017 at an all-time high alongside the S&P (US), FTSE World ex UK (global) and the DAX (Germany). Equity markets repeatedly tested new highs over the summer months as volatility tracked ever lower. This continued to open the risk/return jaws (i.e. rising equities, falling volatility); a trend that started in early 2016. Clearly, these trends masked a world of moving parts and significant events, such as Brexit negotiations, the success or failure of President Trump's policy and numerous elections, all of which impacted short-term investor sentiment.

In addition, central bankers' chatter also dominated the headlines over the period. It became increasingly clear that the monetary policy that has supported asset prices for several years is coming to an end, in the form of rising interest rates and balance sheet reduction. This is initially viewed as negative for equities (as the days of extremely low cost of capital are over) and negative for bond markets (as rising yields fundamentally translate to falling prices). As I mentioned, it has taken several years to reach a level of confidence to even discuss the withdrawal of this support for asset prices. And so it was a rather benign event when the UK finally joined the US in monetary tightening in early November 2017, raising interest rates for the first time in a decade. Clearly, this momentous event was well flagged. Shortly after, the US increased rates for a third time in 2017 and also started to reduce the size of its balance sheet.

The confidence to withdraw monetary support is predicated on the continued strength of economic data across most major economies. Global industrial production, trade and corporate-earnings growth have all picked up significantly over the past 12-18 months. The primary drivers of this cyclical upswing have been highly accommodative monetary and financial conditions in the advanced economies, China's large monetary and fiscal stimulus, and global inventory restocking. However, as these supporting factors faded, it became clear that global growth was self-sustaining. In particular, firms' risk aversion moderated, flowing through into stronger capital spending. Labour productivity growth also edged up, albeit from very low levels.

Volatility returned to financial markets earlier this year as valuations reached such a level that they left little room for error, let alone fear. Therefore, since the end of January we have observed the negative impact of three volatility scares.

The equity market sell-off at the beginning of February was triggered not by weak economic data but by strong US wage-growth numbers. This acceleration caused investors to worry that US interest rates would have to rise faster than the economy could withstand. In reality, after an unprecedented period of low volatility and months of speculating whether market valuations could continue to grind higher, or if earnings could possibly grow further,

it felt like a long-overdue 'wake up and smell the coffee' moment was driving this fall. This first dent to confidence saw UK and European equity markets fall almost 10%. Ironically, considering it was US bond yields that caused the concern, the US equity market fared relatively better, driven largely by a strong earnings season and weaker currency.

Just as it appeared that calm had returned, it was the turn of politics to take centre stage again as President Trump's implementation of trade tariffs triggered fears of a global trade war – a threat that rumbles on as we write. The US administration initially announced tariffs on steel and aluminium imports. This was followed by a 25% tariff on \$60 billion worth of Chinese imports. The Chinese, in response, announced increased tariffs on \$3 billion worth of US imports. The proposed tariffs on Chinese goods amount to a mere 0.1% of Chinese GDP, while those on US goods are even less significant for US and global growth. That is not to say that risks to the trade outlook do not exist, but it is important to put into context the size and importance of any protectionist measures announced.

Global equity markets rebounded strongly from April to the end of the period, specifically developed markets, and most notably in April and May. As the UK basked in sunshine for much of the quarter (never had cause to write that before) even concern over the ability of the government to reach a credible Brexit deal failed to deter investors in the UK market. Elsewhere, economic data remained firm and corporate earnings have exceeded expectations. While this was positive in itself, it also caused stock valuations to look less stretched.

A strong US economy handed the Federal Reserve (Fed) the confidence to raise interest rates again in June and to signal two further hikes later this year, followed by three more next year. In contrast, after a string of disappointing data and still low core inflation, the European Central Bank (ECB) announced that interest rates will not be going up until at least the summer of next year, although it did confirm that Eurozone quantitative easing would come to an end by the end of 2018.

By June, it looked like the re-emergence of a trade spat would halt the momentum of markets, as investors feared the worst – a breakdown in the global supply chains that have helped to drive the world's economic growth over the past three decades. Notably, this particular spat broadened out to western allies. Proposed tariffs on \$300 billion of cars and car parts (affecting Germany, Japan, Canada and Mexico), withdrawal from NAFTA (triggering tariffs on a quarter of US imports) and tariffs on another \$200 billion of Chinese imports threaten to disrupt global supply chains, spark inflation and crush market sentiment. So far, markets have discounted much of this furore as sabre rattling. However, as we approach US mid-term elections, concern mounts that President Trump will be more incentivised to follow through on his threats. In response, Europe hit back to the heart of America – threatening tariffs on motorbikes, jeans and bourbon (sounds like a Bruce Springsteen song). In turn, Harley Davidson responded by threatening to move part of its operations to Europe.

Technology stocks have dominated equity market returns throughout the period, reflecting the relative strength and visibility of their expected growth – a reason we continue to have high

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Investment Report

Continued

conviction in this area. In the first six months of 2018, just eight stocks account for the rise in the S&P 500 Index and all but one are technology companies – Amazon, Microsoft, Apple, Netflix, Intel, Mastercard, Nvidia and Facebook. Think about your daily routine in the context of these stocks and I am sure you will appreciate why they continue to soar. Many of us use our mobile devices to order almost anything from Amazon, linked to a credit card, and perhaps while watching Netflix – though this might say more about the sad life of an Investment Manager!

Markets

The risk-on environment during the period resulted in positive returns for almost all asset classes in the Fund's investment universe. The exception was corporate bonds, which were impacted by widening spreads. UK and overseas equity markets were particularly strong. The overall currency impact over the period is relatively benign. Overseas equities (+12.5% FTSE World ex UK) led the way, and UK equities returned +8.4% in sterling terms (FTSE All Share). It is notable that, in this broadly risk-on environment, UK government bonds (+1% FTA Govt All Stocks) delivered a positive return. The move in the yield curve (falling yields at the front end) indicate that rising interest rate expectations are being pushed out. The Fund retains positions at the 30-year area of the curve, where we believe that technical demand will continue to provide support. UK investment grade credit was the only negative asset class in our universe, returning -0.03% over the period (ICE BoAML £ Non Gilts), as credit spreads continued to move out.

Performance

For the majority of the period, financial markets were characterised by a rotation into pro-cyclical stocks. Our more cautious approach and focus on yield leads us to have less exposure to those companies that benefit most from a cyclical upturn in the economy. Therefore, the market rotation into these 'pro-cyclicals' proved to be a headwind over the period. In addition, sterling strength was another headwind to our global approach during the first nine months of the period. Relative performance markedly improved during the final four months of the period.

At the highest level, relative performance was predominantly driven by weaker stock selection in the financials sector and greater exposure to defensives such as utilities, telecommunications and consumer staples, all of which produced negative returns over the period. In particular, the poor performance of Danske was driven by concerns about money laundering in Estonia, which the bank reported to the authorities itself and shut down the operation completely. Nonetheless, the impact on the share price has been severe. In addition, both Danske and Swedbank were negatively impacted by the deterioration in the Swedish housing market during the period.

On the positive side, technology holdings continued their strong run. Despite a number of short lived sell-offs, technology ended the period as the strongest sector. The Fund continues to have significant exposure to this strongly thematic area of the market. These companies benefit from the broad technological disruption of many other areas of the market. Within consumer stocks, Fever Tree Drinks was the biggest contributor to relative performance overall, reflecting the strong growth of this company as it expands overseas and continues to dominate the UK premium

mixer market. In materials, Covestro, a manufacturer of polyurethanes and polycarbonates continued to be a significant contributor to relative performance. Asset allocation was also beneficial over the period, particularly our underweight allocation to gilts, which underperformed equities.

Activity

We added a number of new holdings during the period including Fever Tree Drinks. This is no longer a company unknown to the market, but its long-term growth potential continues to be underappreciated. The company is in transition as it increases investment in the US. However, top-line growth should continue to exceed expectations, supported by strong cash generation, a solid balance sheet and asset-light business model, the outlook for Fever Tree Drinks remains compelling.

We also added ASML, a Dutch lithography company, which provides the equipment to 'print' integrated circuits on silicon wafers, i.e. semi-conductor chips. This company is central to supporting the continuation of Moore's law over the next five years, i.e. the prediction that the numbers of transistors per square inch of integrated circuits will double every 18 months. Its dominant position in this field means it is well placed to capitalise on the increasing complexity of manufacturing at finer resolutions. This in turn, gives us high visibility on its earnings.

Within the Asia Pacific region, we took advantage of market moves to add two stocks. Treasury Wine Estates is an Australian company, spun out of Foster's group in 2011, and its growth is strongly supported by the shifting consumer trend in China towards greater wine consumption. We also added Challenger, Australia's largest bulk annuity provider (with a 90% market share). Supportive Australian demographics and the strength of the annuity market in Japan are driving impressive sales growth. The fall in the gilt market in January provided an opportunity to increase exposure to long-dated gilts, which we believe are supported by pension buying and also provide a hedge to volatile equity markets.

These acquisitions were funded by selling, among others, the tobacco stocks Altria and Philip Morris International. Both companies had offered strong cashflow generation and exposure to a new generation of alternatives to cigarettes. However, we expect competition in this area to intensify from new entrants and brand loyalty to fall as new product types define the landscape.

Outlook

Overall, global economic growth still looks healthy and corporate earnings are growing strongly. However, there are a number of potential political risks to markets over the second half of the year. The strength of the US economy is causing some concern that the Fed will be too aggressive in removing the monetary lifeline that has sustained markets for most of the last decade. US fiscal stimulus should keep growth going strong into 2019, but once the fiscal 'sugar rush' wears off at around the same time that tighter monetary policy could start to bite, the economy could be left nursing a hangover heading into 2020. Meanwhile, the political situation in Italy this quarter has reminded us of the vulnerability of the European Union to disruption and discord, particularly given the weakness of Chancellor Merkel's government in Germany.

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Investment Report

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The currently healthy economy, balanced against political risks and the late stage of the US economic cycle, argues for a slightly more balanced approach to risk. Therefore, we remain cautious on the ability of risk markets to deliver anything more than subdued returns over the course of the next one-to-two years – sound familiar? We have argued much the same for at least the last three years but are anything but complacent. Our House View remains constructive on risk assets (such as equities) but we sense this is moving towards greater caution. Specifically, we are monitoring the threat of higher oil prices, inflation and the effects of changing monetary policy on equity markets, and we remain focused on sustainable sources of return.

Rather than focus on short-term market noise, we concentrate on long-term structural growth; seeking to identify companies that will benefit from shifting trends, while avoiding those where change will be detrimental. Experience has taught us that companies that have strong balance sheets; generate cashflow in excess of their operational requirements; and invest in their business as well as distribute to shareholders, tend to generate stronger and more sustainable returns. As a result, they merit a long-term position in portfolios, regardless of shorter-term sentiment.

Turning our focus domestically, and despite our wariness to make predictions on the notoriously unpredictable UK weather, we look forward to a continuation of the long, warm and sunny summer we have been experiencing.

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Trust's unit price over the last five years which in turn reflects the volatility of the underlying assets in which the Trust invests. Historical data may not be a reliable indication of the future. Where the share unit does not have a history of five years, an alternative share unit or a representative benchmark has been used to show how the Trust price may have behaved over the period.

The current rating, which is the same for all unit classes, is not guaranteed and may change if the volatility of the assets in which the Trust invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Trust offers no guarantee against loss or that the Trust's objective will be attained.

For further information on the risks that may not be fully captured by the Risk & Reward Indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

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Comparative Tables

	2018 pence per unit	2017 pence per unit	2016 pence per unit
Income Units			
Change in net assets per unit			
Opening net asset value per unit	161.92	152.84	143.28
Return before operating charges*	10.20	15.72	15.76
Operating charges**	(1.65)	(1.61)	(1.45)
Return after operating charges*	8.55	14.11	14.31
Distributions	(4.86)	(5.03)	(4.75)
Closing net asset value per unit	165.61	161.92	152.84
* after direct transaction costs of: ***	0.07	0.09	0.10
Performance +			
Return after charges	5.28%	9.23%	9.99%
Other information			
Closing net asset value (£'000)	31,432	34,752	36,611
Closing number of units	18,979,526	21,462,040	23,953,842
Operating charges****	1.02%	1.02%	1.02%
Direct transaction costs***	0.04%	0.06%	0.07%
Prices			
Highest unit price	167.2	165.9	154.2
Lowest unit price	154.8	148.5	132.6
<p>** The operating charges include all costs borne by the Trust, except for direct transaction costs.</p> <p>*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.</p> <p>**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the unit class as a percentage of the average net asset value of the class over the same period.</p> <p>+ The performance figures are calculated by taking the value of the unit class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given unit class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Trust pricing policy, while the price per the financial statements values the Trust on a bid-price basis. The financial statements unit class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Trust which is used in the published unit class price.</p>			

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Comparative Tables

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	2018 pence per unit	2017 pence per unit	2016 pence per unit
Z Units (Accumulation)			
Change in net assets per unit			
Opening net asset value per unit	67.03	60.82	54.73
Return before operating charges*	4.19	6.22	6.10
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	4.18	6.21	6.09
Distributions	(1.93)	(1.93)	(1.75)
Retained distributions on accumulation unit	1.93	1.93	1.75
Closing net asset value per unit	71.21	67.03	60.82
* after direct transaction costs of:***	0.03	0.04	0.04
Performance +			
Return after charges	6.24%	10.21%	11.13%
Other information			
Closing net asset value (£'000)	121,701	36,895	3,650
Closing number of units	170,912,450	55,043,936	6,001,630
Operating charges****	0.02%	0.02%	0.02%
Direct transaction costs***	0.04%	0.06%	0.07%
Prices			
Highest unit price	71.46	68.10	60.87
Lowest unit price	65.17	59.65	51.47
<p>** The operating charges include all costs borne by the Trust, except for direct transaction costs.</p> <p>*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.</p> <p>**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the unit class as a percentage of the average net asset value of the class over the same period.</p> <p>+ The performance figures are calculated by taking the value of the unit class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given unit class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Trust pricing policy, while the price per the financial statements values the Trust on a bid-price basis. The financial statements unit class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Trust which is used in the published unit class price.</p>			

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Comparative Tables

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	2018 pence per unit	2017 pence per unit	2016 pence per unit
Z Units (Income)			
Change in net assets per unit			
Opening net asset value per unit	60.56	56.61	52.56
Return before operating charges*	3.72	5.73	5.72
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	3.71	5.72	5.71
Distributions	(1.73)	(1.77)	(1.66)
Closing net asset value per unit	62.54	60.56	56.61
* after direct transaction costs of: ***	0.03	0.04	0.04
Performance +			
Return after charges	6.13%	10.10%	10.87%
Other information			
Closing net asset value (£'000)	575,755	523,443	467,050
Closing number of units	920,668,812	864,356,900	825,023,575
Operating charges****	0.02%	0.02%	0.02%
Direct transaction costs***	0.04%	0.06%	0.07%
Prices			
Highest unit price	63.09	61.94	57.09
Lowest unit price	58.25	55.17	48.83
** The operating charges include all costs borne by the Trust, except for direct transaction costs.			
*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.			
**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the unit class as a percentage of the average net asset value of the class over the same period.			
+ The performance figures are calculated by taking the value of the unit class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given unit class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Trust pricing policy, while the price per the financial statements values the Trust on a bid-price basis. The financial statements unit class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Trust which is used in the published unit class price.			

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Portfolio Statement

as at 31 July 2018

Holding Investment	Market value £'000	Percentage of total net assets
Bonds (19.76%)	148,792	20.42
Euro Denominated Bonds (0.49%)	4,433	0.61
Corporate Bonds (0.49%)	4,433	0.61
between 5 and 10 years to maturity		
3,000,000 ABN Amro Bank 2.875% 2028	2,845	0.39
1,700,000 Unitymedia 4% 2025	1,588	0.22
Sterling Denominated Bonds (18.48%)	134,917	18.52
Corporate Bonds (10.69%)	75,730	10.40
less than 5 years to maturity		
689,000 Close Brothers 2.75% 2023	691	0.09
2,450,000 Daily Mail & General Trust 5.75% 2018	2,483	0.34
2,270,000 GE Capital 5.875% 2020	2,480	0.34
1,500,000 GKN 6.75% 2019	1,589	0.22
1,800,000 Heathrow Funding 5.375% 2019	1,864	0.26
2,430,000 John Lewis 8.375% 2019	2,540	0.35
2,500,000 National Grid Gas 4.1875% Index-Linked 2022	5,119	0.70
3,000,000 RELX 2.75% 2019	3,030	0.41
1,037,000 UBS 1.25% 2020	1,031	0.14
between 5 and 10 years to maturity		
1,040,000 Coventry Building Society 1.875% 2023	1,025	0.14
1,446,000 Credit Suisse 2.75% 2025	1,433	0.20
3,235,000 FirstGroup 6.875% 2024	3,886	0.53
2,000,000 HSBC 5.75% 2027	2,363	0.32
2,865,000 John Lewis 6.125% 2025	3,306	0.45
1,160,000 Lloyds Banking Group 2.25% 2024	1,127	0.15
2,290,000 Nationwide Building Society 3.25% 2028	2,404	0.33
636,000 Tesco 3.322% 2025	1,218	0.17
1,850,000 Virgin Media 6% 2025	2,081	0.28
between 10 and 15 years to maturity		
2,000,000 Arqiva 4.882% 2032	2,144	0.30
1,747,000 AT&T 4.375% 2029	1,908	0.26
1,050,000 Bank of America 7% 2028	1,423	0.20
3,500,000 Barclays 3.25% 2033	3,253	0.45
970,000 RL Finance Bonds No 3 6.125% 2028	1,072	0.15
990,000 Yorkshire Building Society 3.375% 2028	925	0.13

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Portfolio Statement

as at 31 July 2018

Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
between 15 and 25 years to maturity			
976,000	AT&T 4.25% 2043	1,016	0.14
1,210,000	Aviva 6.125% 2036	1,358	0.19
1,127,000	DONG Energy 5.75% 2040	1,582	0.22
1,598,000	GlaxoSmithKline 5.25% 2033	2,094	0.29
4,900,000	Tesco 5.744% 2040	5,496	0.75
greater than 25 years to maturity			
1,398,000	Credit Agricole 7.5% Perpetual	1,552	0.21
2,100,000	EDF 6% Perpetual	2,173	0.30
1,510,000	Legal & General 5.375% 2045	1,644	0.23
1,356,000	Pennon 2.875% Perpetual	1,354	0.19
2,722,000	Prudential 5% 2055	2,865	0.39
4,123,000	SSE 3.875% fixed to floating Perpetual	4,201	0.58
Government Bonds (7.79%)		59,187	8.12
between 5 and 10 years to maturity			
8,856,857	UK (Govt of) 4.25% 2027	11,123	1.53
between 10 and 15 years to maturity			
8,966,000	UK (Govt of) 4.25% 2032	11,917	1.63
greater than 25 years to maturity			
22,903,000	UK (Govt of) 1.5% 2047	21,508	2.95
11,296,899	UK (Govt of) 3.25% 2044	14,639	2.01
US Dollar Denominated Bonds (0.79%)		9,442	1.29
Corporate Bonds (0.79%)			
less than 5 years to maturity			
2,274,000	Charter Communications 4.464% 2022	1,760	0.24
between 5 and 10 years to maturity			
3,060,000	Anheuser-Busch InBev 3.65% 2026	2,293	0.31
563,000	Mercer International 5.5% 2026	418	0.06
1,839,000	Symantec 5% 2025	1,383	0.19

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Portfolio Statement

as at 31 July 2018

Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (0.00%)		3,588	0.49
between 5 and 10 years to maturity			
4,710,000	Saudi Arabia (Kingdom of) 4% 2025	3,588	0.49
Equities (69.91%)		512,058	70.25
European Equities (17.19%)		145,440	19.95
Belgium (1.02%)		7,287	1.00
94,344	Anheuser-Busch InBev	7,287	1.00
Denmark (1.63%)		7,262	1.00
327,873	Danske Bank	7,262	1.00
France (1.11%)		10,951	1.50
219,777	Total	10,951	1.50
Germany (1.38%)		11,679	1.60
159,358	Covestro	11,679	1.60
Ireland (2.97%)		28,144	3.86
107,784	Accenture	13,090	1.79
283,968	CRH	7,417	1.02
111,045	Medtronic	7,637	1.05
Italy (1.39%)		8,405	1.15
1,976,222	Enel	8,405	1.15
Netherlands (0.00%)		15,233	2.09
46,936	ASML	7,682	1.05
3,420,240	Koninklijke KPN	7,551	1.04
Spain (0.00%)		6,869	0.94
274,543	Inditex	6,869	0.94

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Portfolio Statement

as at 31 July 2018

Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Sweden (1.70%)		9,264	1.27
511,631	Swedbank	9,264	1.27
Switzerland (5.99%)		40,346	5.54
108,880	BB Biotech	5,697	0.78
119,466	Nestle	7,424	1.02
142,724	Novartis	9,148	1.26
51,839	Roche	9,702	1.33
35,695	Zurich	8,375	1.15
Japanese Equities (0.77%)		5,847	0.80
44,062	Murata Manufacturing	5,847	0.80
North American Equities (19.43%)		113,877	15.62
United States (19.43%)		113,877	15.62
122,213	Activision Blizzard	6,840	0.94
11,602	Alphabet 'A'	10,854	1.49
9,971	Amazon.com	13,511	1.85
80,191	American Tower	9,061	1.24
52,189	Apple	7,581	1.04
64,533	Electronic Arts	6,334	0.87
107,516	Eli Lilly	8,097	1.11
94,985	Estee Lauder	9,771	1.34
54,718	Facebook	7,199	0.99
167,234	First Republic Bank	12,597	1.73
129,376	Fortune Brands Home & Security	5,719	0.79
120,150	Microsoft	9,718	1.33
128,154	Schlumberger	6,595	0.90
Pacific Basin Equities (2.53%)		30,164	4.14
Australia (0.77%)		17,069	2.34
900,367	Challenger	6,276	0.86
1,047,561	Treasury Wine Estates	10,793	1.48

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Portfolio Statement

as at 31 July 2018

Continued

Holding Investment	Market value £'000	Percentage of total net assets
China (0.76%)	3,748	0.52
137,143 JD.com ADR	3,748	0.52
Taiwan (1.00%)	9,347	1.28
297,730 Taiwan Semiconductor Manufacturing	9,347	1.28
United Kingdom Equities (29.99%)	216,730	29.74
Basic Materials (2.68%)	18,186	2.49
685,623 Antofagasta	6,873	0.94
269,616 Rio Tinto	11,313	1.55
Consumer Goods (2.78%)	25,959	3.56
117,215 British American Tobacco	4,924	0.67
296,262 Fever Tree Drinks	10,203	1.40
213,374 Persimmon	5,294	0.73
81,487 Reckitt Benckiser	5,538	0.76
Consumer Services (2.01%)	9,952	1.37
598,786 RELX	9,952	1.37
Financials (13.27%)	86,895	11.92
3,276,115 3i Infrastructure	8,140	1.12
453,076 Aberforth Smaller Companies Trust	6,216	0.85
2,910,975 Apax Global Alpha	3,901	0.53
663,685 Beazley	3,720	0.51
1,850,000 Bluefield Solar Income Fund	2,229	0.31
256,487 Close Brothers	4,070	0.56
1,908,517 Empiric Student Property	1,811	0.25
3,601,233 Fair Oaks Income	2,581	0.35
2,243,841 Funding Circle SME Income Fund	2,322	0.32
2,402,239 Greencoat UK Wind	2,998	0.41
1,747,430 HSBC	12,763	1.75
4,087,078 International Public Partnerships	6,425	0.88
6,778,947 MedicX Fund	5,437	0.75

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Portfolio Statement

as at 31 July 2018

Continued

Holding Investment	Market value £'000	Percentage of total net assets
Financials (continued)		
588,311 Prudential	10,616	1.46
2,538,320 Renewables Infrastructure Group	2,777	0.38
3,764,259 Tritax Big Box	5,729	0.79
461,546 Unite	4,041	0.55
1,364,494 VPC Specialty Lending	1,119	0.15
Health care (1.84%)	19,463	2.67
204,973 AstraZeneca	12,020	1.65
470,661 GlaxoSmithKline	7,443	1.02
Industrials (0.39%)	2,312	0.32
2,202,315 Amedeo Air Four Plus	2,312	0.32
Oil & Gas (2.72%)	30,536	4.19
2,083,677 BP	11,944	1.64
696,083 Royal Dutch Shell 'B'	18,592	2.55
Technology (0.89%)	4,884	0.67
785,522 Sage	4,884	0.67
Telecommunications (1.59%)	8,200	1.13
4,409,175 Vodafone	8,200	1.13
Utilities (1.82%)	10,343	1.42
641,686 National Grid	5,218	0.72
265,019 Severn Trent	5,125	0.70
Collective Investment Schemes (10.16%)	68,429	9.39
4,218,387 BBGI SICAV	6,117	0.84
62,311,785 Standard Life CNAV Sterling Liquidity Fund	62,312	8.55

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Portfolio Statement

as at 31 July 2018

Continued

Holding Investment	Market value £'000	Percentage of total net assets
Derivatives (0.03%)	(275)	(0.04)
Forward Currency Contracts (0.03%)	(275)	(0.04)
Buy EUR 154,748 Sell GBP 136,283 23/08/2018	2	0.00
Buy GBP 4,545,022 Sell EUR 5,166,936 23/08/2018	(67)	(0.01)
Buy GBP 9,998,228 Sell USD 13,395,496 23/08/2018	(204)	(0.03)
Buy USD 1,374,042 Sell GBP 1,052,713 23/08/2018	(6)	0.00
Total investment assets and liabilities	729,004	100.02
Net other liabilities	(116)	(0.02)
Total Net Assets	728,888	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 July 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	729,281
Investment liabilities	(277)
Net investment assets	729,004
Net other liabilities	(116)
Total Net Assets	728,888

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Financial Statements

Statement of Total Return

for the year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Income:			
Net capital gains	3	22,752	36,600
Revenue	5	21,219	18,007
Expenses	6	(446)	(452)
Interest payable and similar charges	7	(2)	(1)
Net revenue before taxation		20,771	17,554
Taxation	8	(2,186)	(1,365)
Net revenue after taxation		18,585	16,189
Total return before distributions		41,337	52,789
Distributions	9	(18,906)	(16,535)
Change in net assets attributable to unitholders from investment activities		22,431	36,254

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 July 2018

	2018 £'000	2017 £'000
Opening net assets attributable to unitholders	595,090	507,316
Amounts receivable on the issue of units	143,473	80,021
Amounts payable on the cancellation of units	(35,242)	(29,387)
	108,231	50,634
Dilution adjustment	446	211
Change in net assets attributable to unitholders from investment activities (see above)	22,431	36,254
Retained distribution on accumulation units	2,690	675
Closing net assets attributable to unitholders	728,888	595,090

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Financial Statements

Continued

Balance Sheet

as at 31 July 2018

	Notes	2018 £'000	2017 £'000
Assets:			
Fixed assets:			
Investment assets		729,281	594,323
Current assets:			
Debtors	10	7,076	4,278
Cash and bank balances	11	224	849
		7,300	5,127
Total assets		736,581	599,450
Liabilities:			
Investment liabilities		(277)	(85)
Creditors	12	(4,226)	(510)
Distribution payable		(3,190)	(3,765)
		(7,416)	(4,275)
Total liabilities		(7,693)	(4,360)
Net assets attributable to unitholders		728,888	595,090

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Notes to the Financial Statements

1 Accounting Policies

(a) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with the Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA)* in May 2014.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

(b) Valuation of investments

The listed investments of the Trust have been valued at bid price at the close of business on the reporting date. Collective Investment Schemes are valued at the close of business on the reporting date at either the most recent single price, or if separate buying and selling prices are quoted an average price net of any charges that are applicable. Unquoted investments are valued based on the Manager's opinion of fair value, the intention of which is to estimate market value.

(c) Foreign exchange

Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling at the close of business on the reporting date. Transactions denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the time of the transaction.

(d) Revenue

- I. Dividend revenue is recognised when the securities are first quoted on an ex-dividend basis.
- II. Interest from fixed interest securities and short term deposits is recognised on a daily accruals basis.
- III. Where stocks are received in lieu of cash dividends the value of that dividend is recognised in the revenue of the Trust. Where enhanced scrip dividends are received the value of the enhancement is not recognised as revenue within the Trust but is recognised in capital. Any ordinary element of scrip dividends received is treated as revenue and will form part of the distribution.
- IV. Revenue from debt securities is accounted for on an effective yield basis in accordance with policy 2(c).
- V. Special dividends are treated as either revenue or capital depending on the nature of each individual case.
- VI. Bank interest is recognised on an accruals basis.
- VII. Equalisation from Collective Investments Scheme distributions is treated as a return of capital, within the Trust.

(e) Expenses

All expenses are charged to the income property of the Trust, with the exception of the costs associated with the purchases and sales of investments, which have been charged to the capital property. All expenses are accounted for on an accruals basis.

(f) Taxation

- I. Tax is calculated using the marginal basis i.e. the tax effect of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates. The charge for taxation is based on taxable income less expenses multiplied by 20%.
- II. Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are only recognised where it is more likely than not that there will be suitable taxable profits against which the future reversal of underlying timing differences can be deducted.
- III. Withholding tax on accrued overseas dividends is netted off against accrued revenue in the debtors note. The tax charge relating to the movement in withholding tax on accrued overseas dividends is disclosed as current tax.

* The Investment Management Association changed to the Investment Association (IA) in January 2015

(g) Derivatives

The Trust may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return. Where the transactions are undertaken to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return.

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Notes to the Financial Statements

Continued

1 Accounting Policies (continued)

(h) Dilution

In certain circumstances the Manager may apply a dilution adjustment on subscriptions and redemptions of units. If applied, the dilution adjustment is paid to the Trust. See Prospectus for further details.

2 Distribution Policies

(a) Basis of distribution

- I. All of the net revenue available for distribution at the end of the year will be distributed to unitholders.
- II. Where the Manager has discretion about the extent to which revenue and expenses are recognised within the distributable income property of the Trust, the approach adopted, at all times, will be governed by the aim of maximising the total return to unitholders through limiting avoidable taxation costs.
- III. Marginal relief is applied at a share class level in line with the prospectus objectives. Classes highlighted in the prospectus with an income profile would protect the yield from underlying investments for distribution purposes. This is disclosed in aggregate for each Sub-fund in the distribution note, further details are contained in the prospectus.

(b) Equalisation

In order that each unitholder in the same unit class shall receive the same rate of distribution per unit the buying price of each unit contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the Trust at the time of purchase. As part of the distribution payment the average amount of this equalisation is returned to Group 2 unitholders. The equalisation element of the distribution to Group 2 unitholders is treated as a repayment of capital and is therefore not liable to income tax. This amount should, however, be deducted from the cost of the units for capital gains tax purposes.

(c) Effective yield

- I. The Trust applies the concept of effective yield in daily pricing and for the periodic distribution of revenue, in accordance with the SORP.
- II. Effective yield is an income calculation that takes into account amortisation of any discount or premium on the purchase price over the remaining life of the security.
- III. Applying effective yield to the income calculation may result in either higher or lower revenue that would be recognised on a coupon basis. Where the Trust holds more bonds purchased at a discount to their par value, revenue is likely to be higher. Where the Trust holds more bonds purchased at a premium, revenue is likely to be lower. This will affect the distribution of the Trust.

3 Net Capital Gains

	2018	2017
	£'000	£'000
Non-derivative securities	23,269	36,930
Forward currency contracts	(444)	(1,598)
Other (losses)/gains	(64)	1,279
Handling charges taken from the capital account	(9)	(11)
Net capital gains	<u>22,752</u>	<u>36,600</u>

4 Equity Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Trusts that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Notes to the Financial Statements

Continued

4 Equity Purchases, Sales and Transaction Costs (continued)

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

	2018	2017
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	122,649	103,714
Commissions	90	67
Taxes & Other Fees	158	210
Total purchase transaction costs	248	277
Purchases including transaction costs	122,897	103,991
Sales		
Equities	57,170	69,905
Commissions	(43)	(50)
Taxes & Other Fees	(1)	0
Total sale transaction costs	(44)	(50)
Total sales net of transaction costs	57,126	69,855
Equity Transaction Cost as a % of total Purchases & Sales		
	2018	2017
	% Transaction	% Transaction
Purchases		
Commissions	0.05%	0.06%
Taxes & Other Fees	0.09%	0.20%
Sales		
Commissions	0.06%	0.07%
Taxes & Other Fees	0.00%	0.00%
Equity Purchases, Sales Analysis to Average NAV		
	2018	2017
	% Average NAV	% Average NAV
Purchases		
Commissions	0.01%	0.01%
Taxes & Other Fees	0.02%	0.02%
Sales		
Commissions	0.01%	0.01%
Taxes & Other Fees	0.00%	0.00%

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Notes to the Financial Statements

Continued

4 Equity Purchases, Sales and Transaction Costs (continued)

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Bonds	51,987	19,748
Equities	122,649	103,714
Collective Investment Schemes	183	0
Sales		
Bonds	18,375	18,116
Equities	57,170	69,905
Collective Investment Schemes	0	7,137

The Trust suffers a number of explicit costs as disclosed in the notes and Trust history. The Trust also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.68% (2017: 0.67%), this is representative of the average spread on the assets held during the year.

5 Revenue

	2018 £'000	2017 £'000
UK dividends	8,651	5,756
Overseas dividends	7,248	7,432
Unfranked non-foreign component of dividend distributions	356	389
Interest distributions	8	0
Interest on debt securities	4,312	3,910
Bank interest	282	156
UK PID	362	364
Total revenue	21,219	18,007

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Notes to the Financial Statements

Continued

6 Expenses

	2018 £'000	2017 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	335	358
Registration fees	1	1
	<u>336</u>	<u>359</u>
Payable to the Trustee or associates of the Trustee, and agents of either of them:		
Trustee fees	66	52
Safe custody fee	32	28
	<u>98</u>	<u>80</u>
Other:		
Professional fees	2	5
Audit fee	10	8
	<u>12</u>	<u>13</u>
Total expenses	<u>446</u>	<u>452</u>

7 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	2	1
Total interest payable & similar charges	<u>2</u>	<u>1</u>

8 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	982	834
Double taxation relief	(17)	(13)
Overseas taxes	1,221	544
Total Taxation (note 8b)	<u>2,186</u>	<u>1,365</u>

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Notes to the Financial Statements

Continued

8 Taxation (continued)

	2018 £'000	2017 £'000
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for authorised Unit Trusts (20%). The differences are explained below:		
Net revenue before taxation	20,771	17,554
Corporation tax at 20% (2017: 20%)	4,154	3,511
Effects of:		
Revenue not subject to taxation	(3,157)	(2,620)
Overseas taxes	1,221	544
Double taxation relief	(17)	(13)
UK Indexation relief	(15)	(57)
Total tax charge for year (note 8a)	2,186	1,365

Authorised Unit Trusts are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

9 Distributions

(a) The distributions takes account of income received on the issue of units and income deducted on the cancellation of units and comprise:

	2018 £'000	2017 £'000
First interim distribution	3,910	3,601
Second interim distribution	3,089	2,752
Third interim distribution	8,489	6,414
Final distribution	3,821	4,013
	19,309	16,780
Add: Income deducted on cancellation of units	123	129
Deduct: Income received on issue of units	(526)	(374)
Net distribution for the year	18,906	16,535

Details of the distribution per unit are set out in the Trust's distribution tables.

(b) Difference between net revenue and distributions

Net revenue after taxation	18,585	16,189
Management fee deducted from capital	335	358
Tax relief on capitalised fees	(15)	(12)
Undistributed revenue brought forward	1	1
Undistributed revenue carried forward	0	(1)
Total distributions	18,906	16,535

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Notes to the Financial Statements

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10 Debtors

	2018	2017
	£'000	£'000
Amounts receivable from the Manager for the issue of units	1,791	1,561
Sales awaiting settlement	2,276	0
Accrued revenue	2,607	2,168
Foreign withholding tax recoverable	402	549
Total debtors	<u>7,076</u>	<u>4,278</u>

11 Cash and Bank Balances

	2018	2017
	£'000	£'000
Cash and bank balances	224	849
Total cash and bank balances	<u>224</u>	<u>849</u>

12 Creditors

	2018	2017
	£'000	£'000
Amounts payable to the Manager for cancellation of units	123	1
Purchases awaiting settlement	3,505	0
Accrued expenses payable to the Manager	27	59
Accrued expenses payable to the Trustee or associates of the Trustee	13	15
Other accrued expenses	9	7
Corporation tax payable	549	428
Total creditors	<u>4,226</u>	<u>510</u>

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Manager, is a related party and acts as principal in respect of all transactions of units in the Trust.

The aggregate monies received through issue and paid on cancellation of units are disclosed in the statement of change in net assets attributable to unitholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 10 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 6 and any amounts due at the year end in note 12. The balance due to the Manager as at 31 July 2018, in respect of these transactions, was £26,898 (2017: £58,597).

The Trust holds 62,311,785 units (2017: 49,106,656) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £138,910,000 (2017: £118,326,000), the total sales proceeds were £125,705,000 (2017: £104,491,000).

The following party held a material interest in the Trust at the year end date: Platform Securities Nominees Limited 94.60%.

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Notes to the Financial Statements

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14 Units in issue reconciliation

	Opening units 2017	Creations during the year	Cancellations during the year	Closing units 2018
Income Units	21,462,040	1,485,453	(3,967,967)	18,979,526
Z Units (Accumulation)	55,043,936	127,690,165	(11,821,651)	170,912,450
Z Units (Income)	864,356,900	90,262,091	(33,950,179)	920,668,812

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	59,187	89,605	0	46,420	71,297	0
Equities	512,058	0	0	415,917	0	0
Collective Investment Schemes	0	68,429	0	0	60,484	0
Derivatives	0	2	0	0	205	0
Total investment assets	571,245	158,036	0	462,337	131,986	0
Derivatives	0	(277)	0	0	(85)	0
Total investment liabilities	0	(277)	0	0	(85)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Trust has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Trust may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Trust's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

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16 Risk Management Policies & Numerical Disclosures (continued)

(a) Market price risk

Each Trust's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

Value at Risk (VaR) is a measure of the maximum potential loss to the Trust due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	5.49%	5.93%	5.75%

2017	Minimum	Maximum	Average
VaR 99% 1 Month	5.28%	5.57%	5.42%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 5.85%, £42,646,000 (2017: 5.52%, £32,802,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

(b) Foreign currency risk

A proportion of the net assets of the Trust are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Trust does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018 £'000	2017 £'000
Australian Dollar	17,069	4,598
Danish Krone	7,347	9,746
Euro	59,618	29,625
Japanese Yen	5,847	4,557
Norwegian Krone	0	11
Swedish Krona	9,264	10,094
Swiss Franc	40,662	36,125
US Dollar	150,273	141,631

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Notes to the Financial Statements

Continued

16 Risk Management Policies & Numerical Disclosures (continued)

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Trust's financial assets and liabilities is:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018				
Currency				
UK Sterling	78,720	118,551	241,537	438,808
Australian Dollar	0	0	17,069	17,069
Danish Krone	0	0	7,347	7,347
Euro	2,845	1,588	55,185	59,618
Japanese Yen	0	0	5,847	5,847
Swedish Krona	0	0	9,264	9,264
Swiss Franc	180	0	40,482	40,662
US Dollar	0	9,442	140,831	150,273
2017				
Currency				
UK Sterling	64,054	95,240	199,409	358,703
Australian Dollar	0	0	4,598	4,598
Danish Krone	0	0	9,746	9,746
Euro	0	2,902	26,723	29,625
Japanese Yen	0	0	4,557	4,557
Norwegian Krone	0	0	11	11
Swedish Krona	0	0	10,094	10,094
Swiss Franc	145	0	35,980	36,125
US Dollar	628	4,703	136,300	141,631

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Trust. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Trust would be deliberately taking credit risk in order to seek additional rewards.

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Notes to the Financial Statements

Continued

16 Risk Management Policies & Numerical Disclosures (continued)

(e) Financial Derivatives Instrument Risk

At the year end the Trust held derivatives for the purposes of efficient portfolio management or to meet the Trust's investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Trust's prospectus.

At the balance sheet date the Trust had the following exposures:

	2018 £'000	2017 £'000
Market Exposure		
Forward Currency Contracts	15,728	12,422

Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

	2018 Market value of derivatives £'000	2017 Market value of derivatives £'000
Counterparty or clearer		
Barclays	0	(79)
Goldman Sachs	(67)	0
Royal Bank of Canada	(4)	(2)
Societe Generale	0	167
UBS	(204)	34
Total	(275)	120

(f) Liquidity risk

The Trust's assets comprise mainly readily realisable securities. The main liabilities of the Trust are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Distribution Tables

for the three months ended 31 October 2017

Group 1 – units purchased prior to 1 August 2017

Group 2 – units purchased between 1 August 2017 and 31 October 2017

	Net Income 2017 pence per unit	Equalisation 2017 pence per unit	Distribution paid 2017 pence per unit	Distribution paid 2016 pence per unit
Income Units				
Group 1	1.0625	–	1.0625**	0.1377
Group 2	0.2811	0.7814	1.0625**	0.1377
Z Units (Accumulation)				
Group 1	0.4163	–	0.4163*	0.4236
Group 2	0.1490	0.2673	0.4163*	0.4236
Z Units (Income)				
Group 1	0.3761	–	0.3761**	0.3959
Group 2	0.1739	0.2022	0.3761**	0.3959

* Distribution accumulated on 31 October 2017

** Distribution paid on 31 December 2017

for the three months ended 31 January 2018

Group 1 – units purchased prior to 1 November 2017

Group 2 – units purchased between 1 November 2017 and 31 January 2018

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
Income Units				
Group 1	0.8197	–	0.8197**	0.8512
Group 2	0.3532	0.4665	0.8197**	0.8512
Z Units (Accumulation)				
Group 1	0.3150	–	0.3150*	0.3208
Group 2	0.1461	0.1689	0.3150*	0.3208
Z Units (Income)				
Group 1	0.2840	–	0.2840**	0.2938
Group 2	0.1124	0.1716	0.2840**	0.2938

* Distribution accumulated on 31 January 2018

** Distribution paid on 31 March 2018

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Distribution Tables

Continued

for the three months ended 30 April 2018

Group 1 – units purchased prior to 1 February 2018

Group 2 – units purchased between 1 February 2018 and 30 April 2018

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution paid 2018 pence per unit	Distribution paid 2017 pence per unit
Income Units				
Group 1	2.0373	–	2.0373**	1.8713
Group 2	0.7399	1.2974	2.0373**	1.8713
Z Units (Accumulation)				
Group 1	0.8294	–	0.8294*	0.7345
Group 2	0.4895	0.3399	0.8294*	0.7345
Z Units (Income)				
Group 1	0.7413	–	0.7413**	0.6770
Group 2	0.3856	0.3557	0.7413**	0.6770

* Distribution accumulated on 30 April 2018

** Distribution paid on 30 June 2018

for the three months ended 31 July 2018

Group 1 – units purchased prior to 1 May 2018

Group 2 – units purchased between 1 May 2018 and 31 July 2018

	Net Income 2018 pence per unit	Equalisation 2018 pence per unit	Distribution payable 2018 pence per unit	Distribution paid 2017 pence per unit
Income Units				
Group 1	0.9394	–	0.9394**	1.1653
Group 2	0.2626	0.6768	0.9394**	1.1653
Z Units (Accumulation)				
Group 1	0.3694	–	0.3694*	0.4518
Group 2	0.1665	0.2029	0.3694*	0.4518
Z Units (Income)				
Group 1	0.3271	–	0.3271**	0.4066
Group 2	0.1370	0.1901	0.3271**	0.4066

* Distribution accumulated on 31 July 2018

** Distribution payable on 30 September 2018

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Distribution Tables

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Treatment by Corporate Unitholders (unaudited)

Corporate unitholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	78.84%	66.72%	87.68%	73.56%
Treat as an annual payment net of Income tax at 20%	21.16%	33.28%	12.32%	26.44%

Standard Life Wealth Balanced Bridge Fund Annual Report & Financial Statements

Remuneration Policy

Standard Life Investments (Mutual Funds) Limited, the Manager, and Standard Life Investments Limited, the investment adviser, are both subsidiaries of Standard Life Aberdeen plc.

The UCITS remuneration code (the “Code”) is effective for performance periods starting on or after 18 March 2016. For Standard Life Investments (Mutual Funds) Limited (SLI(MF)) this applies to variable pay of employees of Standard Life Aberdeen plc identified as UCITS V Material Risk Takers (MRTs) in respect of the performance period 1 January to 31 December 2017, awarded in March 2018. Our remuneration policy as set out below has been reviewed against the requirements of the Code.

SLI(MF) does not employ any direct staff. Details of Remuneration Policy and Procedures for employees of Standard Life Aberdeen plc classified as MRTs in accordance with European Securities and Markets Authority (ESMA) guidance, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the Remuneration Committee can be found at the following link:

www.standardlifeaberdeem.com/remuneration-disclosure

A paper copy will be made available free of charge upon request at the registered office of the Company.

These details together with the information below satisfy the UCITS V remuneration disclosures for the year ended 31 December 2017.

Standard Life Aberdeen identifies certain individuals as Code Staff, in accordance with ESMA guidance in this regard. In accordance with these guidelines, Board members of SLI(MF) and staff that make up the key advisory committees are identified as roles that have a material impact on the risk profile of SLI(MF) or the UCITS managed. Whilst the Board members direct the business this is done with the assistance of the committees, although the Board are ultimately responsible for risk management.

The Company has determined that the fixed remuneration payable is (a) consistent with sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instrument of incorporation of the Company and (b) in line with the business strategy, objectives, values and interests of the Company and the investors in the Company.

The detailed provisions of Article 14b of the Regulations and the related ESMA guidelines in relation to variable remuneration are considered for employees of Standard Life Aberdeen plc on an apportioned basis, to reflect duties for regulated firms in line with regulatory guidance.

During 2017 the following amounts were paid in fixed and variable remuneration to material risk takers. Fixed remuneration includes base salary and benefits. Fixed remuneration for committee members comprises fees. Variable remuneration includes 2017 annual bonus awards paid in March 2018 and the target value of long term incentive awards granted in 2018 (which were based on performance in 2017).

	2017 Material Risk Takers	2017 Senior Management	2017 Control Functions
Number of Code Staff ⁽¹⁾	8	23	5
Fixed Remuneration (£)	271,149	991,176	240,745
Variable Remuneration (£)	1,358,266	3,723,872	257,333
Total (£) ⁽²⁾	1,629,415	4,715,048	498,078

- 1) These figures reflect the material risk takers in respect of UCITS V SLI(MF). The number of individuals reported reflects ESMA guidelines. We undertake continual re-evaluation of material risk takers to align with the latest regulatory guidance.
- 2) The figures reflect the total remuneration paid to each MRT in relation to UCITS duties and has not been time apportioned to reflect the time spent on issues related to an individual UCITS.

Standard Life Wealth Limited, registered in Scotland (SC317950) at 1 George Street, Edinburgh EH2 2LL.
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