

# LF Miton Investment Funds

LF Miton Defensive Multi Asset Fund  
LF Miton Cautious Multi Asset Fund  
LF Miton Balanced Multi Asset Fund

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2020



## AUTHORISED CORPORATE DIRECTOR ('ACD')

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### LINK FUND SOLUTIONS LIMITED

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## DIRECTORS OF THE ACD

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C. Addenbrooke  
N. Boyling  
B. Hammond  
K.J. Midl  
A.J. Stenning (appointed 17 October 2019)  
A.J. Stuart

## INVESTMENT MANAGER

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To 23 April 2020:  
**MITON ASSET MANAGEMENT LIMITED**  
6th Floor  
Paternoster House  
65 St Paul's Churchyard  
London EC4M 8AB  
(Authorised and regulated by the Financial Conduct Authority)

From 24 April 2020:  
**PREMIER FUND MANAGERS LIMITED**  
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High Street  
Guildford  
Surrey GU1 3DE  
(Authorised and regulated by the Financial Conduct Authority)

## DEPOSITARY

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**THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED**  
One Canada Square  
London E14 5AL  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority)

## REGISTRAR

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**LINK FUND ADMINISTRATORS LIMITED**  
Customer Service Centre:  
Central Square  
29 Wellington Street  
Leeds LS1 4DL  
Telephone: 0345 606 6182  
Fax: 0113 224 6001  
(Authorised and regulated by the Financial Conduct Authority)

## INDEPENDENT AUDITOR

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**ERNST & YOUNG LLP**  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

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## ACD'S REPORT

for the year ended 30 June 2020

### Authorised Status

LF Miton Investment Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC320 and authorised by the Financial Conduct Authority with effect from 16 April 2004. The Company has an unlimited duration.

It is a UCITS scheme and the base currency of the Company and each sub-fund is pounds sterling.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

### ACD's Statement

#### COVID-19

The outbreak of COVID-19, declared by the World Health Organisation as a pandemic on 11 March 2020, caused significant disruption to business and economic activity which was reflected in the fluctuations seen in the global stock markets. In the short time since its emergence the ramifications of COVID-19 and its long term impacts are now being fully recognised, as various national governments continue to provide financial support and stimulus to their economies. In the immediate aftermath of the global recognition of the seriousness of the pandemic there were sharp declines in asset prices and whilst there has been an element of recovery since then, there is now the unknown factor of the most dramatic global recession seen in living memory and how this will translate into future asset pricing. This combined with the fear, in many countries, of a second wave of COVID-19 would indicate that an extended period of instability will exist for some time as governments, society and business seek to understand how COVID-19 can be managed until such time there is a means of immunising the population.

### Important Information

With effect from 1 January 2020, the rate of the periodic charge that The Bank of New York Mellon (International) Limited charges as depositary changed. The new rates are as follows:

- £0 to £100 million – 0.03%;
- £100 million to £150 million – 0.0175%;
- £150 million to £1 billion – 0.01%;
- £1 billion to £2 billion – 0.005%; and
- £2 billion and above – 0.0025%.

The Investment Manager for the Company has changed from Miton Asset Management Limited to Premier Fund Managers Limited on 24 April 2020.

### Cross Holdings

No sub-funds had holdings in any other sub-fund of the Company at the end of the year.

## ACD'S REPORT *continued*

### Remuneration Policy

Link Fund Solutions Limited ('LFSL') is committed to ensuring that its remuneration policies and practices are consistent with, and promote, sound and effective risk management. LFSL's remuneration policy is designed to ensure that excessive risk taking is not encouraged by or within LFSL including in respect of the risk profile of the funds it operates, to manage the potential for conflicts of interest in relation to remuneration (having regard, inter alia, to its formal conflicts of interest policy) and to enable LFSL to achieve and maintain a sound capital base.

None of LFSL's staff receives remuneration based on the performance of any individual fund.

LFSL acts as the operator of both UCITS funds and Alternative Investment Funds ('AIFs').

LFSL delegates portfolio management for the funds to various investment management firms. The investment managers' fees and expense for providing investment management services are paid by the ACD out of its own remuneration under the ACD agreement. The investment management firms may make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive. This disclosure is in respect of LFSL activities (including activities performed by its sister company Link Fund Administrators Limited (LFAL) or by employees of that entity), and excludes activities undertaken by third party investment management firms. LFSL staff do not perform duties in respect of particular funds, nor are they remunerated by reference to the performance of any individual fund. Accordingly, the information below is for LFSL as a whole. No attempt has been made to attribute remuneration to the Company itself.

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. Accordingly, the information disclosed relates to the year ended 30 June 2020, being the most recent accounting period which accounts have been prepared for LFSL prior to the production of these accounts. As at 30 June 2020, LFSL operated 107 UCITS and 93 AIFs, whose respective assets under management ('AuM') were £41,011 million and £37,140 million. The Company was valued at £497 million as at that date and represented 0.64% of LFSL's total AuM and 1.21% of its UCITS AuM.



## ACD'S REPORT *continued*

### Remuneration Policy *continued*

The disclosure below represents that required under COLL 4.5.7R (7) for funds subject to UCITS obligations.

2020	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 30 June 2020	165	6,573	635	7,208
Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of the funds for the financial year to 30 June 2020				
Senior management (including all Board members)	6	609	215	824
Staff engaged in control functions	4	371	30	401
Risk takers and other identified staff	15	1,327	164	1,491
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	–	–	–	–

LFSL's remuneration arrangement includes fixed salaries, contributory pension arrangements and certain other benefits, and the potential for discretionary bonuses. The amount available for payment of discretionary bonuses is dependent on satisfactory performance by LFSL, and the Link Group as a whole, rather than the performance of any individual fund. Bonuses may then be paid to staff to reflect their contribution to LFSL's success. The precise metrics used vary by function, but consideration is given to both qualitative and quantitative measures.

Further details can be found at:

[www.linkfundsolutions.co.uk/assets/media/LFS\\_Explanation\\_of\\_Compliance\\_with\\_Remuneration\\_Code.pdf](http://www.linkfundsolutions.co.uk/assets/media/LFS_Explanation_of_Compliance_with_Remuneration_Code.pdf).

### Securities Financing Transactions

The Company has the ability to utilise Securities Financing Transactions (being transactions such as lending or borrowing of securities, repurchase or reverse repurchase transactions, buy-sell back or sell-buy back transactions, or margin lending transactions). No such transactions have been undertaken in the period covered by this report.

## **ACD'S REPORT** *continued*

### **Value Assessment**

In accordance with current Financial Conduct Authority rules, the ACD is required to carry out an annual assessment on whether the Company provides value to investors. The outcome of this assessment will be published on the ACD's website no later than 4 months from the record date of 30 June 2020.

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Miton Investment Funds

*29 October 2020*

## DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

**N. BOYLING**

**LINK FUND SOLUTIONS LIMITED**  
ACD of LF Miton Investment Funds  
*29 October 2020*

## STATEMENT OF ACD'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook published by the Financial Conduct Authority ('the COLL Sourcebook') requires the ACD to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Company, comprising each of its sub-funds, and of the net revenue/expense and net capital gains/losses on the property of the Company's sub-funds for the year.

In preparing the financial statements the ACD 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 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 Company and its sub-funds' 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 Company or its sub-funds 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 ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Sourcebook.

## STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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

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

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

The Depositary must ensure that:

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

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

## REPORT OF THE DEPOSITARY

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED**

Depositary of LF Miton Investment Funds

29 October 2020

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF MITON INVESTMENT FUNDS

### Opinion

We have audited the financial statements of LF Miton Investment Funds ('the Company') for the year ended 30 June 2020 which comprise the Statement of Total Return and Statement of Changes in Net Assets Attributable to Shareholders together with the Balance Sheet for each of the Company's sub-funds, the accounting policies of the Company, the related notes for each sub-fund and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 30 June 2020 and of the net revenue and the net capital gains/losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions Relating to Going Concern

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

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF MITON INVESTMENT FUNDS** *continued*

### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on Other Matters Prescribed by the Rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority**

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

### **Matters on Which We Are Required to Report by Exception**

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF MITON INVESTMENT FUNDS** *continued*

### **Responsibilities of Authorised Corporate Director (ACD)**

As explained more fully in the ACD's Responsibilities Statement set out on page 10, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's 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.

**ERNST & YOUNG LLP**

Statutory Auditor

Edinburgh

29 October 2020



## ACCOUNTING AND DISTRIBUTION POLICIES

for the year ended 30 June 2020

### 1. Accounting Policies

The principal accounting policies, which have been applied to the financial statements of the sub-funds in both the current and prior year, are set out below. These have been applied consistently across all sub-funds unless otherwise stated in the Notes to the Financial Statements of each sub-fund.

#### (A) BASIS OF ACCOUNTING

The financial statements of each sub-fund have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by the Investment Association ('IA') in May 2014, as amended.

These financial statements are prepared on a going concern basis. The ACD has made an assessment of each sub-fund's ability to continue as a going concern, and is satisfied they have the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19.

#### (B) RECOGNITION OF REVENUE

Dividends on quoted equities are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Reportable income from funds with 'reporting fund' status for UK tax purposes is recognised when the information is made available by the reporting fund.

Revenue from unquoted equity investments is recognised when the dividend is declared.

Revenue on debt securities is accounted for on an effective yield basis.

Rebates of annual management charges (AMC rebates) from underlying investments are accounted for on an accruals basis and are recognised as revenue, or capital in line with the allocation of the annual management charge between capital and revenue of the underlying investments.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits.

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

### (C) TREATMENT OF EXPENSES

All expenses, except for those relating to the purchase and sale of investments, are charged against revenue.

The Miton Balanced Multi Asset Fund receives a rebate of the expenses to ensure the Operating Charges Figure for the 'B' share classes does not exceed 1.00% and does not exceed 0.90% for the 'F' classes. This rebate is recognised as revenue or capital in line with the treatment of the expenses.

### (D) ALLOCATION OF REVENUE AND EXPENSES TO MULTIPLE SHARE CLASSES AND SUB-FUNDS

Any revenue or expense not directly attributable to a particular share class or sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and sub-funds, unless a different allocation method is deemed more appropriate by the ACD.

All share classes are ranked *pari passu* and have no particular rights or terms attached, including rights on winding up.

### (E) TAXATION

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is deducted from capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

### (F) BASIS OF VALUATION OF INVESTMENTS

All investments are valued at their fair value as at close of business on the last business day of the financial year.

Quoted investments are valued at fair value which generally is the bid price, excluding any accrued interest in the case of debt securities. Accrued interest on debt securities is included in revenue.

Collective investment schemes are valued at published bid prices for dual priced funds and at published prices for single priced funds.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve.

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

For investments for which there is no quoted price or for which the quoted price is unreliable, fair value is determined by the ACD, taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

### (G) EXCHANGE RATES

The base and functional currency of the sub-funds is pounds sterling. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the exchange rate prevailing at close of business on the last business day of the financial year.

### (H) DILUTION LEVY

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; on a sub-fund experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

### (I) DIRECT TRANSACTION COSTS

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Debt security investments have no separately identifiable transaction costs as they form part of the dealing spread. Indirect transaction costs may be incurred on transactions in underlying schemes but these do not form part of the direct transaction costs disclosures. Direct transaction costs do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread disclosed is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

## 2. Distribution Policies

Surplus revenue after expenses and taxation, as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders. Any deficit of revenue is deducted from capital.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the COLL Sourcebook.

## **ACCOUNTING AND DISTRIBUTION POLICIES** *continued*

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

## **LF MITON DEFENSIVE MULTI ASSET FUND ACD'S REPORT**

for the year ended 30 June 2020

### **Important Information**

Refer to the 'Important Information' section on page 5.

### **Investment Objective and Policy**

The LF Miton Defensive Multi Asset Fund ('the Fund') aims to achieve modestly above inflation returns with lower volatility than equity markets over a five year period, from an actively managed multi asset portfolio of UK and international assets including equities, bonds, and indirectly of both property and commodities.

Capital invested is at risk and there is no guarantee that a positive return will be delivered over the above, or any other investment period.

The Fund may also invest in collective investment schemes, cash, money market instruments and other transferable securities. The Fund may also use derivatives and forward transactions for efficient portfolio management purposes.

### **Benchmarks**

The Fund's comparator benchmarks are the Investment Association Mixed Investment 0-35% Shares sector and the FTSE 100 Index.

The Fund's performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'): the FTSE 100 Index and the Investment Association Mixed Investment 0-35% Shares sector.

As the Fund invests in a range of asset classes there is no single index that is reflective of the Fund. The FTSE 100 Index has been selected as a comparator benchmark as we consider it assists in evaluating the Fund's performance and volatility from diverse assets against the performance and volatility of a single well-known asset class that UK investors are able to relate to (large capitalised UK equities) that the Fund may have exposure to. The Fund also uses the Investment Association Mixed Investment 0-35% Shares sector as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Miton Defensive Multi Asset Fund  
29 October 2020

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 30 June 2020

#### Market Review

The year to the end of June 2020 was very much split into two periods, first up to the end of February and then the period beyond. Until the end of February, markets were in low volatility rising trends, with bond yields steady and the US equity market, particularly Nasdaq, outperforming most others. However, the COVID crisis, which was emerging in the early part of the year, really started to impact more widely, as countries introduced various forms of 'lockdown' policy, leading to huge economic contractions and major market turmoil.

During the highly volatile period from end February to late March, all equity markets collapsed to varying degrees, bond yields fell significantly and corporate spreads widened. There was even a moment where oil prices turned negative. Gold was briefly weak, arguably down to widespread investor liquidation, but ultimately regained its rising trend. In many ways, markets underwent a typical bear market recessionary phase but in accelerated time. Many records were broken, in terms of the fastest fall, biggest recovery months and so on.

The subsequent recovery has been driven by two major factors; one, a belief that the recessions will be short lived, if deep. The other, is the sheer scale of financial market and fiscal intervention. Central banks have used their powers to create unprecedented amounts of liquidity and governments have introduced fiscal support programmes, for individuals and businesses.

#### Performance Attribution

Despite the turmoil the Fund overall managed to make a positive return of 3.9%<sup>1</sup> in the year. Obviously, during the year there was a great deal of volatility and the fall from the peaks at the end of February was severe. Most of these losses were quickly recovered, however. Over the twelve months, equities, bonds and gold all contributed positively, with only the REIT exposure acting as a drag.

The strongest contributor to returns was our bond portfolio. Government bonds benefited from sharply falling yields during the crisis and hence, contributed very strongly while the corporate bonds benefit from our cautious approach suffering relatively little from the spread widening that occurred. Overall bonds made a useful contribution in the year.

Within equity, our heavy exposure to the US and Europe really helped, despite the European indices being lower in the period. This reflects our heavy bias to quality, growth businesses particularly in our favoured themes. The UK and Asia detracted, but were much smaller positions.

Gold was also a strong contributor, benefiting from its safe haven status.

Disappointingly, REITS detracted over the period, not acting as safe havens during the crisis because of the direct impact on their revenues from the impact of lockdown. Hence this was our only negative asset class.

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<sup>1</sup> Source: FE Analytics.

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

#### Portfolio Activity

Steering through the crisis led to a number of major changes to the portfolio. From the middle of 2019, we were reducing equity generally, selling out of a number of weaker positions in the US and the UK and totally exiting Asia, emerging markets and Japan against a strongly rising market. As the crisis took hold, we sold many further positions, particularly in areas directly impacted, such as retail and travel. This took our equity weight even lower.

Also, in the early part of the year we materially increased government bonds and we continued to buy bonds as we sold equities.

From the market lows this process has been largely reversed. We have been buying back into equity while reducing the government bonds. The equity purchases have focussed heavily on quality, thematic, growth businesses in our digital economy and industrial automation themes as well as some renewable energy businesses. We have also added a few more cyclical growth businesses, again focussing on our themes.

We have financed these purchases by selling most of the shorter dated government bonds.

#### Outlook

In the near term, the market outlook is dominated by the two forces of economic contraction and recovery and exceptionally loose monetary and fiscal policy. Predicting the pace and shape of post lockdown recoveries, in our view, is especially difficult. In general, we avoid making this type of prediction, as we cannot ever have any strong confidence in being able to forecast the future. In this case, it looks like a bet that's simply not worth taking. There are too many moving parts, in terms of impacted industries and businesses and their ability to recover. So, we would prefer to focus on the easier to identify longer term trends, many of which are accelerated by recent events.

Among those trends, clearly the biggest beneficiaries are within our digital revolution theme. The shift to online consumption has moved rapidly in recent months and much of this move is expected to be permanent. The same goes for our automation theme, which benefits from the move from extended supply chains, especially in China towards more local manufacturing. De-globalisation is certainly more rapid than it was pre-COVID. Another theme to get a boost is the new energy theme, with much talk of further investment in infrastructure, particularly green infrastructure, from governments in Europe.

So rather than trying to predict market levels and an unknowable shape to the recovery, we prefer to deal with what we do know about the future economy; there are some clear established themes which are not going away.

**PREMIER FUND MANAGERS LIMITED**

Investment Manager

17 July 2020

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 4 because its volatility has been measured as average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

**Currency Risk:** As the Fund has exposure to overseas currencies, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

Fixed interest securities are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security is also affected by its credit rating.

**Counterparty Risk:** As the Fund may enter into derivative agreements and currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).



## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	30.06.19 pence per share	30.06.18 pence per share
Opening net asset value per share	327.20	322.64	319.89
Return before operating charges*	15.51	9.73	8.09
Operating charges	(5.42)	(5.17)	(5.34)
Return after operating charges	10.09	4.56	2.75
Distributions	(2.71)	(4.14)	(3.60)
Retained distributions on accumulation shares	2.71	4.14	3.60
Closing net asset value per share	337.29	327.20	322.64
* after direct transaction costs of:	0.15	0.34	0.34

##### PERFORMANCE

Return after charges	3.08%	1.41%	0.86%
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##### OTHER INFORMATION

Closing net asset value (£'000)	13,176	14,672	18,667
Closing number of shares	3,906,570	4,484,065	5,785,469
Operating charges	1.63%	1.62%	1.64%
Direct transaction costs	0.04%	0.11%	0.10%

##### PRICES

Highest share price	344.91	328.46	332.28
Lowest share price	308.19	310.81	320.20

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	30.06.19 pence per share	30.06.18 pence per share
Opening net asset value per share	365.31	357.52	351.82
Return before operating charges*	17.38	10.88	8.90
Operating charges	(3.28)	(3.09)	(3.20)
Return after operating charges	14.10	7.79	5.70
Distributions	(5.83)	(7.27)	(6.67)
Retained distributions on accumulation shares	5.83	7.27	6.67
Closing net asset value per share	379.41	365.31	357.52
* after direct transaction costs of:	0.16	0.37	0.38

##### PERFORMANCE

Return after charges	3.86%	2.18%	1.62%
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##### OTHER INFORMATION

Closing net asset value (£'000)	39,501	45,519	62,112
Closing number of shares	10,411,366	12,460,421	17,372,911
Operating charges	0.88%	0.87%	0.89%
Direct transaction costs	0.04%	0.11%	0.10%

##### PRICES

Highest share price	386.94	366.64	366.97
Lowest share price	345.97	345.66	352.22

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### USD 'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 US\$ per share	30.06.19 US\$ per share	30.06.18 US\$ per share
Opening net asset value per share	4.0402	4.1431	4.0514
Return before operating charges*	0.0683	(0.0283)	0.1724
Operating charges	(0.0764)	(0.0746)	(0.0807)
Return after operating charges	(0.0081)	(0.1029)	0.0917
Distributions	(0.0222)	(0.0414)	(0.0358)
Retained distributions on accumulation shares	0.0222	0.0414	0.0358
Closing net asset value per share	4.0321	4.0402	4.1431
* after direct transaction costs of:	0.0018	0.0042	0.0045

##### PERFORMANCE

Return after charges	(0.20)%	(2.48)%	2.26%
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##### OTHER INFORMATION

Closing net asset value (£'000)	1,150	1,072	1,202
Closing number of shares	352,288	337,832	383,105
Operating charges	1.88%	1.86%	1.89%
Direct transaction costs	0.04%	0.11%	0.10%

##### PRICES

Highest share price	4.3409	4.1948	4.5903
Lowest share price	3.4412	3.8126	4.0251

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 30 June 2020 (%)

	1 year	3 years	5 years
LF Miton Defensive Multi Asset Fund	3.85	7.65	18.88

The performance of the Fund is based on the published price per 'B' Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on page 52.

#### RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	DEBT SECURITIES – 49.57% (30.06.19 – 45.50%)		
	GOVERNMENT BONDS – 23.46% (30.06.19 – 12.81%)		
US\$600,000	Brazil 4.625% 13/1/2028	508	0.94
BRL2,000,000	Brazil 10% 1/1/2025	345	0.64
IDR6,000,000,000	Indonesia 8.125% 15/5/2024	357	0.66
IDR7,500,000,000	Indonesia 8.25% 15/5/2029	453	0.84
MXN11,000,000	Mexico 7.5% 3/6/2027	429	0.80
ZAR4,000,000	South Africa 8% 31/1/2030	172	0.32
ZAR3,000,000	South Africa 10.5% 21/12/2026	159	0.29
£2,860,000	UK Treasury 1% 22/4/2024	2,976	5.53
£3,300,000	UK Treasury 3.75% 7/9/2021	3,445	6.41
US\$3,163,000	US Treasury 1.5% 30/11/2024	2,700	5.02
US\$850,000	US Treasury 4.5% 15/5/2038	1,084	2.01
	TOTAL GOVERNMENT BONDS	12,628	23.46
	CORPORATE BONDS – 26.11% (30.06.19 – 32.69%)		
£200,000	Admiral 5.5% 25/7/2024	224	0.42
US\$300,000	Allergan Funding 3.45% 15/3/2022	248	0.46
£400,000	Anglo American Capital 3.375% 11/3/2029	420	0.78
US\$225,000	AstraZeneca 4% 17/1/2029	223	0.41
£200,000	AT&T 4.25% 1/6/2043	246	0.46
£100,000	Aviva 6.625% <i>floating rate notes</i> 3/6/2041	104	0.19
£200,000	AXA 7.125% 15/12/2020	205	0.38
£200,000	B&M European Value Retail 4.125% 1/2/2022	199	0.37
US\$150,000	Banco do Brasil 5.875% 26/1/2022	125	0.23
US\$44,000	Bancolombia 5.125% 11/9/2022	37	0.07
US\$200,000	Banco Santander 3.848% 12/4/2023	172	0.32
£200,000	Barclays 7.25% <i>Perpetual</i>	198	0.37
US\$71,000	Becton Dickinson 3.25% 12/11/2020	58	0.11
£200,000	BRIT Insurance 6.625% 9/12/2030	194	0.36
£150,000	British American Tobacco International Finance 5.75% 5/7/2040	203	0.38
US\$50,000	Caixa Economica Federal 3.5% 7/11/2022	41	0.08

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
US\$300,000	Constellation Brands 2.7% 9/5/2022	252	0.47
£200,000	Cooperatieve Rabobank 4.625% 23/5/2029	236	0.44
US\$300,000	DCP Midstream 7.375% <i>Perpetual</i>	169	0.31
US\$200,000	Deutsche Bank AG/New York NY 2.7% 13/7/2020	162	0.30
£200,000	Électricité de France 5.875% <i>floating rate notes</i> <i>Perpetual</i>	207	0.38
£200,000	Enel 7.75% <i>floating rate notes</i> 10/9/2075	201	0.37
£200,000	Fidelity National Information Services 3.36% 21/5/2031	231	0.43
£200,000	FirstGroup 5.25% 29/11/2022	202	0.38
£200,000	FirstGroup 8.75% 8/4/2021	206	0.38
£300,000	GKN 5.375% 19/9/2022	312	0.58
£200,000	Glencore Finance Europe 3.125% 26/3/2026	206	0.38
US\$200,000	HCA 4.125% 15/6/2029	179	0.33
US\$74,000	Howmet Aerospace 5.4% 15/4/2021	61	0.11
£300,000	HSBC 6.5% 7/7/2023	338	0.63
£300,000	Imperial Brands Finance 8.125% 15/3/2024	367	0.68
US\$200,000	ING 6.75% <i>Perpetual</i>	166	0.31
£200,000	Innogy Finance 5.5% 6/7/2022	218	0.41
£200,000	InterContinental Hotels 3.875% <i>floating rate notes</i> 28/11/2022	203	0.38
£140,000	Intermediate Capital 5% 24/3/2023	143	0.27
£200,000	Intermediate Capital 6.25% 19/9/2020	198	0.37
£200,000	J Sainsbury 6.5% <i>Perpetual</i>	200	0.37
£325,000	John Lewis 6.125% 21/1/2025	335	0.62
US\$200,000	Kellogg 3.4% 15/11/2027	182	0.34
£200,000	Liverpool Victoria Friendly Society 6.5% <i>floating rate</i> <i>notes</i> 22/5/2043	216	0.40
£200,000	Lloyds Banking 7.625% <i>floating rate notes</i> <i>Perpetual</i>	204	0.38
£200,000	M&G 6.25% 20/10/2068	220	0.41
£250,000	National Express 2.5% 11/11/2023	249	0.46
£300,000	Nationwide Building Society 3% 6/5/2026	333	0.62
£200,000	Next 4.375% 2/10/2026	212	0.39
£200,000	Northern Powergrid 7.25% 15/12/2022	231	0.43
US\$346,000	Office Properties Income Trust 4.25% 15/5/2024	273	0.51

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
£200,000	Orange 5.875% floating rate notes Perpetual	211	0.39
US\$300,000	Plains All American Pipeline LP 6.125% Perpetual	173	0.32
US\$200,000	Royal Bank of Scotland 8% Perpetual	179	0.33
US\$200,000	Royal Bank of Scotland 8.625% Perpetual	168	0.31
£250,000	Santander 7.375% Perpetual	254	0.47
£200,000	Scottish Power UK 6.75% 29/5/2023	234	0.44
£150,000	Scottish Widows 7% 16/6/2043	209	0.39
£350,000	Severn Trent Utilities Finance 6.125% 26/2/2024	414	0.77
US\$332,000	Shire Acquisitions Investments Ireland 2.4% 23/9/2021	274	0.51
£200,000	Southern Gas Networks 4.875% 5/10/2023	225	0.42
£350,000	SSE 5.875% 22/9/2022	388	0.72
US\$200,000	Standard Chartered 7.5% Perpetual	167	0.31
US\$200,000	Tenet Healthcare 4.875% 1/1/2026	158	0.29
£50,000	Tesco 6.125% 24/2/2022	54	0.10
£300,000	Thames Water Utilities Cayman Finance 2.375% 3/5/2023	295	0.55
US\$200,000	T-Mobile USA 6.5% 15/1/2026	169	0.31
£200,000	Western Power Distribution 5.25% 17/1/2023	221	0.41
£200,000	Whitbread 3.375% 16/10/2025	198	0.37
£250,000	William Hill 4.875% 7/9/2023	254	0.47
	TOTAL CORPORATE BONDS	14,054	26.11
	TOTAL DEBT SECURITIES	26,682	49.57
	EQUITIES – 25.71% (30.06.19 – 30.85%)		
	UNITED KINGDOM – 1.33% (30.06.19 – 4.40%)		
8,250	Diageo	221	0.41
28,000	National Grid	277	0.51
24,371	SEGRO	218	0.41
	TOTAL UNITED KINGDOM	716	1.33

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	CONTINENTAL EUROPE – 8.68% (30.06.19 – 5.25%)		
830	ASML	247	0.46
4,400	BASF	200	0.37
52,000	EDP	201	0.37
44,000	Enel	307	0.57
560	Eurofins Scientific	284	0.53
80	Givaudan	241	0.45
1,000	L'Oréal	260	0.48
2,590	Nestlé	232	0.43
15,000	Nibe Industrier	267	0.50
3,600	Novartis	253	0.47
4,370	Ørsted	408	0.76
8,700	RWE	247	0.46
3,400	Sanofi	280	0.52
3,862	Schneider Electric	347	0.64
3,400	Siemens	324	0.60
8,600	STMicroelectronics	189	0.35
4,700	Vestas Wind Systems	387	0.72
	TOTAL CONTINENTAL EUROPE	4,674	8.68
	AFRICA – 0.00% (30.06.19 – 0.41%)	–	–
	AUSTRALASIA – 0.00% (30.06.19 – 1.00%)	–	–
	ASIA PACIFIC (EX JAPAN) – 0.00% (30.06.19 – 3.72%)	–	–
	JAPAN – 2.44% (30.06.19 – 2.59%)		
2,200	FANUC	318	0.59
1,000	Keyence	337	0.63
19,800	Komatsu	326	0.61
6,100	Omron	330	0.61
	TOTAL JAPAN	1,311	2.44



## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	NORTH AMERICA – 12.15% (30.06.19 – 11.55%)		
240	Alphabet 'A'	275	0.51
1,173	Ansys	277	0.51
950	Apple	280	0.52
7,614	Cisco Systems	287	0.53
4,600	DR Horton	206	0.38
4,680	Edwards Lifesciences	262	0.49
1,400	Home Depot	283	0.53
2,700	Lowe's	295	0.55
1,185	Mastercard 'A'	283	0.53
2,000	Microsoft	329	0.61
1,020	Moody's	227	0.42
5,300	Morgan Stanley	207	0.38
1,800	Morningstar	205	0.38
1,250	MSCI	338	0.63
1,460	NextEra Energy	284	0.53
3,350	Procter & Gamble	324	0.60
7,400	Pulte Homes	204	0.38
1,924	Rockwell Automation	332	0.62
1,160	S&P Global	309	0.58
2,130	SolarEdge Technologies	239	0.44
2,125	Synopsys	335	0.62
8,000	Toll Brothers	211	0.39
1,900	Union Pacific	260	0.48
1,850	Visa	289	0.54
	TOTAL NORTH AMERICA	6,541	12.15
	SOUTH AMERICA – 0.00% (30.06.19 – 0.35%)	–	–
	INVESTMENT COMPANIES – 1.11% (30.06.19 – 1.58%)		
	UNITED KINGDOM – 0.27% (30.06.19 – 0.27%)		
180,000	Diverse Income <sup>2</sup>	148	0.27

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	CONTINENTAL EUROPE – 0.84% (30.06.19 – 0.84%)		
450,000	TwentyFour Income <sup>2</sup>	452	0.84
	GLOBAL – 0.00% (30.06.19 – 0.47%)	–	–
	TOTAL INVESTMENT COMPANIES	600	1.11
	TOTAL EQUITIES	13,842	25.71
	COLLECTIVE INVESTMENT SCHEMES – 5.95% (30.06.19 – 3.29%) <sup>1</sup>		
	UNITED KINGDOM – 5.95% (30.06.19 – 1.28%)		
23,000	iShares £ Corp Bond 0-5yr UCITS ETF	2,437	4.53
7,000	MI TwentyFour Monument Bond	764	1.42
	TOTAL UNITED KINGDOM	3,201	5.95
	NORTH AMERICA – 0.00% (30.06.19 – 2.01%)	–	–
	TOTAL COLLECTIVE INVESTMENT SCHEMES	3,201	5.95
	COMMODITIES – 7.26% (30.06.19 – 6.82%) <sup>1</sup>		
28,948	Gold Bullion Securities	3,907	7.26
	FORWARD CURRENCY CONTRACTS – (0.15)% (30.06.19 – (0.00)%)		
US\$(15,300,000)	Vs £12,299,629 (expiry 29/7/2020) <sup>3</sup>	(81)	(0.15)

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	Portfolio of investments <sup>4</sup>	47,551	88.34
	Net other assets	6,276	11.66
	Net assets	53,827	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> The comparative figures have been restated to be consistent with current year presentation. Gold Bullion Securities has been reclassified from Collective Investment Schemes to Commodities.

<sup>2</sup> Closed-ended fund.

<sup>3</sup> Counterparty: Northern Trust.

<sup>4</sup> Includes investment liabilities.

## LF MITON DEFENSIVE MULTI ASSET FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 30 June 2020

Total purchases for the year £'000 (note 16)	36,726	Total sales for the year £'000 (note 16)	43,462
<u>Major purchases</u>	<u>Cost £'000</u>	<u>Major sales</u>	<u>Proceeds £'000</u>
UK Treasury 3.75% 7/9/2021	3,492	US Treasury 3% 15/8/2048	2,386
UK Treasury 1% 22/4/2024	2,918	iShares \$ High Yield Corp Bond UCITS ETF	1,824
US Treasury 1.5% 30/11/2024	2,684	US Treasury 3% 15/5/2047	1,645
iShares £ Corp Bond 0-5yr UCITS ETF	2,436	Gold Bullion Securities	1,637
Vanguard FTSE 250 UCITS	1,824	Vanguard FTSE 250 UCITS	1,620
US Treasury 1.125% 28/2/2021	1,014	UK Treasury 4.25% 7/12/2049	1,574
Omron	624	US Treasury 1.125% 28/2/2021	984
WisdomTree Physical Silver	621	US Treasury 2.375% 15/11/2049	698
iShares \$ High Yield Corp Bond UCITS ETF	613	WisdomTree Physical Silver	640
Komatsu	598	UK Treasury 1.75% 22/1/2049	573

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**

for the year ended 30 June 2020

	Notes	£'000	30.06.20 £'000	£'000	30.06.19 £'000
Income:					
Net capital gains/(losses)	3		1,305		(443)
Revenue	4	1,438		2,129	
Expenses	5	(615)		(759)	
Interest payable and similar charges	7	–		(1)	
Net revenue before taxation		823		1,369	
Taxation	6	(36)		(53)	
Net revenue after taxation			787		1,316
<b>Total return before distributions</b>			2,092		873
Distributions	8		(787)		(1,323)
<b>Change in net assets attributable to shareholders from investment activities</b>			1,305		(450)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

for the year ended 30 June 2020

	Note	£'000	30.06.20 £'000	£'000	30.06.19 £'000
<b>Opening net assets attributable to shareholders</b>			61,263		81,982
Amounts receivable on issue of shares		3,068		3,521	
Amounts payable on redemption of shares		(12,529)		(24,892)	
			(9,461)		(21,371)
Change in net assets attributable to shareholders from investment activities			1,305		(450)
Retained distributions on Accumulation shares	8		720		1,102
<b>Closing net assets attributable to shareholders</b>			53,827		61,263

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

#### BALANCE SHEET

as at 30 June 2020

	Notes	30.06.20 £'000	30.06.19 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		47,632	52,972
<b>Current assets</b>			
Debtors	9	388	1,266
Cash and bank balances	10	6,098	8,809
<b>Total assets</b>		<u>54,118</u>	<u>63,047</u>
<b>LIABILITIES</b>			
Investment liabilities		(81)	(4)
<b>Creditors</b>			
Other creditors	11	(210)	(1,780)
<b>Total liabilities</b>		<u>(291)</u>	<u>(1,784)</u>
<b>Net assets attributable to shareholders</b>		<u>53,827</u>	<u>61,263</u>

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2020

**1. Accounting Policies**

The accounting policies described on pages 15 to 17 have been applied to the financial statements of the Fund in the current and prior year.

**2. Distribution Policies**

The distribution policies described on pages 17 and 18 have been applied to the financial statements of the Fund in the current and prior year.

**3. Net Capital Gains/(Losses)**

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

	30.06.20 £'000	30.06.19 £'000
Non-derivative securities	1,688	878
Forward currency contracts	10	(1,762)
Transaction charges	(3)	(5)
AMC rebates from underlying investments	1	1
Currency (losses)/gains	(391)	445
Net capital gains/(losses)	<u>1,305</u>	<u>(443)</u>

**4. Revenue**

	30.06.20 £'000	30.06.19 £'000
Non-taxable dividends	363	738
Taxable dividends	117	67
UK property income distributions	20	17
Interest on debt securities	894	1,265
Interest distributions on CIS holdings	13	17
Bank interest	23	25
Stock dividend	8	–
Total revenue	<u>1,438</u>	<u>2,129</u>

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 5. Expenses

	30.06.20 £'000	30.06.19 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	545	677
Legal and professional fees	7	8
Typesetting costs	3	3
Registration fees	17	22
	572	710
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	21	26
Safe custody and other bank charges	13	12
	34	38
Other expenses:		
Audit fees	9	9
Legal and professional fees	–	3
Research costs <sup>1</sup>	–	(1)
	9	11
Total expenses	615	759

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

<sup>1</sup> Includes reimbursements from the Investment Manager.



## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 6. Taxation

	30.06.20 £'000	30.06.19 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	36	53
Current tax charge	36	53
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	36	53

#### b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.06.19: 20%). The difference is explained below:

	30.06.20 £'000	30.06.19 £'000
Net revenue before taxation	823	1,369
Corporation tax at 20%	165	274
Effects of:		
Non-taxable dividends	(74)	(148)
RPI movement on UK index-linked gilts	(5)	(8)
Utilisation of excess management expenses	(86)	(118)
Corporation tax charge	–	–
Overseas tax	36	53
Total tax charge (note 6a)	36	53

#### c) Deferred tax

At the year end there is a potential deferred tax asset of £1,660,000 (30.06.19: £1,746,000) in relation to surplus management expenses. The Fund has utilised these surplus management expenses in the year. No deferred tax asset has been recognised in the current or prior year.

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 7. Interest Payable and Similar Charges

	30.06.20 £'000	30.06.19 £'000
Interest payable	–	1
Total interest payable and similar charges	–	1

#### 8. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on redemption of shares, and comprise:

	30.06.20 £'000	30.06.19 £'000
Final	720	1,102
Add: Revenue deducted on redemption of shares	86	241
Deduct: Revenue received on issue of shares	(19)	(20)
Net distributions for the year	787	1,323

Details of the distributions per share are set out in the table on page 52.

	30.06.20 £'000	30.06.19 £'000
Distributions represented by:		
Net revenue after taxation	787	1,316
Equalisation on conversions <sup>1</sup>	–	7
Net distributions for the year	787	1,323

<sup>1</sup> Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 9. Debtors

	30.06.20 £'000	30.06.19 £'000
Amounts receivable for issue of shares	13	–
Sales awaiting settlement	–	813
Accrued revenue:		
Non-taxable dividends	8	34
Taxable dividends	–	9
UK property income distributions	–	2
Interest from debt securities	346	382
	354	427
Taxation recoverable:		
Overseas withholding tax	21	26
Total debtors	388	1,266

#### 10. Cash and Bank Balances

	30.06.20 £'000	30.06.19 £'000
Bank balances	6,098	8,809
Total cash and bank balances	6,098	8,809

#### 11. Other Creditors

	30.06.20 £'000	30.06.19 £'000
Amounts payable for redemption of shares	148	368
Purchases awaiting settlement	–	1,347

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

	30.06.20 £'000	30.06.19 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	42	48
Typesetting costs	2	1
Registration fees	1	1
	45	50
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	2
Transaction charges	1	1
Safe custody and other bank charges	4	2
	7	5
Other expenses	10	10
Total other creditors	210	1,780

### 12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 35 and amounts due at the year end are disclosed in notes 9 and 11.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 319,905 (30.06.19: 359,230) of the Fund's shares at the balance sheet date.

### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (30.06.19: none).

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 14. Shares in Issue

	'A' Accumulation	'B' Accumulation	USD 'C' Accumulation
Annual Management Charge	1.50%	0.75%	1.75%
Opening shares in issue	4,484,065	12,460,421	337,832
Issues	139,481	631,251	85,612
Redemptions	(705,697)	(2,690,374)	(71,157)
Conversions	(11,279)	10,068	–
Closing shares in issue	<u>3,906,570</u>	<u>10,411,366</u>	<u>352,288</u>

#### 15. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for Efficient Portfolio Management (including hedging) purposes.

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

##### (A) CREDIT RISK

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings.

Credit Quality	30.06.20 %	30.06.19 %
Investment grade debt securities	39.47	34.38
Non-investment grade debt securities	7.50	7.73
Non-rated debt securities	2.60	3.39
Other investments	38.77	40.96
Net other assets	11.66	13.54
	<u>100.00</u>	<u>100.00</u>

There were forward currency contracts held at the balance sheet date. Details of individual contracts are disclosed separately in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

30.06.20 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
Northern Trust	(81)	–

  

30.06.19 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
BNP Paribas	2	–
Citibank	(2)	–

#### (B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 30 June 2020 a one basis point change in the yield would have an impact of £10,000 on the direct net asset of the Fund (30.06.19: £17,000).

The table below shows the direct interest rate risk profile:

	30.06.20 £'000	30.06.19 £'000
Floating rate investments	4,547	3,423
Fixed rate investments	25,336	26,753
Investments on which interest is not paid	17,749	22,796
Investment liabilities on which interest is not paid	(81)	(4)
Total investments	<u>47,551</u>	<u>52,968</u>

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents and collective investment schemes that pay UK interest distributions.

Investments on which interest is not paid include equities, collective investment schemes and forward currency contracts.

Investment liabilities on which interest is not paid include forward currency contracts.

#### (C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Where the Fund invests in non-Sterling assets, foreign currency exposures are managed within parameters utilising forward currency contracts. The details of the contracts in place at the year end are disclosed in the Portfolio Statement.

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

The table below shows the direct foreign currency risk profile:

	30.06.20 Gross £'000	30.06.20 Hedged £'000	30.06.20 Net £'000
Currency:			
Brazilian real	360	–	360
Danish krone	798	–	798
Euros	2,900	–	2,900
Indonesian rupiah	817	–	817
Japanese yen	1,311	–	1,311
Mexican pesos	431	–	431
Norwegian krone	9	–	9
South African rand	338	–	338
Swedish krona	267	–	267
Swiss francs	726	–	726
US dollars	18,464	(12,380)	6,084
	<u>26,421</u>	<u>(12,380)</u>	<u>14,041</u>
Pounds sterling	27,487	12,299	39,786
Net assets	<u>53,908</u>	<u>(81)</u>	<u>53,827</u>



## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

	30.06.19 Gross £'000	30.06.19 Hedged £'000	30.06.19 Net £'000
Currency:			
Australian dollars	367	–	367
Brazilian real	483	–	483
Chinese yuan	21	–	21
Danish krone	611	–	611
Euros	1,407	–	1,407
Hong Kong dollars	682	–	682
Indian rupees	551	–	551
Indonesian rupiah	1,029	–	1,029
Japanese yen	1,588	–	1,588
Mexican pesos	451	–	451
New Zealand dollars	257	–	257
Norwegian krone	210	–	210
Singapore dollars	(5)	–	(5)
South African rand	656	–	656
Swiss francs	1,015	–	1,015
US dollars	25,917	(18,215)	7,702
	<u>35,240</u>	<u>(18,215)</u>	<u>17,025</u>
Pounds sterling	26,023	18,215	44,238
Net assets	<u>61,263</u>	<u>–</u>	<u>61,263</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £702,000 on the net assets of the Fund (30.06.19: £851,000).

#### (D) LEVERAGE

The Fund did not employ any significant leverage in the current or prior year.

#### (E) LIQUIDITY RISK

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions should insufficient cash be held at the bank to meet this obligation.

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 94.29% of the portfolio can be liquidated within 5 days and 94.29% within 30 days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

All financial liabilities are payable in one year or less, or on demand.

#### (F) MARKET PRICE RISK

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts would have the effect of increasing the return and net assets by £2,382,000 (30.06.19: £2,648,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Investment Manager has employed derivatives for the purposes of hedging with the aim of reducing the risk profile of the Fund, or reducing costs, or generating additional capital or revenue, in accordance with Efficient Portfolio Management (EPM).

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 16. Portfolio Transaction Costs

30.06.20	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	17,115	5	11	17,131
Collective investment schemes	5,494	–	–	5,494
Debt securities	14,101	–	–	14,101
Purchases total	<u>36,710</u>	<u>5</u>	<u>11</u>	<u>36,726</u>
<i>Transaction cost % of purchases total</i>		<i>0.01%</i>	<i>0.03%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>0.02%</i>	
Ordinary shares	23,416	(7)	(3)	23,406
Collective investment schemes	4,330	–	–	4,330
Debt securities	15,726	–	–	15,726
Sales total	<u>43,472</u>	<u>(7)</u>	<u>(3)</u>	<u>43,462</u>
<i>Transaction cost % of sales total</i>		<i>0.02%</i>	<i>0.01%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>–</i>	

Average portfolio dealing spread at 30.06.20 is 0.30% (30.06.19: 0.21%).

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

30.06.19	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares <sup>1</sup>	34,064	13	42	34,119
Collective investment schemes <sup>1</sup>	1,213	–	–	1,213
Debt securities	18,513	–	–	18,513
Purchases total	<u>53,790</u>	<u>13</u>	<u>42</u>	<u>53,845</u>
<i>Transaction cost % of purchases total</i>		<i>0.02%</i>	<i>0.08%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.02%</i>	<i>0.06%</i>	
Ordinary shares <sup>1</sup>	39,051	(14)	(5)	39,032
Collective investment schemes <sup>1</sup>	1,341	(1)	–	1,340
Debt securities	34,265	–	–	34,265
Sales total	<u>74,657</u>	<u>(15)</u>	<u>(5)</u>	<u>74,637</u>
<i>Transaction cost % of sales total</i>		<i>0.02%</i>	<i>0.01%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.02%</i>	<i>0.01%</i>	

<sup>1</sup> The prior year figure has been restated to be consistent with current year presentation. Gold Bullion Securities is now classified as an Ordinary Share rather than a Collective Investment Scheme.

The collective investment schemes include closed-ended funds.

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 17. Fair Value Hierarchy

Investments are categorised into the following levels based on their fair value measurement:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

30.06.20	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	30,391	17,241	–	47,632
Investment liabilities	–	(81)	–	(81)

30.06.19	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	29,538	23,434	–	52,972
Investment liabilities	–	(4)	–	(4)

#### 18. Subsequent Events

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. In the immediate aftermath, global markets experienced a period of significant volatility which negatively impacted the performance of the Fund at the balance sheet date. Subsequent to that date and whilst markets have remained relatively volatile there has, in the period until the account signing date, been a general recovery in the markets.

This means that since the balance sheet date the price of each of the Fund's share classes has moved as follows:

Share class	Balance sheet date	26.10.20	Movement
'A' Accumulation	337.51	348.41	3.23%
'B' Accumulation	379.65	392.87	3.48%
USD 'C' Accumulation	4.0068	4.3973	9.75%

## LF MITON DEFENSIVE MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

#### DISTRIBUTION TABLE

for the year ended 30 June 2020 – per share

#### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes. Where there is no distribution at interim, the final distribution is deemed to run for the whole year.

Group 2	Final
From	01.07.19
To	30.06.20

#### 'A' ACCUMULATION GBP SHARES (PENNY)

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	2.7090	–	2.7090	4.1406
Group 2	1.2730	1.4360	2.7090	4.1406

#### 'B' ACCUMULATION GBP SHARES (PENNY)

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	5.8348	–	5.8348	7.2685
Group 2	2.9271	2.9077	5.8348	7.2685

#### 'C' ACCUMULATION USD SHARES (US\$ (CENTS))

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	2.2190	–	2.2190	4.1417
Group 2	1.4162	0.8028	2.2190	4.1417

## **LF MITON CAUTIOUS MULTI ASSET FUND ACD'S REPORT**

for the year ended 30 June 2020

### **Important Information**

Refer to the 'Important Information' section on page 5.

### **Investment Objective and Policy**

The investment objective of the LF Miton Cautious Multi Asset Fund ('the Fund') is to provide long-term growth by investing in a portfolio of other authorised funds, worldwide equities, fixed interest stocks, cash and money market instruments.

The Investment Manager will take a fundamental and value driven approach to portfolio allocation, dependent on the relevant attractions of the world equity, fixed interest and currency markets. The Fund will take an aggressive view of the stock market weightings in the portfolio, when compared to a neutral world market capitalisation.

### **Benchmarks**

The Fund's comparator benchmarks are the Investment Association Mixed Investment 20-60% Shares sector and the FTSE 100 Index.

The Fund's performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'): the FTSE 100 Index and the Investment Association Mixed Investment 20-60% Shares sector.

As the Fund invests in a range of asset classes there is no single index that is reflective of the Fund. The FTSE 100 Index has been selected as a comparator benchmark as we consider it assists in evaluating the Fund's performance and volatility from diverse assets against the performance and volatility of a single well-known asset class that UK investors are able to relate to (large capitalised UK equities) that the Fund may have exposure to. The Fund also uses the Investment Association Mixed Investment 20-60% Shares sector as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Miton Cautious Multi Asset Fund

29 October 2020

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 30 June 2020

#### Market Review

The year to the end of June 2020 was very much split into two periods, first up to the end of February and then the period beyond. Until the end of February, markets were in low volatility rising trends, with bond yields steady and the US equity market, particularly Nasdaq, outperforming most others. However, the COVID crisis, which was emerging in the early part of the year, really started to impact more widely, as countries introduced various forms of 'lockdown' policy, leading to huge economic contractions and major market turmoil.

During the highly volatile period from end February to late March, all equity markets collapsed to varying degrees, bond yields fell significantly and corporate spreads widened. There was even a moment where oil prices turned negative. Gold was briefly weak, arguably down to widespread investor liquidation, but ultimately regained its rising trend. In many ways, markets underwent a typical bear market recessionary phase but in accelerated time. Many records were broken, in terms of the fastest fall, biggest recovery months and so on.

The subsequent recovery has been driven by two major factors; one, a belief that the recessions will be short lived, if deep. The other, is the sheer scale of financial market and fiscal intervention. Central banks have used their powers to create unprecedented amounts of liquidity and governments have introduced fiscal support programmes, for individuals and businesses.

#### Performance Attribution

Despite the turmoil the Fund overall managed to make a positive return of 1.4%<sup>1</sup> in the year. Obviously, during the year there was a great deal of volatility and the fall from the peaks at the end of February was severe. Most of these losses were quickly recovered, however. Over the twelve months, equities, bonds and gold all contributed positively, with only the REIT exposure acting as a drag.

Within equity, our heavy exposure to the US and Europe really helped, despite the European indices being lower over the period. This reflects our heavy bias to quality growth businesses, particularly in our favoured themes. Other equity areas, such as the UK, Asia and Emerging markets detracted, but were much smaller positions.

Both our corporate and government bonds contributed to returns. Government bonds benefited from sharply falling yields during the crisis and hence contributed very strongly, while the corporate bonds benefit from our cautious approach, suffering relatively little from the spread widening that occurred. Overall, bonds made a useful contribution in the year.

Gold was also a strong contributor, benefiting from its safe haven status.

Disappointingly, REITS detracted over / during the period, not acting as safe havens during the crisis because of the direct impact on their revenues from lockdown, hence this was our only negative asset class.

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<sup>1</sup> Source: FE Analytics.



## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

#### Portfolio Activity

Steering through the crisis led to a number of major changes to the portfolio. Having been relatively inactive up to the end of 2019, other than reducing emerging markets exposure, the early part of 2020 led to several major readjustments.

From the middle of 2019, we were reducing equity generally, selling out of a number of weaker positions in the US, UK and Japan, against a strongly rising market. As the crisis took hold, we sold many further positions, particularly in areas directly impacted, such as retail and travel. This took our equity weight even lower.

Also, in the early part of the year, we bought a position in long dated government bonds and we continued to buy bonds as we sold equities, although these were much shorter dated.

From the market lows, this process has been largely reversed. We have been buying back into equity while reducing government bonds. The equity purchases have focussed heavily on quality, thematic growth businesses in our digital economy and industrial automation themes, as well as some renewable energy businesses. We have also added a few more cyclical growth businesses, again focussing on our themes.

We have financed these purchases by selling most of the shorter dated government bonds.

#### Outlook

In the near term, the market outlook is dominated by the two forces of economic contraction and recovery and exceptionally loose monetary and fiscal policy. Predicting the pace and shape of post lockdown recoveries, in our view, is especially difficult. In general, we avoid making this type of prediction, as we cannot ever have any strong confidence in being able to forecast the future. In this case, it looks like a bet that's simply not worth taking. There are too many moving parts, in terms of impacted industries and businesses and their ability to recover. So, we would prefer to focus on the easier to identify longer term trends, many of which are accelerated by recent events.

Among those trends, clearly the biggest beneficiaries are within our digital revolution theme. The shift to online consumption has moved rapidly in recent months and much of this move is expected to be permanent. The same goes for our automation theme, which benefits from the move from extended supply chains, especially in China towards more local manufacturing. De-globalisation is certainly more rapid than it was pre-COVID. Another theme to get a boost is the new energy theme, with much talk of further investment in infrastructure, particularly green infrastructure, from governments in Europe.

So rather than trying to predict market levels and an unknowable shape to the recovery, we prefer to deal with what we do know about the future economy; there are some clear established themes which are not going away.

#### PREMIER FUND MANAGERS LIMITED

Investment Manager

17 July 2020

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile

'A' Accumulation shares, 'B' Accumulation shares and 'G' Accumulation shares



USD 'C' Accumulation shares and EUR 'F' Accumulation shares



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

'A' Accumulation, 'B' Accumulation and 'G' Accumulation share classes have been classed as 4 because their volatility has been measured as average.

During the year the indicators for the USD 'C' Accumulation and EUR 'F' Accumulation share classes changed from 4 to 5. USD 'C' Accumulation and EUR 'F' Accumulation share classes have been classed as 5 because their volatility has been measured as above average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

**Currency Risk:** As the Fund has exposure to overseas currencies, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

**Fixed interest securities** are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security is also affected by its credit rating.

**Counterparty Risk:** As the Fund may enter into derivative agreements and currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	30.06.19 pence per share	30.06.18 pence per share
Opening net asset value per share	237.78	238.45	232.69
Return before operating charges*	5.33	2.93	9.54
Operating charges	(3.72)	(3.60)	(3.78)
Return after operating charges	1.61	(0.67)	5.76
Distributions	(3.88)	(5.72)	(4.92)
Retained distributions on accumulation shares	3.88	5.72	4.92
Closing net asset value per share	239.39	237.78	238.45
* after direct transaction costs of:	0.23	0.53	0.47

##### PERFORMANCE

Return after charges	0.68%	(0.28)%	2.48%
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##### OTHER INFORMATION

Closing net asset value (£'000)	53,211	65,988	79,407
Closing number of shares	22,227,566	27,751,308	33,301,404
Operating charges	1.56%	1.55%	1.57%
Direct transaction costs	0.10%	0.23%	0.20%

##### PRICES

Highest share price	253.76	245.84	249.78
Lowest share price	204.62	221.14	233.53

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	30.06.19 pence per share	30.06.18 pence per share
Opening net asset value per share	265.49	264.24	255.93
Return before operating charges*	5.98	3.32	10.49
Operating charges	(2.17)	(2.07)	(2.18)
Return after operating charges	3.81	1.25	8.31
Distributions	(6.36)	(8.30)	(7.43)
Retained distributions on accumulation shares	6.36	8.30	7.43
Closing net asset value per share	269.30	265.49	264.24
* after direct transaction costs of:	0.26	0.58	0.52

##### PERFORMANCE

Return after charges	1.44%	0.47%	3.25%
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##### OTHER INFORMATION

Closing net asset value (£'000)	382,180	417,964	468,338
Closing number of shares	141,916,530	157,431,343	177,236,699
Operating charges	0.81%	0.80%	0.82%
Direct transaction costs	0.10%	0.23%	0.20%

##### PRICES

Highest share price	284.70	272.65	275.90
Lowest share price	229.73	245.96	256.88

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### USD 'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 US\$ per share	30.06.19 US\$ per share	30.06.18 US\$ per share
Opening net asset value per share	2.9275	3.0528	2.9383
Return before operating charges*	(0.0212)	(0.0728)	0.1719
Operating charges	(0.0526)	(0.0525)	(0.0574)
Return after operating charges	(0.0738)	(0.1253)	0.1145
Distributions	(0.0387)	(0.0635)	(0.0554)
Retained distributions on accumulation shares	0.0387	0.0635	0.0554
Closing net asset value per share	2.8537	2.9275	3.0528
* after direct transaction costs of:	0.0028	0.0066	0.0062

##### PERFORMANCE

Return after charges	(2.52)%	(4.10)%	3.90%
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##### OTHER INFORMATION

Closing net asset value (£'000)	3,943	6,835	8,654
Closing number of shares	1,707,061	2,971,316	3,742,834
Operating charges	1.81%	1.80%	1.82%
Direct transaction costs	0.10%	0.23%	0.20%

##### PRICES

Highest share price	3.1734	3.1068	3.4345
Lowest share price	2.2780	2.7063	2.9279

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### EUR 'F' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 € per share	30.06.19 € per share	30.06.18 € per share
Opening net asset value per share	2.5574	2.6014	2.5631
Return before operating charges*	0.0179	0.0017	0.0861
Operating charges	(0.0474)	(0.0457)	(0.0478)
Return after operating charges	(0.0295)	(0.0440)	0.0383
Distributions	(0.0345)	(0.0552)	(0.0472)
Retained distributions on accumulation shares	0.0345	0.0552	0.0472
Closing net asset value per share	2.5279	2.5574	2.6014
* after direct transaction costs of:	0.0026	0.0057	0.0052

##### PERFORMANCE

Return after charges	(1.15)%	(1.69)%	1.49%
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##### OTHER INFORMATION

Closing net asset value (£'000)	2,875	2,815	2,885
Closing number of shares	1,251,295	1,230,378	1,254,123
Operating charges	1.81%	1.80%	1.82%
Direct transaction costs	0.10%	0.23%	0.20%

##### PRICES

Highest share price	2.9172	2.6535	2.7549
Lowest share price	2.1106	2.3639	2.4675

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	30.06.19 pence per share	30.06.18 pence per share
Opening net asset value per share	249.62	249.07	241.84
Return before operating charges*	5.61	3.11	9.92
Operating charges	(2.66)	(2.56)	(2.69)
Return after operating charges	2.95	0.55	7.23
Distributions	(5.34)	(7.21)	(6.39)
Retained distributions on accumulation shares	5.34	7.21	6.39
Closing net asset value per share	252.57	249.62	249.07
* after direct transaction costs of:	0.25	0.55	0.49

##### PERFORMANCE

Return after charges	1.18%	0.22%	2.99%
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##### OTHER INFORMATION

Closing net asset value (£'000)	133	173	306
Closing number of shares	52,696	69,423	122,726
Operating charges	1.06%	1.05%	1.07%
Direct transaction costs	0.10%	0.23%	0.20%

##### PRICES

Highest share price	267.25	256.92	260.34
Lowest share price	215.60	231.55	242.73

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 30 June 2020 (%)

	1 year	3 years	5 years
LF Miton Cautious Multi Asset Fund	1.35	4.59	21.96

The performance of the Fund is based on the published price per 'B' Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on pages 89 and 90.

#### RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.



## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	DEBT SECURITIES – 33.69% (30.06.19 – 35.03%)		
	GOVERNMENT BONDS – 10.38% (30.06.19 – 12.99%)		
BRL2,700,000	Brazil 4.625% 13/1/2028	2,285	0.52
BRL10,000,000	Brazil 10% 1/1/2023	1,674	0.38
BRL9,000,000	Brazil 10% 1/1/2025	1,552	0.35
BRL5,323,000	Brazil 12.5% 5/1/2022	881	0.20
IDR45,000,000,000	Indonesia 8.125% 15/5/2024	2,681	0.61
IDR45,000,000,000	Indonesia 8.25% 15/5/2029	2,717	0.61
MXN53,000,000	Mexico 7.5% 3/6/2027	2,068	0.47
MXN50,000,000	Mexico 8.5% 31/5/2029	2,073	0.47
ZAR40,250,000	South Africa 7.75% 28/2/2023	2,000	0.45
ZAR48,000,000	South Africa 8% 31/1/2030	2,061	0.47
ZAR36,000,000	South Africa 10.5% 21/12/2026	1,914	0.43
£7,000,000	UK Treasury 0.5% 22/7/2022	7,081	1.60
\$10,000,000	US Treasury 1.5% 30/11/2024	8,535	1.93
\$6,570,000	US Treasury 4.5% 15/5/2038	8,380	1.89
	TOTAL GOVERNMENT BONDS	45,902	10.38
	CORPORATE BONDS – 23.31% (30.06.19 – 22.04%)		
£1,000,000	Admiral 5.5% 25/7/2024	1,122	0.25
£4,000,000	Anglo American Capital 3.375% 11/3/2029	4,204	0.95
\$3,000,000	AstraZeneca 4% 17/1/2029	2,975	0.67
£2,000,000	AT&T 4.25% 1/6/2043	2,456	0.56
£2,000,000	Aviva 5.125% 4/6/2050	2,250	0.51
£2,000,000	AXA 5.625% <i>floating rate notes</i> 16/1/2054	2,440	0.55
\$550,000	Banco do Brasil 5.875% 26/1/2022	458	0.10
\$600,000	Banco Santander 7.5% <i>Perpetual</i>	505	0.11
£2,000,000	Bank of Ireland 3.125% 19/9/2027	1,979	0.45
£1,500,000	Barclays 7.125% <i>Perpetual</i>	1,479	0.33
£3,169,000	Barclays 7.25% <i>Perpetual</i>	3,141	0.71
£757,000	Barclays Bank 9.25% <i>floating rate notes Perpetual</i>	814	0.18
\$1,200,000	Bayer US Finance II 4.375% 15/12/2028	1,135	0.26

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
\$3,000,000	BNP Paribas 7.625% <i>Perpetual</i>	2,464	0.56
£2,500,000	BRIT Insurance 6.625% 9/12/2030	2,419	0.55
£1,100,000	British American Tobacco International Finance 5.75% 5/7/2040	1,489	0.34
\$1,590,000	Buckeye Partners 6.375% 22/1/2078	939	0.21
\$100,000	Caixa Economica Federal 3.5% 7/11/2022	82	0.02
£1,200,000	Cooperatieve Rabobank 4.625% 23/5/2029	1,417	0.32
\$1,500,000	Crédit Agricole 6.875% <i>Perpetual</i>	1,252	0.28
\$1,000,000	Crédit Agricole 8.125% <i>Perpetual</i>	924	0.21
\$1,000,000	Credit Suisse 7.125% <i>Perpetual</i>	834	0.19
\$2,690,000	DCP Midstream 7.375% <i>Perpetual</i>	1,511	0.34
£500,000	Électricité de France 5.875% <i>floating rate notes</i> <i>Perpetual</i>	518	0.12
£500,000	Enel 7.75% <i>floating rate notes</i> 10/9/2075	504	0.11
\$1,300,000	Enel Finance International 4.875% 14/6/2029	1,243	0.28
£2,000,000	Fidelity National Information Services 3.36% 21/5/2031	2,306	0.52
£3,000,000	GKN 4.625% 12/5/2032	2,975	0.67
£2,000,000	Glencore Finance Europe 3.125% 26/3/2026	2,063	0.47
£2,000,000	Hammerson 6% 23/2/2026	1,963	0.45
\$1,500,000	HCA 4.125% 15/6/2029	1,339	0.30
£2,000,000	Heathrow Funding 4.625% 31/10/2046	2,658	0.60
£2,000,000	HSBC 3% 22/7/2028	2,117	0.48
£2,000,000	HSBC Bank 6.25% 30/1/2041	2,765	0.63
\$1,500,000	ING 6.75% <i>Perpetual</i>	1,241	0.28
£650,000	Intermediate Capital 6.25% 19/9/2020	642	0.15
£2,100,000	J Sainsbury 6.5% <i>Perpetual</i>	2,100	0.47
\$1,500,000	Kellogg 3.4% 15/11/2027	1,363	0.31
£667,000	Legal & General 5.5% <i>floating rate notes</i> 27/6/2064	753	0.17
£1,360,000	Liverpool Victoria Friendly Society 6.5% <i>floating rate</i> <i>notes</i> 22/5/2043	1,469	0.33
£1,800,000	Lloyds Banking 7.625% <i>floating rate notes</i> <i>Perpetual</i>	1,834	0.41
£2,000,000	M&G PLC 5.56% 20/7/2055	2,062	0.47
£2,000,000	M&G PLC 5.625% 20/10/2051	2,157	0.49

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
£1,100,000	M&G PLC 6.25% 20/10/2068	1,211	0.27
\$1,900,000	NatWest Markets 7.5% <i>Perpetual</i>	1,543	0.35
\$3,200,000	NatWest Markets 8.625% <i>Perpetual</i>	2,693	0.61
£1,000,000	Next 4.375% 2/10/2026	1,058	0.24
\$1,624,000	Office Properties Income Trust 4.25% 15/5/2024	1,283	0.29
£1,500,000	Orange 5.875% <i>floating rate notes Perpetual</i>	1,582	0.36
\$338,000	Perrigo Finance 3.5% 15/3/2021	274	0.06
\$1,000,000	Plains All American Pipeline LP 6.125% <i>Perpetual</i>	578	0.13
£1,000,000	RL Finance 6.125% <i>floating rate notes</i> 30/11/2043	1,099	0.25
\$2,000,000	Royal Bank of Scotland 8% <i>Perpetual</i>	1,787	0.40
£3,000,000	Santander 7.375% <i>Perpetual</i>	3,049	0.69
£1,200,000	Scottish Widows 7% 16/6/2043	1,673	0.38
\$1,800,000	Société Générale 7.375% <i>Perpetual</i>	1,469	0.33
£1,000,000	SSE 3.625% 16/9/2077	1,002	0.23
\$2,500,000	Standard Chartered 7.5% <i>Perpetual</i>	2,088	0.47
\$1,500,000	Tenet Healthcare 4.875% 1/1/2026	1,182	0.27
£100,000	Tesco Personal Finance 5% 21/11/2020	99	0.02
\$1,500,000	T-Mobile USA 6.5% 15/1/2026	1,269	0.29
\$300,000	Tullow Oil 6.25% 15/4/2022	177	0.04
\$2,000,000	UBS 6.875% <i>Perpetual</i>	1,637	0.37
£1,000,000	Vodafone 4.875% 3/10/2078	1,039	0.23
£2,500,000	Whitbread 3.375% 16/10/2025	2,471	0.56
£500,000	William Hill 4.875% 7/9/2023	508	0.11
	TOTAL CORPORATE BONDS	103,132	23.31
	TOTAL DEBT SECURITIES	149,034	33.69
	EQUITIES – 52.55% (30.06.19 – 53.22%)		
	UNITED KINGDOM – 4.39% (30.06.19 – 9.67%)		
58,000	Derwent London	1,610	0.36
90,000	Diageo	2,413	0.55
360,000	National Grid	3,558	0.80
716,917	Premier Miton <sup>1,2</sup>	717	0.16
351,519	SEGRO	3,145	0.71

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
90,000	Severn Trent	2,231	0.50
257,400	SSE	3,512	0.79
1,801,000	Vodafone	2,321	0.52
	TOTAL UNITED KINGDOM	<u>19,507</u>	<u>4.39</u>
	CONTINENTAL EUROPE – 15.75% (30.06.19 – 7.97%)		
19,000	ASML	5,645	1.28
105,000	BASF	4,763	1.08
250,000	Deutsche Telekom	3,393	0.77
1,410,000	EDP	5,445	1.23
304,000	Enel	2,122	0.48
7,000	Eurofins Scientific	3,552	0.80
2,300	Givaudan	6,927	1.57
20,000	L'Oréal	5,192	1.17
32,800	Nestlé	2,934	0.66
225,000	Nibe Industrier	4,009	0.91
47,200	Ørsted	4,410	1.00
72,000	RWE	2,046	0.46
54,000	Sanofi	4,449	1.01
35,300	Schneider Electric	3,172	0.72
25,000	Siemens	2,384	0.54
235,300	STMicroelectronics	5,176	1.17
48,000	Vestas Wind Systems	3,950	0.90
	TOTAL CONTINENTAL EUROPE	<u>69,569</u>	<u>15.75</u>
	AUSTRALASIA – 0.50% (30.06.19 – 2.06%)		
125,000	Newcrest Mining	<u>2,196</u>	<u>0.50</u>
	ASIA PACIFIC (EX JAPAN) – 2.27% (30.06.19 – 5.15%)		
600,400	Ascendas Real Estate Investment Trust	1,101	0.25
800,000	CapitaLand Commercial	784	0.18
650,000	CapitaLand Mall	739	0.17

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
73,000	Samsung Electronics	2,593	0.59
850,000	Suntec Real Estate Investment Trust	695	0.16
10,000,000	Telekomunikasi Indonesia 'B'	1,728	0.39
200,000	United Overseas Bank	2,346	0.53
	TOTAL ASIA PACIFIC (EX JAPAN)	<u>9,986</u>	<u>2.27</u>
	JAPAN – 6.29% (30.06.19 – 3.30%)		
400	Advance Residence Investment	959	0.22
20,900	FANUC	3,017	0.68
860	Frontier Real Estate	2,181	0.49
2,000	Japan Hotel REIT	663	0.15
600	Japan Real Estate	2,485	0.56
1,700	Japan Retail Fund Investment	1,714	0.39
14,500	Keyence	4,886	1.10
211,300	Komatsu	3,482	0.79
94,000	Kyocera	4,132	0.93
80,200	Omron	4,344	0.98
	TOTAL JAPAN	<u>27,863</u>	<u>6.29</u>
	NORTH AMERICA – 22.44% (30.06.19 – 21.05%)		
5,800	Alphabet 'A'	6,656	1.50
29,130	Ansys	6,878	1.55
33,800	Apple	9,973	2.25
140,000	Cisco Systems	5,282	1.19
85,800	Edwards Lifesciences	4,796	1.08
19,200	Home Depot	3,888	0.88
41,700	Lowe's	4,558	1.03
17,000	Mastercard 'A'	4,065	0.92
32,000	Microsoft	5,269	1.19
20,700	Moody's	4,602	1.04
46,550	Morningstar	5,311	1.20
19,100	MSCI	5,160	1.17
14,800	NextEra Energy	2,876	0.65
30,100	Rockwell Automation	5,187	1.17

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
19,500	S&P Global	5,194	1.17
51,100	SolarEdge Technologies	5,733	1.30
34,000	Synopsys	5,366	1.21
33,000	Union Pacific	4,511	1.02
26,000	Visa	4,059	0.92
	TOTAL NORTH AMERICA	<u>99,364</u>	<u>22.44</u>
	SOUTH AMERICA – 0.00% (30.06.19 – 0.43%)	<u>–</u>	<u>–</u>
	AFRICA – 0.00% (30.06.19 – 2.36%)	<u>–</u>	<u>–</u>
	INVESTMENT COMPANIES – 0.91% (30.06.19 – 1.23%)		
	UNITED KINGDOM – 0.29% (30.06.19 – 0.29%)		
1,570,000	Diverse Income <sup>3</sup>	<u>1,287</u>	<u>0.29</u>
	CONTINENTAL EUROPE – 0.62% (30.06.19 – 0.63%)		
2,700,000	TwentyFour Income <sup>3</sup>	<u>2,713</u>	<u>0.62</u>
	GLOBAL – 0.00% (30.06.19 – 0.31%)	<u>–</u>	<u>–</u>
	TOTAL INVESTMENT COMPANIES	<u>4,000</u>	<u>0.91</u>
	TOTAL EQUITIES	<u>232,485</u>	<u>52.55</u>
	COLLECTIVE INVESTMENT SCHEMES – 0.00% (30.06.19 – 1.00%) <sup>4</sup>		
	NORTH AMERICA – 0.00% (30.06.19 – 1.00%)	<u>–</u>	<u>–</u>
	COMMODITIES – 6.26% (30.06.19 – 5.00%) <sup>4</sup>		
205,000	Gold Bullion Securities	<u>27,669</u>	<u>6.26</u>

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	FORWARD CURRENCY CONTRACTS – (0.26)% (30.06.19 – 0.00%)		
€(26,900,000)	Vs £24,282,218 (expiry 29/7/2020) <sup>5</sup>	(180)	(0.04)
US\$(188,600,000)	Vs £151,615,030 (expiry 29/7/2020) <sup>6</sup>	(995)	(0.22)
	TOTAL FORWARD CURRENCY CONTRACTS	<u>(1,175)</u>	<u>(0.26)</u>
	Portfolio of investments <sup>7</sup>	408,013	92.24
	Net other assets	<u>34,329</u>	<u>7.76</u>
	Net assets	<u>442,342</u>	<u>100.00</u>

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Quoted on the Alternative Investment Market (AIM).

<sup>2</sup> Related party holding.

<sup>3</sup> Closed-ended fund.

<sup>4</sup> The comparative figures have been restated to be consistent with current year presentation. Gold Bullion Securities has been reclassified from Collective Investment Schemes to Commodities.

<sup>5</sup> Counterparty: JPMorgan.

<sup>6</sup> Counterparty: Northern Trust.

<sup>7</sup> Includes investment liabilities.

## LF MITON CAUTIOUS MULTI ASSET FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 30 June 2020

Total purchases for the year £'000 (note 16)	421,994	Total sales for the year £'000 (note 16)	481,265
<u>Major purchases</u>	<u>Cost £'000</u>	<u>Major sales</u>	<u>Proceeds £'000</u>
US Treasury 1.5% 30/11/2024	15,106	US Treasury 3% 15/8/2048	13,592
UK Treasury 0.5% 22/7/2022	14,983	US Treasury 1.125% 28/2/2025	13,064
US Treasury 1.125% 28/2/2025	12,915	US Treasury 3.375% 15/11/2048	11,241
US Treasury 1.125% 28/2/2022	8,494	UK Treasury 4.25% 7/12/2049	10,542
US Treasury 1.125% 28/2/2021	8,452	Gold Bullion Securities	9,727
Komatsu	7,967	iShares \$ High Yield Corp Bond UCITS ETF	9,455
Apple	7,840	US Treasury 1.5% 30/11/2024	8,396
Keyence	7,226	US Treasury 1.125% 28/2/2022	8,246
JPMorgan Chase & Co	7,084	US Treasury 1.125% 28/2/2021	8,099
Siemens	6,896	UK Treasury 0.5% 22/7/2022	8,083

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.



**LF MITON CAUTIOUS MULTI ASSET FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**

for the year ended 30 June 2020

	Notes	£'000	30.06.20 £'000	£'000	30.06.19 £'000
Income:					
Net capital losses	3		(4,084)		(19,098)
Revenue	4	15,327		21,912	
Expenses	5	(4,265)		(4,877)	
Interest payable and similar charges	7	–		(4)	
Net revenue before taxation		11,062		17,031	
Taxation	6	(739)		253	
Net revenue after taxation			10,323		17,284
<b>Total return before distributions</b>			6,239		(1,814)
Distributions	8		(10,456)		(16,273)
<b>Change in net assets attributable to shareholders from investment activities</b>			(4,217)		(18,087)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

for the year ended 30 June 2020

	Note	£'000	30.06.20 £'000	£'000	30.06.19 £'000
<b>Opening net assets attributable to shareholders</b>			493,775		559,590
Amounts receivable on issue of shares		19,487		37,004	
Amounts payable on redemption of shares		(76,680)		(99,605)	
			(57,193)		(62,601)
Change in net assets attributable to shareholders from investment activities			(4,217)		(18,087)
Retained distributions on Accumulation shares	8		9,977		14,873
<b>Closing net assets attributable to shareholders</b>			442,342		493,775

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 30 June 2020

	Notes	30.06.20 £'000	30.06.19 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		409,188	465,380
<b>Current assets</b>			
Debtors	9	3,573	15,154
Cash and bank balances	10	31,723	23,385
<b>Total assets</b>		<u>444,484</u>	<u>503,919</u>
<b>LIABILITIES</b>			
Investment liabilities		(1,175)	–
<b>Creditors</b>			
Other creditors	11	(967)	(10,144)
<b>Total liabilities</b>		<u>(2,142)</u>	<u>(10,144)</u>
<b>Net assets attributable to shareholders</b>		<u>442,342</u>	<u>493,775</u>

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2020

**1. Accounting Policies**

The accounting policies described on pages 15 to 17 have been applied to the financial statements of the Fund in the current and prior year.

**2. Distribution Policies**

The distribution policies described on pages 17 and 18 have been applied to the financial statements of the Fund in the current and prior year.

**3. Net Capital Losses**

The net capital losses during the year comprise:

	30.06.20 £'000	30.06.19 £'000
Non-derivative securities	3,895	(9,906)
Forward currency contracts	(3,961)	(12,021)
Transaction charges	(4)	(12)
AMC rebates from underlying investments	9	12
Currency (losses)/gains	(4,023)	2,829
Net capital losses	(4,084)	(19,098)

**4. Revenue**

	30.06.20 £'000	30.06.19 £'000
Non-taxable dividends	6,150	11,705
Taxable dividends	778	652
UK property income distributions	263	196
Interest on debt securities	7,965	9,250
AMC rebates from underlying investments	3	4
Bank interest	92	105
Stock dividends	76	–
Total revenue	15,327	21,912

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 5. Expenses

	30.06.20 £'000	30.06.19 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	4,006	4,640
Legal and professional fees	12	12
Typesetting costs	3	3
Registration fees	100	100
	4,121	4,755
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	85	92
Safe custody and other bank charges	50	53
	135	145
Other expenses:		
Audit fees	9	9
Legal and professional fees	–	12
Research costs <sup>1</sup>	–	(44)
	9	(23)
Total expenses	4,265	4,877

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration.

<sup>1</sup> Includes reimbursements from the Investment Manager.

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 6. Taxation

	30.06.20 £'000	30.06.19 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Income tax offset	–	23
Double tax relief	–	(23)
	–	–
Overseas tax	610	770
Adjustments in respect of prior periods	–	5
Current tax charge	610	775
Deferred tax – origination and reversal of timing differences (note 6c)	129	(1,028)
Total taxation (note 6b)	739	(253)

#### b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.06.19: 20%). The difference is explained below:

	30.06.20 £'000	30.06.19 £'000
Net revenue before taxation	11,062	17,031
Corporation tax at 20%	2,212	3,406
Effects of:		
Non-taxable dividends	(1,245)	(2,341)
Prior year adjustment to tax losses	(47)	(37)
AMC rebates taken to capital	2	2
Tax loss relief restriction	–	23
Foreign tax expensed	(25)	–
Utilisation of excess management expenses	(768)	(2,058)
Corporation tax charge	129	(1,005)

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

	30.06.20 £'000	30.06.19 £'000
Overseas tax	610	770
Double taxation relief	–	(23)
Adjustments in respect of prior periods	–	5
Total tax charge (note 6a)	<u>739</u>	<u>(253)</u>
c) Deferred tax		
Provision at the start of the year	(1,028)	–
Deferred tax charge in the year (note 6a)	<u>129</u>	<u>(1,028)</u>
Provision at the end of the year	<u>(899)</u>	<u>(1,028)</u>

At the year end there is a potential deferred tax asset of £4,052,000 (30.06.19: £4,949,000) in relation to surplus management expenses.

There is evidence that taxable profits may arise in the future, therefore the Fund has recognised £899,000 (30.06.19: £1,028,000) of the potential deferred tax asset. Consequently the Fund has an unrecognised deferred tax asset carried forward of £3,153,000 (30.06.19: £3,921,000).

### 7. Interest Payable and Similar Charges

	30.06.20 £'000	30.06.19 £'000
Interest payable	–	4
Total interest payable and similar charges	<u>–</u>	<u>4</u>

### 8. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on redemption of shares, and comprise:

	30.06.20 £'000	30.06.19 £'000
Final	9,977	14,873

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

	30.06.20 £'000	30.06.19 £'000
Add: Revenue deducted on redemption of shares	764	1,598
Deduct: Revenue received on issue of shares	(285)	(198)
Net distributions for the year	<u>10,456</u>	<u>16,273</u>

Details of the distributions per share are set out in the table on pages 89 and 90.

	30.06.20 £'000	30.06.19 £'000
Distributions represented by:		
Net revenue after taxation	10,323	17,284
Allocations to capital:		
Tax relief on capitalised AMC rebates from underlying investments	2	2
Deferred tax	129	(1,028)
	131	(1,026)
Equalisation on conversions <sup>1</sup>	2	15
Net distributions for the year	<u>10,456</u>	<u>16,273</u>

<sup>1</sup> Where an investor converts to a class with a higher income yield, the investor will receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

## 9. Debtors

	30.06.20 £'000	30.06.19 £'000
Amounts receivable for issue of shares	31	–
Sales awaiting settlement	–	10,538
Accrued revenue:		
Non-taxable dividends	331	797
Taxable dividends	–	103
Interest from debt securities	2,069	2,388
AMC rebates from underlying investments	3	4
	<u>2,403</u>	<u>3,292</u>

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

	30.06.20 £'000	30.06.19 £'000
Taxation recoverable:		
Income tax	25	19
Overseas withholding tax	215	277
	240	296
Deferred tax asset	899	1,028
Total debtors	<u>3,573</u>	<u>15,154</u>

#### 10. Cash and Bank Balances

	30.06.20 £'000	30.06.19 £'000
Bank balances	<u>31,723</u>	<u>23,385</u>
Total cash and bank balances	<u>31,723</u>	<u>23,385</u>

#### 11. Other Creditors

	30.06.20 £'000	30.06.19 £'000
Amounts payable for redemption of shares	616	1,370
Purchases awaiting settlement	–	8,387
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	309	351
Legal and professional fees	1	1
Typesetting costs	1	2
Registration fees	8	8
	319	362



## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

	30.06.20 £'000	30.06.19 £'000
Amounts payable to the Depository, associates of the Depository and agents of either of them:		
Depository's fees	7	7
Transaction charges	1	2
Safe custody and other bank charges	15	7
	23	16
Other expenses	9	9
Total other creditors	967	10,144

## 12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 71 and amounts due at the year end are disclosed in notes 9 and 11.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 510,633 (30.06.19: 629,170) of the Fund's shares at the balance sheet date.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Fund:

Cofunds Nominees Limited 21.91% (30.06.19: 24.13%).

As part of the investment strategy, the Fund may from time to time hold shares in other collective investment schemes managed by the same Investment Manager, or for which Link Fund Solutions Limited is also the ACD or the Investment Management company itself. At the balance sheet date the value of the holdings was as follows:

	30.06.20 £'000	30.06.19 £'000
Investment Manager	717	1,057

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (30.06.19: none).

#### 14. Shares in Issue

	'A' Accumulation	'B' Accumulation	USD 'C' Accumulation
Annual Management Charge	1.50%	0.75%	1.75%
Opening shares in issue	27,751,308	157,431,343	2,971,316
Issues	524,864	6,822,189	142,563
Redemptions	(5,945,397)	(22,428,983)	(1,406,818)
Conversions	(103,209)	91,981	–
Closing shares in issue	<u>22,227,566</u>	<u>141,916,530</u>	<u>1,707,061</u>

	EUR 'F' Accumulation	'G' Accumulation
Annual Management Charge	1.75%	1.00%
Opening shares in issue	1,230,378	69,423
Issues	173,309	2,437
Redemptions	(152,392)	(19,164)
Conversions	–	–
Closing shares in issue	<u>1,251,295</u>	<u>52,696</u>

#### 15. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for Efficient Portfolio Management (including hedging) purposes.

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

#### for the year ended 30 June 2020

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

#### (A) CREDIT RISK

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

Credit Quality	30.06.20 %	30.06.19 %
Investment grade debt securities	21.30	21.85
Non-investment grade debt securities	10.54	9.39
Non-rated debt securities	1.85	3.79
Other investments	58.55	59.22
Net other assets	7.76	5.75
	100.00	100.00

There were forward currency contracts held at the balance sheet date. Details of individual contracts are disclosed separately in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

30.06.20 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
JPMorgan	(180)	–
Northern Trust	(995)	–

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

30.06.19 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
BNP Paribas	29	–
Citigroup	13	–

#### (B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 30 June 2020, a one basis point change in the yield would have an impact of £83,000 on the direct net assets of the Fund (30.06.19: £129,0000).

The table below shows the direct interest rate risk profile:

	30.06.20 £'000	30.06.19 £'000
Floating rate investments	11,013	17,777
Fixed rate investments	138,021	161,790
Investments on which interest is not paid	260,154	285,813
Investment liabilities on which interest is not paid	(1,175)	–
Total investments	<u>408,013</u>	<u>465,380</u>

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

Investments on which interest is not paid include equities and collective investment schemes.

Investment liabilities on which interest is not paid include forward currency contracts.

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### (C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Where the Fund invests in non-Sterling assets, foreign currency exposures are managed within parameters utilising forward currency contracts. The details of the contracts in place at the year end are disclosed in the Portfolio Statement.

The table below shows the direct foreign currency risk profile:

	30.06.20 Gross £'000	30.06.20 Hedged £'000	30.06.20 Net £'000
Currency:			
Australian dollars	2,196	–	2,196
Brazilian real	4,296	–	4,296
Danish krone	8,391	–	8,391
Euros	47,619	(24,463)	23,156
Indonesian rupiah	7,239	–	7,239
Japanese yen	27,924	–	27,924
Korean won	2,607	–	2,607
Mexican pesos	4,156	–	4,156
Norwegian krone	61	–	61
Singapore dollars	5,666	–	5,666
South African rand	6,104	–	6,104
Swedish krona	4,009	–	4,009
Swiss francs	9,861	–	9,861
US dollars	181,026	(152,609)	28,417
	<u>311,155</u>	<u>(177,072)</u>	<u>134,083</u>
Pounds sterling	132,362	175,897	308,259
Net assets	<u>443,517</u>	<u>(1,175)</u>	<u>442,342</u>

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

	30.06.19 Gross £'000	30.06.19 Hedged £'000	30.06.19 Net £'000
Currency:			
Australian dollars	5,903	–	5,903
Brazilian real	5,843	–	5,843
Canadian dollars	2,664	–	2,664
Chinese yuan	394	–	394
Danish krone	6,685	–	6,685
Euros	16,022	–	16,022
Hong Kong dollars	14,863	–	14,863
Indian rupees	4,812	–	4,812
Indonesian rupiah	7,764	–	7,764
Japanese yen	16,301	–	16,301
Mexican pesos	2,171	–	2,171
New Zealand dollars	4,322	–	4,322
Norwegian krone	1,912	–	1,912
Singapore dollars	1,215	–	1,215
South African rand	15,622	–	15,622
Swiss francs	14,983	–	14,983
US dollars	212,556	(90,108)	122,448
	<u>334,032</u>	<u>(90,108)</u>	<u>243,924</u>
Pounds sterling	159,701	90,150	249,851
Net assets	<u>493,733</u>	<u>42</u>	<u>493,775</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £6,704,000 on the net assets of the Fund (30.06.19: £12,196,000).

#### (D) LEVERAGE

The Fund did not employ any significant leverage in the current or prior year.

#### (E) LIQUIDITY RISK

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions should insufficient cash be held at the bank to meet this obligation.

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 83.71% of the portfolio can be liquidated within 5 days and 90.76% within 30 days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

All financial liabilities are payable in one year or less, or on demand.

#### (F) MARKET PRICE RISK

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

A 5% increase in the value of the Fund's portfolio, excluding forward currency contracts would have the effect of increasing the return and net assets by £20,459,000 (30.06.19: £23,267,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Investment Manager has employed derivatives for the purposes of hedging with the aim of reducing the risk profile of the Fund, or reducing costs, or generating additional capital or revenue, in accordance with Efficient Portfolio Management (EPM).

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 16. Portfolio Transaction Costs

30.06.20	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	288,811	84	244	289,139
Collective investment schemes	14,761	–	–	14,761
Debt securities	118,094	–	–	118,094
Purchases total	<u>421,666</u>	<u>84</u>	<u>244</u>	<u>421,994</u>
<i>Transaction cost % of purchases total</i>		<i>0.02%</i>	<i>0.06%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.02%</i>	<i>0.05%</i>	
Ordinary shares	314,316	(91)	(35)	314,190
Collective investment schemes	20,784	(1)	–	20,783
Debt securities	146,292	–	–	146,292
Sales total	<u>481,392</u>	<u>(92)</u>	<u>(35)</u>	<u>481,265</u>
<i>Transaction cost % of sales total</i>		<i>0.02%</i>	<i>0.01%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.02%</i>	<i>0.01%</i>	

Average portfolio dealing spread at 30.06.20 is 0.32% (30.06.19: 0.19%).



## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

30.06.19	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares <sup>1</sup>	496,676	175	762	497,613
Collective investment schemes <sup>1</sup>	4,849	–	–	4,849
Debt securities	191,751	–	–	191,751
Purchases total	<u>693,276</u>	<u>175</u>	<u>762</u>	<u>694,213</u>
<i>Transaction cost % of purchases total</i>		<i>0.03%</i>	<i>0.11%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.03%</i>	<i>0.14%</i>	
Ordinary shares <sup>1</sup>	517,418	(197)	(67)	517,154
Collective investment schemes <sup>1</sup>	618	(1)	–	617
Debt securities	215,698	–	–	215,698
Sales total	<u>733,734</u>	<u>(198)</u>	<u>(67)</u>	<u>733,469</u>
<i>Transaction cost % of sales total</i>		<i>0.03%</i>	<i>0.01%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.04%</i>	<i>0.02%</i>	

<sup>1</sup> The prior year figure has been restated to be consistent with current year presentation. Gold Bullion Securities is now classified as an ordinary share rather than a collective investment scheme.

The collective investment schemes include closed-ended funds.

## LF MITON CAUTIOUS MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 17. Fair Value Hierarchy

Investments are categorised into the following levels based on their fair value measurement:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>30.06.20</b>				
Investment assets	284,150	125,038	–	409,188
Investment liabilities	–	(1,175)	–	(1,175)
<b>30.06.19</b>				
Investment assets	333,980	131,400	–	465,380

#### 18. Subsequent Events

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. In the immediate aftermath, global markets experienced a period of significant volatility which negatively impacted the performance of the Fund at the balance sheet date. Subsequent to that date and whilst markets have remained relatively volatile there has, in the period until the account signing date, been a general recovery in the markets.

This means that since the balance sheet date the price of each of the Fund's share classes has moved as follows:

Share class	Balance sheet date	26.10.20	Movement
'A' Accumulation	238.80	253.00	5.95%
'B' Accumulation	268.64	285.30	6.20%
USD 'C' Accumulation	2.8270	3.1842	12.64%
EUR 'F' Accumulation	2.5093	2.6797	6.79%
'G' Accumulation	251.94	267.36	6.12%

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE**

for the year ended 30 June 2020 – per share

**EQUALISATION**

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes. Where there is no distribution at interim, the final distribution is deemed to run for the whole year.

Group 2	Final
From	01.07.19
To	30.06.20

**'A' ACCUMULATION GBP SHARES (PENCE)**

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	3.8764	–	3.8764	5.7184
Group 2	2.6135	1.2629	3.8764	5.7184

**'B' ACCUMULATION GBP SHARES (PENCE)**

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	6.3554	–	6.3554	8.3030
Group 2	3.0115	3.3439	6.3554	8.3030

**'C' ACCUMULATION USD SHARES (US\$ (CENTS))**

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	3.8710	–	3.8710	6.3497
Group 2	2.3563	1.5147	3.8710	6.3497

**'F' ACCUMULATION EUR SHARES (€ (CENTS))**

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	3.4517	–	3.4517	5.5218
Group 2	2.5251	0.9266	3.4517	5.5218

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**FINANCIAL STATEMENTS** *continued*  
**DISTRIBUTION TABLE** *continued*

'G' ACCUMULATION GBP SHARES (PENCE)

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	5.3379	–	5.3379	7.2061
Group 2	3.9365	1.4014	5.3379	7.2061

## **LF MITON BALANCED MULTI ASSET FUND ACD'S REPORT**

for the year ended 30 June 2020

### **Important Information**

Refer to the 'Important Information' section on page 5.

### **Investment Objective and Policy**

The LF Miton Balanced Multi Asset Fund ('the Fund') aims to achieve long-term (greater than five years) capital growth.

The Fund will aim to achieve the investment objective by investing in a portfolio of global mixed assets comprising of equities, fixed income securities, property and commodities. Whilst a combination of asset classes will always be held, not all asset classes will necessarily be held all the time, with the exception of equities and equity related securities (such as ordinary and preference shares, global depositary receipts and American depositary receipts) listed or traded on Regulated Markets. Investments in equities and fixed income securities will be of a direct nature, and exposure will be gained indirectly in property and commodities. It is expected that equities will be the most significant holding in the portfolio most of the time. The Fund may also invest in collective investment schemes (open and closed funds), money market instruments, cash, and potentially higher risk areas, such as emerging market equities and sub investment grade bonds.

The Fund may use derivatives and forward transactions for the purposes of Efficient Portfolio Management.

### **Benchmarks**

The Fund's comparator benchmarks are the Investment Association Mixed Investment 40-85% Shares sector and the FTSE 100 Index.

The Fund's performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'): the FTSE 100 Index and the Investment Association Mixed Investment 40-85% Shares sector.

As the Fund invests in a range of asset classes there is no single index that is reflective of the Fund. The FTSE 100 Index has been selected as a comparator benchmark as we consider it assists in evaluating the Fund's performance and volatility from diverse assets against the performance and volatility of a single well-known asset class that UK investors are able to relate to (large capitalised UK equities) that the Fund may have exposure to. The Fund also uses the Investment Association Mixed Investment 40-85% Shares sector as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Miton Balanced Multi Asset Fund  
29 October 2020

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 30 June 2020

### Market Review

The year to the end of June 2020 was very much split into two periods, first up to the end of February and then the period beyond. Until the end of February markets were in low volatility rising trends, with bond yields steady and the US equity market, particularly Nasdaq outperforming most others. However, the COVID crisis, which was emerging in the early part of the year, really started to impact more widely as countries introduced various forms of 'lockdown' policy, leading to huge economic contractions and major market turmoil.

During the highly volatile period from end February to late March, all equity markets collapsed to varying degrees, bond yields fell significantly and corporate spreads widened. There was even a moment where oil prices turned negative. Gold was briefly weak, arguably down to widespread investor liquidation, but ultimately regained its rising trend. In many ways markets underwent a typical bear market recessionary phase but in quick time. Many records were broken, in terms of the fastest fall, biggest recovery months and so on.

The subsequent recovery has been driven by two major factors, one a belief that the recessions will be short lived, if deep. The other is the sheer scale of financial market and fiscal intervention. Central banks have used their powers to create unprecedented amounts of liquidity and governments have introduced fiscal support programmes for individuals and businesses.

### Performance Attribution

Despite the turmoil the Fund overall managed to make a positive return of 2.9%<sup>1</sup> in the year. Obviously, during the year there was a great deal of volatility and the fall from the peaks at the end of February was severe. Most of these losses were quickly recovered, however. Over the twelve months equities, bonds and gold all contributed positively, with only the REIT exposure acting as a drag.

Within equity, our heavy exposure to the US and Europe really helped, despite the European indices being lower over the period. This reflects our heavy bias to quality, growth businesses particularly in our favoured themes. Other equity areas such as the UK, Asia and Emerging markets detracted, but were much smaller positions.

The bulk of our fixed income was in long dated developed government bonds and these benefited from sharply falling yields during the crisis and hence, contributed very strongly during that period, mitigating falls in equity. Overall, over the year bonds made a useful contribution.

Gold was also a strong contributor, benefiting from its safe haven status.

Disappointingly, REITS detracted in the period, not acting as safe havens during the crisis because of the direct impact on their revenues from the impact of lockdowns; hence this was our only negative asset class.

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<sup>1</sup> Source: FE Analytics.

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

#### Portfolio Activity

Steering through the crisis led to a number of major changes to the portfolio. Having been relatively inactive up to the end of 2019, other than reducing emerging markets exposure, the early part of 2020 led to several major readjustments.

In the early period of 2020, we were reducing equity generally, selling out of a number of weaker positions in the US, UK and Japan, against a strongly rising market. As the crisis took hold, we sold many further positions, particularly in areas directly impacted, such as retail and travel. This took our equity weight even lower.

Also, in the early part of the year we bought a position in long dated government bonds and we continued to buy bonds as we sold equities, although these were much shorter dated.

From the market lows this process has been largely reversed. We have been buying back into equity while reducing government bonds. The equity purchases have focussed heavily on quality, thematic, growth businesses in our digital economy and industrial automation themes as well as some renewable energy businesses. We have also added a few more cyclical growth businesses, again focussing on our themes.

We have financed these purchases by selling most of the shorter dated government bonds.

#### Outlook

In the near term the market outlook is dominated by the two forces of economic contraction and recovery and exceptionally loose monetary and fiscal policy. Predicting the pace and shape of post lockdown recoveries in our view is especially difficult. In general, we avoid making this type of prediction, as we cannot ever have any strong confidence in knowledge about the future. In this case it looks like a bet that's simply not worth taking, there are too many moving parts in terms of impacted industries and businesses and their ability to recover. So, we would prefer to focus on the easier to identify longer term trends, many of which are accelerated by recent events.

Among those trends, clearly the biggest beneficiaries are within our digital revolution theme, the shift to online consumption has moved rapidly in recent months and much of this move is expected to be permanent. The same goes for our automation theme, which benefits from the move from extended supply chains, especially in China towards more local manufacturing. Deglobalisation is certainly more rapid post-COVID. Another theme to get a boost is the new energy theme, with much talk of further investment in infrastructure, particularly green infrastructure, from governments in Europe.

So rather than trying to predict market levels and an unknowable shape to the recovery we prefer to deal with what we do know about the future economy; there are some clear established themes which are not going away.

#### PREMIER FUND MANAGERS LIMITED

Investment Manager

17 July 2020

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. As the Fund has less than 5 years' price history, this calculation incorporates the volatility of an appropriate benchmark index. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

During the year the indicator changed from 4 to 5. The Fund has been classed as 5 because its volatility has been measured as above average.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time.

**Currency Risk:** As the Fund has exposure to overseas currencies, movements in exchange rates may, when not hedged, cause the value of your investment to increase or decrease.

Fixed interest securities are affected by trends in interest rates and inflation. If interest rates go up the value of capital may fall and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security is also affected by its credit rating.

**Counterparty Risk:** As the Fund may enter into derivative agreements and currency hedging arrangements there is a risk that other parties may fail to meet their obligations. This may lead to delays in receiving amounts due to the Fund, receiving less than is due or receiving nothing.

**Operational Risk:** Emerging markets tend to be more susceptible to large short term swings than more established markets. There is also a greater risk of being unable to buy or sell securities or that other parties may default and not meet their obligations, causing loss to the Fund.

For full details of the Fund's risks, please see the Prospectus which may be obtained upon application and can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).



## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	30.06.19 pence per share	30.06.18 <sup>1</sup> pence per share
Opening net asset value per share	92.13	93.27	100.00
Return before operating charges*	4.06	(0.06)	(6.13)
Operating charges	(0.94)	(1.08)	(0.60)
Return after operating charges	3.12	(1.14)	(6.73)
Distributions	(1.31)	(2.15)	(1.42)
Retained distributions on accumulation shares	1.31	2.15	1.42
Closing net asset value per share	95.25	92.13	93.27
* after direct transaction costs of:	0.15	0.32	0.46

##### PERFORMANCE

Return after charges	3.39%	(1.22)%	(6.73)%
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##### OTHER INFORMATION

Closing net asset value (£'000)	728	617	451
Closing number of shares	764,462	670,266	483,266
Operating charges <sup>2</sup>	1.00%	1.20%	1.50% <sup>3</sup>
Direct transaction costs	0.16%	0.36%	1.15% <sup>3</sup>

##### PRICES

Highest share price	101.82	96.82	100.00
Lowest share price	78.99	84.21	91.00

<sup>1</sup> From 29 January 2018.

<sup>2</sup> Up until 31 December 2018, the Fund received a rebate of the expenses in relation to the 'B' Accumulation share class, in order to seek to achieve an Operating Charges Figure ('OCF') of 1.50%, therefore, the OCF was capped at 1.50%. Effective 1 January 2019, the OCF cap was reduced to 1.00% which is reflected in the latest KIID.

<sup>3</sup> Annualised figure due to share class launched less than 1 year.

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'F' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	30.06.19 pence per share	30.06.18 <sup>1</sup> pence per share
Opening net asset value per share	92.49	93.42	100.00
Return before operating charges*	4.09	(0.08)	(6.19)
Operating charges	(0.84)	(0.85)	(0.39)
Return after operating charges	3.25	(0.93)	(6.58)
Distributions	(1.40)	(2.37)	(1.58)
Retained distributions on accumulation shares	1.40	2.37	1.58
Closing net asset value per share	95.74	92.49	93.42
* after direct transaction costs of:	0.15	0.32	0.46

##### PERFORMANCE

Return after charges	3.51%	(1.00)%	(6.58)%
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##### OTHER INFORMATION

Closing net asset value (£'000)	1,060	1,295	1,428
Closing number of shares	1,106,749	1,399,891	1,528,466
Operating charges <sup>2</sup>	0.89%	0.94%	1.00% <sup>3</sup>
Direct transaction costs	0.16%	0.36%	1.15% <sup>3</sup>

##### PRICES

Highest share price	102.30	97.04	100.00
Lowest share price	79.38	84.52	91.06

<sup>1</sup> From 29 January 2018.

<sup>2</sup> Up until 31 December 2018, the Fund received a rebate of the expenses in relation to the 'F' Accumulation share class, in order to seek to achieve an Operating Charges Figure ('OCF') of 1.00%, therefore, the OCF was capped at 1.00%. Effective 1 January 2019, the OCF cap was reduced to 0.90% which is reflected in the latest KIID.

<sup>3</sup> Annualised figure due to share class launched less than 1 year.

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 30 June 2020 (%)

	1 year	Since launch <sup>1</sup>
LF Miton Balanced Multi Asset Fund	2.93	(5.19)

<sup>1</sup> Fund launched 29 January 2018.

The performance of the Fund is based on the published price per 'B' Accumulation share which includes reinvested income.

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to the above performance being calculated on the latest published price prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on page 119.

#### RISK WARNING

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

**LF MITON BALANCED MULTI ASSET FUND****ACD'S REPORT** *continued***PORTFOLIO STATEMENT**

as at 30 June 2020

<b>Holding</b>	<b>Portfolio of Investments</b>	<b>Value £'000</b>	<b>30.06.20 %</b>
	DEBT SECURITIES – 4.48% (30.06.19 – 11.33%)		
	GOVERNMENT BONDS – 3.92% (30.06.19 – 10.39%)		
IDR250,000,000	Indonesia 8.25% 15/5/2029	15	0.84
MXN130,000	Mexico 10% 5/12/2024	5	0.28
ZAR280,000	South Africa 8% 31/1/2030	12	0.67
US\$30,000	US Treasury 4.5% 15/5/2038	38	2.13
	TOTAL GOVERNMENT BONDS	<u>70</u>	<u>3.92</u>
	CORPORATE BONDS – 0.56% (30.06.19 – 0.94%)		
US\$10,000	DCP Midstream 7.375% <i>Perpetual</i>	6	0.34
£6,210	Enquest 5.5% 15/2/2022	4	0.22
	TOTAL CORPORATE BONDS	<u>10</u>	<u>0.56</u>
	TOTAL DEBT SECURITIES	<u>80</u>	<u>4.48</u>
	EQUITIES – 81.66% (30.06.19 – 79.20%)		
	UNITED KINGDOM – 6.20% (30.06.19 – 11.93%)		
8,000	Centamin	14	0.78
200	Derwent London	6	0.34
600	Diageo	16	0.89
1,650	National Grid	16	0.89
1,800	SEGRO	16	0.89
400	Severn Trent	10	0.56
1,300	SSE	18	1.01
12,000	Vodafone	15	0.84
	TOTAL UNITED KINGDOM	<u>111</u>	<u>6.20</u>
	CONTINENTAL EUROPE – 21.48% (30.06.19 – 12.28%)		
100	ASML	30	1.68
500	BASF	23	1.29
1,100	Deutsche Telekom	15	0.84
5,600	EDP	22	1.23
1700	Enel	12	0.67

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
32	Eurofins Scientific	16	0.89
13	Givaudan	39	2.18
80	L'Oréal	21	1.17
190	Nestlé	17	0.95
1500	Nibe Industrier	27	1.51
300	Ørsted	28	1.57
500	Polymetal International	8	0.45
380	RWE	11	0.62
280	Sanofi	23	1.29
270	Schneider Electric	24	1.34
130	Siemens	12	0.67
1,400	STMicroelectronics	31	1.73
300	Vestas Wind Systems	25	1.40
	TOTAL CONTINENTAL EUROPE	<u>384</u>	<u>21.48</u>
	AFRICA – 0.00% (30.06.19 – 4.09%)	<u>–</u>	<u>–</u>
	AUSTRALASIA – 0.00% (30.06.19 – 1.88%)	<u>–</u>	<u>–</u>
	ASIA PACIFIC (EX JAPAN) – 2.18% (30.06.19 – 7.28%)		
400	Samsung Electronics	14	0.78
80,000	Telekomunikasi Indonesia 'B'	14	0.78
900	United Overseas Bank	11	0.62
	TOTAL ASIA PACIFIC (EX JAPAN)	<u>39</u>	<u>2.18</u>
	JAPAN – 9.24% (30.06.19 – 4.07%)		
200	FANUC	29	1.62
3	Frontier Real Estate	8	0.45
20	Japan Hotel REIT	6	0.34
10	Japan Retail Fund Investment	10	0.56
100	Keyence	34	1.90

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
1,100	Komatsu	18	1.01
500	Kyocera	22	1.23
700	Omron	38	2.13
	TOTAL JAPAN	165	9.24
	NORTH AMERICA – 42.56% (30.06.19 – 36.83%)		
40	Alphabet 'A'	46	2.57
160	Ansys	38	2.13
280	Apple	83	4.64
1,200	Cisco Systems	45	2.52
510	Edwards Lifesciences	29	1.62
140	Home Depot	28	1.57
250	Lowe's	27	1.51
120	Mastercard 'A'	29	1.62
280	Microsoft	46	2.57
160	Moody's	36	2.01
290	Morningstar	33	1.85
160	MSCI	43	2.40
135	NextEra Energy	26	1.45
250	Rockwell Automation	43	2.41
150	S&P Global	40	2.24
440	SolarEdge Technologies	49	2.74
270	Synopsys	43	2.41
300	Union Pacific	41	2.29
230	Visa	36	2.01
	TOTAL NORTH AMERICA	761	42.56
	SOUTH AMERICA – 0.00% (30.06.19 – 0.84%)	–	–
	TOTAL EQUITIES	1,460	81.66

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	COLLECTIVE INVESTMENT SCHEMES – 0.00% (30.06.19 – 1.05%) <sup>1</sup>		
	NORTH AMERICA – 0.00% (30.06.19 – 1.05%)	–	–
	TOTAL COLLECTIVE INVESTMENT SCHEMES	–	–
	COMMODITIES – 5.87% (30.06.19 – 4.81%) <sup>1</sup>		
780	Gold Bullion Securities	105	5.87
	FORWARD CURRENCY CONTRACTS – (0.34)% (30.06.19 – 0.00%)		
€(160,000)	Vs £144,430 (expiry 29/7/2020) <sup>2</sup>	(1)	(0.06)
US\$(892,000)	Vs £717,076 (expiry 29/07/2020) <sup>3</sup>	(5)	(0.28)
	TOTAL FORWARD CURRENCY CONTRACTS	(6)	(0.34)
	Portfolio of investments <sup>4</sup>	1,639	91.67
	Net other assets	149	8.33
	Net assets	1,788	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> The comparative figures have been restated to be consistent with current year presentation. Gold Bullion Securities has been reclassified from Collective Investment Schemes to Commodities.

<sup>2</sup> Counterparty: JP Morgan.

<sup>3</sup> Counterparty: Northern Trust.

<sup>4</sup> Includes investment liabilities.

## LF MITON BALANCED MULTI ASSET FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 30 June 2020

Total purchases for the year £'000 (note 15)	2,279	Total sales for the year £'000 (note 15)	2,547
Major purchases	Cost £'000	Major sales	Proceeds £'000
US Treasury 1.125% 28/2/2022	85	US Treasury 1.125% 28/2/2022	82
UK Treasury 1% 22/4/2024	78	UK Treasury 1% 22/4/2024	78
Apple	65	UK Treasury 4.25% 7/12/2049	70
US Treasury 1.125% 28/2/2021	59	UK Treasury 1.75% 22/1/2049	69
Omron	53	US Treasury 3% 15/8/2048	66
US Treasury 3% 15/8/2048	53	US Treasury 2.375% 15/11/2049	62
US Treasury 2.375% 15/11/2049	51	US Treasury 1.125% 28/2/2021	57
Campbell Soup	49	Microsoft	54
US Treasury 1.125% 28/2/2025	48	Campbell Soup	50
S&P Global	46	Home Depot	50

The summary of material portfolio changes represents the 10 largest purchases and sales during the year.



**LF MITON BALANCED MULTI ASSET FUND**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF TOTAL RETURN**

for the year ended 30 June 2020

	Notes	£'000	30.06.20 £'000	£'000	30.06.19 £'000
Income:					
Net capital gains/(losses)	3		42		(96)
Revenue	4	43		78	
Expenses	5	(13)		(14)	
Net revenue before taxation		30		64	
Taxation	6	(3)		(5)	
Net revenue after taxation			27		59
<b>Total return before distributions</b>			69		(37)
Distributions	7		(26)		(56)
<b>Change in net assets attributable to shareholders from investment activities</b>			43		(93)

**STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS**

for the year ended 30 June 2020

	Note	£'000	30.06.20 £'000	£'000	30.06.19 £'000
<b>Opening net assets attributable to shareholders</b>			1,912		1,879
Amounts receivable on issue of shares		481		1,279	
Amounts payable on redemption of shares		(674)		(1,201)	
			(193)		78
Change in net assets attributable to shareholders from investment activities			43		(93)
Retained distributions on Accumulation shares	7		26		48
<b>Closing net assets attributable to shareholders</b>			1,788		1,912

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

#### BALANCE SHEET

as at 30 June 2020

	Notes	30.06.20 £'000	30.06.19 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		1,645	1,843
<b>Current assets</b>			
Debtors	8	20	58
Cash and bank balances	9	145	104
<b>Total assets</b>		<u>1,810</u>	<u>2,005</u>
<b>LIABILITIES</b>			
Investment liabilities		(6)	–
<b>Creditors</b>			
Other creditors	10	(16)	(93)
<b>Total liabilities</b>		<u>(22)</u>	<u>(93)</u>
<b>Net assets attributable to shareholders</b>		<u>1,788</u>	<u>1,912</u>

**LF MITON BALANCED MULTI ASSET FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2020

**1. Accounting Policies**

The accounting policies described on pages 15 to 17 have been applied to the financial statements of the Fund in the current and prior year.

**2. Distribution Policies**

The distribution policies described on pages 17 and 18 have been applied to the financial statements of the Fund in the current and prior year.

**3. Net Capital Gains/(Losses)**

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

	30.06.20 £'000	30.06.19 £'000
Non-derivative securities	70	(60)
Forward currency contracts	(10)	(39)
Transaction charges	(3)	(7)
Currency (losses)/gains	(15)	10
Net capital gains/(losses)	42	(96)

**4. Revenue**

	30.06.20 £'000	30.06.19 £'000
Non-taxable dividends	33	61
Taxable dividends	3	3
UK property income distributions	1	1
Interest on debt securities	6	13
Total revenue	43	78

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 5. Expenses

	30.06.20 £'000	30.06.19 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	10	12
Ongoing Charges Figure cap rebate	(34)	(34)
Legal and professional fees	5	5
Typesetting costs	3	3
Registration fees	2	1
	(14)	(13)
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	13	10
Safe custody and other bank charges	5	5
	18	15
Other expenses:		
Audit fees	9	8
Others	–	4
	9	12
Total expenses	13	14

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration. Effective 1 January 2019, the Investment Manager has agreed to achieve an Ongoing Charges Figure of 1.00% for the 'B' Accumulation share class, and 0.90% for the 'F' Accumulation share class, and therefore on a discretionary basis, will make good the Fund to achieve these stated aims.

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 6. Taxation

	30.06.20 £'000	30.06.19 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	3	5
Current tax charge	3	5
Deferred tax – origination and reversal of timing differences	–	–
Total taxation (note 6b)	3	5

#### b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.06.19: 20%). The difference is explained below:

	30.06.20 £'000	30.06.19 £'000
Net revenue before taxation	30	64
Corporation tax at 20%	6	13
Effects of:		
Non-taxable dividends	(7)	(13)
Unutilised excess management expenses	1	–
Corporation tax charge	–	–
Overseas tax	3	5
Total tax charge (note 6a)	3	5

#### c) Deferred tax

At the year end there is a potential deferred tax asset of £1,000 (30.06.19: Nil) in relation to surplus management expenses.

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 7. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on redemption of shares, and comprise:

	30.06.20 £'000	30.06.19 £'000
Final	26	48
Add: Revenue deducted on redemption of shares	3	22
Deduct: Revenue received on issue of shares	(3)	(14)
Net distributions for the year	<u>26</u>	<u>56</u>

Details of the distributions per share are set out in the table on page 119.

	30.06.20 £'000	30.06.19 £'000
Distributions represented by:		
Net revenue after taxation	27	59
Allocations to capital:		
Rebate of Annual Management Charge, net of tax relief	(1)	(3)
Net distributions for the year	<u>26</u>	<u>56</u>

#### 8. Debtors

	30.06.20 £'000	30.06.19 £'000
Sales awaiting settlement	–	37
Accrued revenue:		
Non-taxable dividends	2	2
Interest from debt securities	1	2
	3	4
Amounts due from the Investment Manager:		
Refund of expenses	17	17
Total debtors	<u>20</u>	<u>58</u>

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 9. Cash and Bank Balances

	30.06.20 £'000	30.06.19 £'000
Bank balances	145	104
Total cash and bank balances	145	104

#### 10. Other Creditors

	30.06.20 £'000	30.06.19 £'000
Amounts payable for redemption of shares	–	34
Purchases awaiting settlement	–	44
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1	1
Typesetting costs	2	2
	3	3
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1	1
Transaction charges	1	1
Safe custody and other bank charges	2	1
	4	3
Other expenses	9	9
Total other creditors	16	93

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 11. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 10.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 103. There are no outstanding amounts at the balance sheet date.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Fund and as such is deemed to be a related party. At the balance sheet date the following shareholders held in excess of 20% of the shares in issue of the Fund:

Minster Nominees Limited	28.50% (30.06.19: 26.21%)
Transact Nominees Limited	12.99% (30.06.19: 20.99%)

#### 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (30.06.19: none).

#### 13. Shares in Issue

	'B' Accumulation	'F' Accumulation
Annual Management Charge	0.75%	0.50%
Opening shares in issue	670,266	1,399,891
Issues	307,649	204,760
Redemptions	<u>(213,453)</u>	<u>(497,902)</u>
Closing shares in issue	<u>764,462</u>	<u>1,106,749</u>

#### 14. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for Efficient Portfolio Management (including hedging) purposes.



## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

The main risks from the Fund's holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

#### (A) CREDIT RISK

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in a counterparty's credit quality.

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Fund has fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls operated over counterparties by the Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

There were forward currency contracts held at the balance sheet date. Details of individual contracts are disclosed separately in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

30.06.20 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
JP Morgan	(1)	-
Northern Trust	(5)	-

No forwards currency contracts were held as at 30 June 2019.

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### (B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of interest rate risk posed by the Fund's underlying investments on a regular basis. The Fund may indirectly be exposed to interest rate risk through its investment in collective investment schemes. As the Fund has no significant direct exposure to interest rate risk, no sensitivity analysis has been presented.

The table below shows the direct interest rate risk profile:

	30.06.20 £'000	30.06.19 £'000
Floating rate investments	–	20
Fixed rate investments	80	217
Investments on which interest is not paid	1,565	1,606
Investment liabilities on which interest is not paid	(6)	–
Total investments	<u>1,639</u>	<u>1,843</u>

The floating rate investments comprise collective investment schemes that pay UK interest distributions.

Investments on which interest is not paid include equities and collective investment schemes.

#### (C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Where the Fund invests in non-Sterling assets, foreign currency exposures are managed within parameters utilising forward currency contracts.

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

The table below shows the direct foreign currency risk profile:

	30.06.20 Gross £'000	30.06.20 Hedged £'000	30.06.20 Net £'000
Currency:			
Danish krone	53	–	53
Euros	240	(146)	94
Indonesian rupiah	30	–	30
Japanese yen	165	–	165
Korean won	14	–	14
Mexican pesos	6	–	6
Singapore dollars	11	–	11
South African rand	12	–	12
Swedish krona	27	–	27
Swiss francs	56	–	56
US dollars	910	(722)	188
	<u>1,524</u>	<u>(868)</u>	<u>656</u>
Pounds sterling	270	862	1,132
Net assets	<u>1,794</u>	<u>(6)</u>	<u>1,788</u>

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

30.06.19  
£'000

Currency:	
Australian dollars	15
Canadian dollars	17
Chinese yuan	1
Danish krone	46
Euros	86
Hong Kong dollars	76
Indian rupees	33
Indonesian rupiah	27
Japanese yen	79
Mexican pesos	6
New Zealand dollars	21
Norwegian krone	12
Singapore dollars	23
South African rand	77
Swiss francs	92
US dollars	898
	<u>1,509</u>
Pounds sterling	403
	<u>1,912</u>
Net assets	

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £33,000 on the net assets of the Fund (30.06.19: £75,000).

#### (D) LEVERAGE

The Fund did not employ any significant leverage during the current and prior year.

#### (E) LIQUIDITY RISK

The main liability of the Fund is the redemption of any shares that investors want to sell. Investments may have to be sold to fund such redemptions should insufficient cash be held at the bank to meet this obligation.

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 99.45% of the portfolio can be liquidated within 5 days and 99.78% within 30 days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

All financial liabilities are payable in one year or less, or on demand.

#### (F) MARKET PRICE RISK

Market price risk is the risk that the value of the Fund's financial instruments will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds.

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

A 5% increase in the value of the Fund's portfolio excluding forward currency contracts would have the effect of increasing the return and net assets by £82,000 (30.06.19: £92,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Investment Manager has employed derivatives for the purposes of hedging with the aim of reducing the risk profile of the Fund, or reducing costs, or generating additional capital or revenue, in accordance with Efficient Portfolio Management (EPM).

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

#### 15. Portfolio Transaction Costs

30.06.20	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	1,863	1	1	1,865
Collective investment schemes	18	–	–	18
Debt securities	396	–	–	396
Purchases total	<u>2,277</u>	<u>1</u>	<u>1</u>	<u>2,279</u>
<i>Transaction cost % of purchases total</i>		<i>0.04%</i>	<i>0.04%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.06%</i>	<i>0.06%</i>	
Ordinary shares	1,951	(1)	–	1,950
Collective investment schemes	39	–	–	39
Debt securities	558	–	–	558
Sales total	<u>2,548</u>	<u>(1)</u>	<u>–</u>	<u>2,547</u>
<i>Transaction cost % of sales total</i>		<i>0.04%</i>	<i>–</i>	
<i>Transaction cost % of average NAV</i>		<i>0.03%</i>	<i>0.01%</i>	

Average portfolio dealing spread at 30.06.20 is 0.11% (30.06.19: 0.10%).

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

30.06.19	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares <sup>1</sup>	3,232	1	5	3,238
Collective investment schemes <sup>1</sup>	20	–	–	20
Debt securities	775	–	–	775
Purchases total	<u>4,027</u>	<u>1</u>	<u>5</u>	<u>4,033</u>
<i>Transaction cost % of purchases total</i>		<i>0.02%</i>	<i>0.12%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.06%</i>	<i>0.23%</i>	
Ordinary shares <sup>1</sup>	3,105	(1)	(1)	3,103
Collective investment schemes <sup>1</sup>	8	–	–	8
Debt securities	685	–	–	685
Sales total	<u>3,798</u>	<u>(1)</u>	<u>(1)</u>	<u>3,796</u>
<i>Transaction cost % of sales total</i>		<i>0.03%</i>	<i>0.03%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.06%</i>	<i>0.01%</i>	

<sup>1</sup> The prior year figure has been restated to be consistent with current year presentation. Gold Bullion Securities is now classified as an ordinary share rather than a collective investment scheme.

### 16. Fair Value Hierarchy

Investments are categorised into the following levels based on their fair value measurement:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;

**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

30.06.20	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	<u>1,603</u>	<u>42</u>	<u>–</u>	<u>1,645</u>
Investment liabilities	<u>–</u>	<u>(6)</u>	<u>–</u>	<u>(6)</u>

## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2020

30.06.19	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	1,789	54	–	1,843

#### 17. Subsequent Events

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak a pandemic. In the immediate aftermath, global markets experienced a period of significant volatility which negatively impacted the performance of the Fund at the balance sheet date. Subsequent to that date and whilst markets have remained relatively volatile there has, in the period until the account signing date, been a general recovery in the markets.

This means that since the balance sheet date the price of each of the Fund's share classes has moved as follows:

Share class	Balance sheet date	26.10.20	Movement
'B' Accumulation	94.81	103.70	9.38%
'F' Accumulation	95.29	104.27	9.42%



## LF MITON BALANCED MULTI ASSET FUND

### FINANCIAL STATEMENTS *continued*

#### DISTRIBUTION TABLE

for the year ended 30 June 2020 – in pence per share

#### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes. Where there is no distribution at interim, the final distribution is deemed to run for the whole year.

Group 2	Final
From	01.07.19
To	30.06.20

#### 'B' ACCUMULATION SHARES

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	1.3143	–	1.3143	2.1493
Group 2	0.5811	0.7332	1.3143	2.1493

#### 'F' ACCUMULATION SHARES

Final	Net Revenue	Equalisation	Allocation 31.08.20	Allocated 31.08.19
Group 1	1.4002	–	1.4002	2.3703
Group 2	0.7480	0.6522	1.4002	2.3703

## GENERAL INFORMATION

### Structure of the Company

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new sub-fund or class, a revised prospectus will be prepared setting out the relevant details of each sub-fund or class.

The Company is a UCITS scheme for the purposes of the Regulations.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund.

The sub-funds which are currently available are:

LF Miton Defensive Multi Asset Fund  
LF Miton Cautious Multi Asset Fund  
LF Miton Balanced Multi Asset Fund

In the future there may be other sub-funds of the Company.

### Valuation Point

The current valuation point of each sub-fund is 12.00 noon (London time) on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

### Buying and Selling Shares

The ACD will accept orders to deal in the shares on normal business days between 8.30am and 5.30pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: PO Box 389, Darlington DL1 9UF or by telephone on 0345 606 6182.

### Prices

The prices of all shares are published on every dealing day on the ACD's website: [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk) and by calling 0345 606 6182 during the ACD's normal business hours. Prices are also published on the Investment Manager's website: [www.mitongroup.com](http://www.mitongroup.com).

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

Shareholders who have any complaints about the operation of the Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

## **GENERAL INFORMATION** *continued*

### **Data Protection Act**

Shareholders' names will be added to a mailing list which may be used by the ACD, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the ACD requesting their removal from any such mailing list.



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