



LF Gresham House Equity Funds

LF Gresham House UK Multi Cap Income Fund
LF Gresham House UK Smaller Companies Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



AUTHORISED CORPORATE DIRECTOR ('ACD')

LINK FUND SOLUTIONS LIMITED

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(Authorised and regulated by the Financial Conduct Authority)

DIRECTORS OF THE ACD

C. Addenbrooke (retired 2 February 2022)
N. Boyling
B. Hammond
K.J. Midl
A.G. Reid (appointed 4 January 2021)
A.J. Stenning (resigned 11 February 2021)
A.J. Stuart
E.E. Tracey (appointed 4 January 2021)

INVESTMENT MANAGER

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DEPOSITARY

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REGISTRAR

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INDEPENDENT AUDITOR

KPMG LLP

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(Chartered Accountants)

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ACD'S REPORT

for the year ended 31 December 2021

Authorised Status

LF Gresham House Equity Funds ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC001084 and authorised by the Financial Conduct Authority ('FCA') with effect from 18 April 2017. The Company has an unlimited duration.

The Company is a UK UCITS and the base of the 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

Economic Uncertainty

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 immediate period following its initial emergence and the global recognition of the seriousness of the pandemic, various national governments sought to provide financial support and stimulus to their economies, which, when combined with the development of effective vaccines to immunise populations around the world, and governments, society and businesses learning to operate in the post COVID-19 world, led to recovery in asset prices. However, whilst effective vaccines are now in use, their long-term effectiveness has yet to be determined, and there will continue to be an element of uncertainty as to the future. How this will translate into future asset pricing remains to be seen.

In the first quarter of 2022, the geopolitical situation started coming into sharp focus, culminating in February 2022 with Russia's incursion into Ukraine. The consequences of this development and the longer-term impact on the global economy are yet to be realised.

It must be recognised that the markets will remain fragile for a period of time and it is reasonably foreseeable that periods of instability, and consequently volatility in asset pricing, will emerge in the coming months.

Important Information

On 13 May 2021, the 'F' Sterling Income and 'F' Sterling Accumulation share classes were launched in the LF Gresham House UK Smaller Companies Fund.

From 1 November 2021, the Investment Manager has agreed, on a discretionary basis, to waive an appropriate portion of their fee in respect of all 'C' and 'F' shares issued by LF Gresham House UK Smaller Companies Fund, with a view that the ongoing charges figures of 1.00% and 0.50% respectively are not exceeded.

On 21 February 2022, the 'C' Euro Accumulation share class was launched in the LF Gresham House UK Multi Cap Income Fund and the LF Gresham House UK Smaller Companies Fund.

ACD'S REPORT *continued*

Cross Holdings

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

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 UK UCITS funds and Alternative Investment Funds ('AIFs').

LFSL delegates portfolio management for the funds to various investment management firms. The portfolio 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 solely for 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 2021, being the most recent accounting period which accounts have been prepared for LFSL prior to the production of these accounts. As at 30 June 2021, LFSL operated 92 UK UCITS and 111 AIFs, whose respective assets under management ('AuM') were £40,022 million and £49,171 million. The Company was valued at £104 million as at that date and represented 0.12% of LFSL's total AuM and 0.26% of its UK 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 UK UCITS obligations.

2021	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 30 June 2021	177	7,903	395	8,298
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 2021				
Senior management (including all Board members)	8	736	175	911
Staff engaged in control functions	7	521	–	521
Risk takers and other identified staff	19	1,579	118	1,697
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 will vary by function, but consideration is given to both qualitative and quantitative measures.

Further details can be found at: <https://www.linkfundsolutions.co.uk/investor-information/link-financial-solutions-limited-lfsl-policies-and-information-1/>.

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 year covered by this report.

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 the latest assessment is available on the ACD's website.

LINK FUND SOLUTIONS LIMITED

ACD of LF Gresham House Equity Funds
28 April 2022

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 Gresham House Equity Funds

28 April 2022

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 wind up 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, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the 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 Gresham House Equity Funds

28 April 2022

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF GRESHAM HOUSE EQUITY FUNDS ('THE COMPANY')

Opinion

We have audited the financial statements of the Company for the year ended 31 December 2021 which comprise the *Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the Related Notes and Distribution Tables* for each of the Company's sub-funds listed on pages 2 and 3 and the accounting policies set out on pages 15 to 17.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of each of the sub-funds as at 31 December 2021 and of the net revenue and the net capital gains on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for Opinion

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

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

Going Concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or its sub-funds or to cease their operations, and as they have concluded that the Company and its sub-funds' financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the Company's and its sub-funds' business model and analysed how those risks might affect the Company's and its sub-funds' financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF GRESHAM HOUSE EQUITY FUNDS ('THE COMPANY') *continued*

- we have not identified, and concur with the Authorised Corporate Director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's and its sub-funds' ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company or its sub-funds will continue in operation.

Fraud and Breaches of Laws and Regulations – Ability to Detect

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- assessing the segregation of duties in place between the ACD, the Depositary, the Administrator and the Investment Manager.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the ACD and the Administrator, no further high-risk journal entries or other adjustments were identified.

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the ACD and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF GRESHAM HOUSE EQUITY FUNDS ('THE COMPANY') *continued*

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other Information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF GRESHAM HOUSE EQUITY FUNDS ('THE COMPANY') *continued*

Matters on Which We Are Required to Report by Exception

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

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

Authorised Corporate Director's (Link Fund Solutions Limited) Responsibilities

As explained more fully in their statement set out on page 8 the Authorised Corporate Director is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF GRESHAM HOUSE EQUITY FUNDS ('THE COMPANY') *continued*

The Purpose of Our Audit Work and to Whom We Owe Our Responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

GRANT ARCHER
FOR AND ON BEHALF OF KPMG LLP, STATUTORY AUDITOR

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
28 April 2022

ACCOUNTING AND DISTRIBUTION POLICIES

for the year ended 31 December 2021

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, covering the subsequent 12 months, and considers liquidity, declines in global capital markets, known redemption levels, key service provider's operational resilience, and the impact of COVID-19. The ACD also considered each sub-fund's continued ability to meet ongoing costs, and is satisfied they have the resources to meet these costs and to continue in business.

(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.

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.

(C) TREATMENT OF EXPENSES

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

ACCOUNTING AND DISTRIBUTION POLICIES *continued*

(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.

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.

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.

ACCOUNTING AND DISTRIBUTION POLICIES *continued*

(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.

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 GRESHAM HOUSE UK MULTI CAP INCOME FUND ACD'S REPORT

for the year ended 31 December 2021

Important Information

Please refer to the Important Information section on page 4.

Investment Objective and Policy

The investment objective of LF Gresham House UK Multi Cap Income Fund ('the Fund') is to achieve income with the potential for capital growth, over any five year period, after all costs and charges have been taken.

Capital invested is at risk and there is no guarantee the objective will be achieved over any time period.

The Fund will invest directly at least 60% of the scheme property by value in the shares of small and medium sized companies that:

- (i) are incorporated, or domiciled in the UK;
- (ii) are listed or traded in the UK; and
- (iii) have a market capitalisation no greater than the smallest market constituent of the FTSE 100 Index.

The Fund may also invest directly and/or indirectly, up to 30% of the scheme property by value in the shares of large sized (have a market capitalisation greater than the smallest market constituent of the FTSE 100 Index) UK companies, investment and non-investment grade (including non-rated) sterling denominated debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

The Fund may also invest directly and/or indirectly up to 10% of the scheme property by value in the shares of non-UK companies and unlisted companies.

As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

Investments in collective investment schemes is limited to 10% of the scheme property by value.

The Fund can invest across different industry sectors without limitation.

The Fund may gain exposure to these assets directly by investing in securities issued by companies and governments, and indirectly by investing in other transferable securities and collective investment schemes (open and closed ended). Indirect investments may include instruments managed or advised by the ACD or the Investment Manager or their associates.

The Fund may use derivatives for efficient portfolio management purposes.

The investment amounts referenced above will not apply under extraordinary market conditions. Examples of extraordinary market conditions include economic, political unrest or instability, world events leading to market instability, closure of a relevant market(s), or any events which give rise to high downside risk. During such periods, the Fund may temporarily invest up to 100% of its total assets in cash and cash equivalents.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the IA UK Equity Income sector.

The Fund's performance may be compared against the IA UK Equity Income sector. The ACD believes that this is an appropriate comparator benchmark for the Fund given the investment objective and policy of the Fund. 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. The comparator benchmark has been selected as the ACD considers it assists investors in evaluating the Fund's performance against the performance of other funds invested in similar assets. The Fund is not constrained by the comparator benchmark and may take positions that differ significantly from the comparator benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Gresham House UK Multi Cap Income Fund

28 April 2022

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2021

Investment Strategy

The Fund was launched on 30 June 2017 with a policy of investing primarily in small and mid-cap companies, as well as holding large cap companies, and an objective of delivering a return of income with a potential for capital growth. These companies are predominantly UK listed equities. In annual terms the Fund currently is targeting a high single digit total return.

The Fund's investment strategy seeks to leverage the Manager's core expertise in investing in small and mid-sized UK businesses within its key sectors of consumer, technology, media and telecom, business services and healthcare & education. The Fund focuses on finding profitable, cash generative companies that offer attractive dividends and scope to grow, and employs a disciplined investment process to appraise potential investments. The Fund also looks to benefit from the wider Gresham House platform of research and investment professionals, and network of entrepreneurs, business leaders and industry specialists.

Fund composition aims to reflect the Manager's high conviction style, comprising a relatively concentrated portfolio of stocks with the potential to sustainably grow profits, cash flow and dividends over the longer term.

Movements in Net Asset Value

During the period the gross NAV of the Fund increased from £75.7m¹ to £205.2m¹, of which 89.0% was invested in UK equities – 75.4% in small and mid-cap and 13.6% in large cap. The NAV increased due to net inflows from unit holders amounting to £109.4m, in addition to a revaluation of the portfolio of £20.1m. The Fund delivered a return of 26.3%² over the period ('C' Sterling Accumulation share class), outperforming the IA UK Equity Income Sector, which returned 18.4%².

Investment Activity

During the period investment activity was strong as inflows were deployed into a combination of new positions and follow-on investments into portfolio companies, totaling £108.2m across both; the number of portfolio companies increased from 42 to 47.

2021 saw positive momentum with markets rallying early on in 2021 post-pandemic in 2020. This momentum tapered in the last quarter of 2021 as challenges lingered across the broader macroeconomic backdrop which in turn impacted broad market volatility. These challenges centred around themes of heightened global supply chain disruption, increasing inflationary pressures, and rising investor fears over the impact of the Omicron variant. Despite some easing of the supply chain constraints over the quarter, persistently high inflation costs and tight labour market restrictions drove inflation to record highs. UK CPI increased to a decade high of 5.1% in November with the result that the Bank of England raised interest rates by 0.25%.

¹ Based on 12pm Valuation Point.

² Source: FE Analytics.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

As the Manager has previously flagged, we have continued to see periods of uncertainty given the ongoing repercussions and further order impact of the pandemic, which impacted market sentiment and volatility during 2021. The Manager has continued to focus on the investment strategy, consistently implementing our rigorous process to create a selective and differentiated portfolio of conviction assets. The Manager has engaged proactively and frequently with management across the existing portfolio to understand the impact and outlook for each investment, in light of the rapidly evolving environment.

In line with the Manager's strategy and process, the majority of the Fund's investments sat within high quality businesses, often operating in structurally attractive markets with financially robust business models and generally net cash or lowly geared balance sheets. These businesses typically demonstrated sustainable long-term income streams, some with varying elements of capital growth potential largely driven by structural themes rather than macroeconomic or external factors. As the year progressed the Manager saw these attributes materialise through an encouraging level of cash generation and corresponding commitment to dividends across the portfolio with limited exposure to interrupted income. Portfolio companies showed underlying resilience, with the limited proportion of the portfolio only experiencing a short-term impact due to the supply chain disruptions, rising inflation and the Omicron variant. It was positive to see investees re-calibrate their businesses with agility and emerge strongly from tough trading conditions experienced during the previous year.

In line with this the Fund deployed £64.1m into 32 existing portfolio companies as follow-on investments during the period. Examples included Tatton Asset Management, a boutique wealth and asset management firm; Property Franchise Group, a real estate services company providing property management, sales, real estate investment and other related services; and B&M European Value Retail, a discount retailer operating in the UK and France.

The Manager was selective in making new investments during the period, taking advantage of attractive opportunities across the market. The Manager deployed capital into companies across the market cap spectrum and with varying combinations of income and long-term capital growth potential. Some examples included Premier Foods, a branded food products manufacturer with leading brand market positions across categories. As part of the process the Manager leveraged the proprietary network to drive conviction in the quality of the management team and the strength of the investment case, predicated on de-leveraging, earnings expansion and branded growth through innovation. DWF, a new investment made during the period is another example of leveraging the Manager's network to validate the quality of the management team. DWF is a global provider of legal and professional services, where we had followed a transformational change of strategy that aligned with a focus on profitability and cash generation, driven by a new team, with the shares attractively priced and paying a strong dividend yield. The Manager also leveraged embedded sector insights within the legal services market to drive conviction in this opportunity.

A key differentiating feature of the Fund's investment process is its ability to leverage the wider platform and private equity resource of Gresham House and network to evaluate new opportunities, which the Manager continued to do during the period.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

The Manager believes it is strongly positioned amongst UK fund managers to effectively evaluate new companies being admitted to the market through an Initial Public Offering ('IPO'). Deal flow activity has remained relatively elevated across both secondary equity fundraisings and IPOs and was similarly dispersed across the market cap spectrum. We continued to evaluate deal flow opportunities and remained selective and disciplined in our appraisal of these. There was strong UK equity market issuance during the period as companies took advantage of a resurgence in investors' appetite to deploy capital, with 2021 being one of the most active years for equity issuance for over a decade. The Fund invested in one IPO during the year; Peel Hunt Ltd, a mid and small-cap specialist investment bank with a strong market position in trading & execution that offers a healthy balance to overall revenue exposure. The Fund participated in a range of equity fundraisings across the portfolio including the secondary fundraising for Telecom Plus, an asset-light multi utility re-seller with a structural cost advantage and differentiated route to market. The Manager capitalised on a transformational shift in the market opportunity and growth outlook for the company, catalysed by the energy market turmoil and changing regulatory landscape. In line with the strategy of leveraging proprietary investment insights across the wider Gresham House network, the Manager also participated in follow-on fundraisings for investees experiencing growth driven by structural sustainability tailwinds. These included Smart Metering Systems, a market leader in the installation and ownership of UK smart meters; and Gresham House Energy Storage Fund, a market leader in grid scale energy storage solutions in the UK, an exciting long-term opportunity driven by the rise of renewable energy sources.

Market gyrations and divergence of performance across UK equity market sectors contributed to corporate activity during the period. The Manager believes that businesses with strong underlying long-term fundamentals, trading durably through the period, which suffered share price falls due to widespread negative sentiment around the supply chain disruptions and inflationary pressures were particularly susceptible to takeovers. Furthermore, the persistent and wide valuation discount across UK equities relative to the global sector and within the small cap space relative to large cap supported this theme. Within the Fund, the Manager realised three full exits from M&A as the takeover of UDG Healthcare (+45.3% return) by private equity firm Clayton, Dubilier & Rice completed; Vectura (+39.1% return) which was acquired by Phillip Morris International; and the takeover of Morrison Supermarkets (+59.2% return) by private equity firm Clayton, Dubilier & Rice.

Investment Performance

The Fund achieved a total return of 26.3% (based on 'C' Sterling Accumulation share class), ranking 5th out of 86 in the IA UK Equity Income Sector. The Fund outperformed its sector during the period, which was characterised by periods of heightened volatility. The Manager believes that the focus on quality fundamentals-based businesses in structurally attractive markets with robust earnings streams and application of proprietary network and investment process were key drivers of outperformance. In line with the strategy, process and portfolio composition the Fund outperformed relative to the sector, benefitting from portfolio positioning on resilient businesses with long term structural growth opportunities and defensible income streams. The Manager is committed to targeting strong long-term risk-adjusted returns through employing disciplined risk mitigation

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

processes, leveraging proprietary networks and focusing on quality businesses with sustainable income and structural capital growth dynamics across the market cap spectrum. The Fund ended the period as the top performing UK Equity Income Fund since its launch whilst ranking lowest level of volatility amongst its sector peer group.

Key contributors to absolute performance during the period were Alpha Financial Markets Consulting, following a strategic acquisition in the US market, adding capability in the area of alternatives with a strong roster of blue chip clients as well as delivering strong trading performance during the year; Belvoir Lettings, which continued its strong trading performance throughout 2021; and Tatton Asset Management, on strong growth in assets and earnings in line with expectations. Detractors were Sabre Insurance, following results that showed a slower than anticipated recovery following the end of lockdown and a Q3 trading update showing a subdued recovery in market demand for motor policies; Currys, on the back of positive interim results but where the shares underperformed as they pointed to a softer market; and TP-ICAP, which announced interim results slightly below expectations due to challenging market conditions and continuing investment in their strategic initiatives.

Outlook

The Fund continues to seek new monies in order to take advantage of the many opportunities observed within its target universe. In line with the Manager's style the Fund looks to invest in quality companies with sustainable income streams that offer attractive cash flows with the potential to deliver both dividend and capital growth over the long-term and that may demonstrate resilience during more volatile market conditions.

The geopolitical situation surrounding the conflict in Ukraine and the related international sanctions against Russia and Russian entities has exacerbated some of these issues as well as increasing the level of uncertainty surrounding markets. We anticipate a rising number of profit warnings in coming months driven by the uncertain environment for market estimates. This in turn is likely to drive share price volatility for individual stocks. We believe that volatility, while creating some challenges, will provide an attractive environment for long-term investors to back quality companies with attractive, sustainable income streams at reasonable valuations across the market cap spectrum. Across the UK equity income sector, we believe that there are likely to be appealing diversified, robust and resilient income generating opportunities, that we are well positioned to uncover, appraise and deploy capital into. The economic environment and lingering COVID-19 discontinuity will provide agile smaller businesses with strong management teams with the opportunity to take market share and build strong long-term franchises.

We see significant opportunities as long term investors with the capability and expertise to invest across the market spectrum where we can find high quality businesses providing robust and resilient income streams. As shown by the resilient and strong performance of the Fund's income streams during 2021, the Manager believes they are well-positioned to navigate the UK equity income market's evolving dividend landscape.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

We are still seeing attractive opportunities across the market cap spectrum of UK equities. Although UK equities performed strongly over the course of the year there remains a compelling structural discount across both UK equities and smaller companies. We believe this should continue to support the higher levels of corporate activity. Ongoing positive flows are being seen into UK equities which is a positive signal of improving sentiment towards the UK and should be supportive for share prices.

We continue to believe that over the long term our fundamentals focused investment style has the potential to outperform. The Fund will maintain its focus on building a high conviction portfolio of less cyclical, high-quality businesses with stable and growing earnings streams, good cash flows and dividends, across the market cap spectrum. We believe these businesses can deliver strong returns through the market cycle regardless of the performance of the wider economy.

GRESHAM HOUSE ASSET MANAGEMENT LIMITED

Investment Manager

16 March 2022

LF GRESHAM HOUSE UK MULTI CAP INCOME 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 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. The lowest number on the scale does not mean that a fund is risk free.

Counterparty Risk: The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

Change in Interest Rate Risk: A rise in interest rates generally causes bond prices to fall.

Credit Risk: The value of a bond may be affected by its credit rating, the lower the rating the higher the risk of the issuer not paying interest or repaying the loan.

Liquidity Risk: Smaller companies' securities are often traded less frequently than those of larger companies which means they may be more difficult to buy and sell. Their prices may also be subject to short term swings (both up and down) in their value.

Concentration Risk: The Fund may invest in stocks with a particular industry, sector or geographical focus. This means that the performance of a single industry, sector or geographical region within the Fund has a greater effect (loss or gain) on the value of 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.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND
ACD'S REPORT *continued*
FUND INFORMATION *continued*

Comparative Tables

'C' STERLING INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.12.21 pence per share	31.12.20 pence per share	31.12.19 pence per share
Opening net asset value per share	113.51	124.21	99.03
Return before operating charges*	30.81	(5.97)	30.81
Operating charges	(1.11)	(0.95)	(0.98)
Return after operating charges	29.70	(6.92)	29.83
Distributions	(5.44)	(3.78)	(4.65)
Closing net asset value per share	137.77	113.51	124.21
* after direct transaction costs of:	0.63	0.41	0.25

PERFORMANCE

Return after charges	26.17%	(5.57)%	30.12%
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OTHER INFORMATION

Closing net asset value (£'000)	25,998	9,270	2,162
Closing number of shares	18,870,892	8,166,257	1,740,844
Operating charges	0.85%	0.86%	0.89%
Direct transaction costs	0.47%	0.37%	0.22%

PRICES

Highest share price	141.38	129.86	126.93
Lowest share price	114.70	89.70	100.39

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' STERLING ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.12.21 pence per share	31.12.20 pence per share	31.12.19 pence per share
Opening net asset value per share	129.82	137.15	104.96
Return before operating charges*	35.57	(6.27)	33.24
Operating charges	(1.29)	(1.06)	(1.05)
Return after operating charges	34.28	(7.33)	32.19
Distributions	(6.31)	(4.23)	(5.02)
Retained distributions on accumulation shares	6.31	4.23	5.02
Closing net asset value per share	164.10	129.82	137.15
* after direct transaction costs of:	0.73	0.45	0.26

PERFORMANCE

Return after charges	26.41%	(5.34)%	30.67%
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OTHER INFORMATION

Closing net asset value (£'000)	45,004	21,738	4,524
Closing number of shares	27,425,514	16,744,110	3,298,620
Operating charges	0.85%	0.86%	0.89%
Direct transaction costs	0.47%	0.37%	0.22%

PRICES

Highest share price	165.44	143.37	138.73
Lowest share price	131.17	99.03	106.39

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'F' STERLING INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.12.21 pence per share	31.12.20 pence per share	31.12.19 pence per share
Opening net asset value per share	114.32	124.88	99.43
Return before operating charges*	31.04	(5.97)	30.96
Operating charges	(0.92)	(0.79)	(0.82)
Return after operating charges	30.12	(6.76)	30.14
Distributions	(5.48)	(3.80)	(4.69)
Closing net asset value per share	138.96	114.32	124.88
* after direct transaction costs of:	0.63	0.41	0.25

PERFORMANCE

Return after charges	26.35%	(5.41)%	30.31%
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OTHER INFORMATION

Closing net asset value (£'000)	80,059	31,922	27,906
Closing number of shares	57,612,667	27,922,295	22,345,352
Operating charges	0.70%	0.71%	0.74%
Direct transaction costs	0.47%	0.37%	0.22%

PRICES

Highest share price	142.53	130.60	127.63
Lowest share price	115.53	90.23	100.80

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'F' STERLING ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.12.21 pence per share	31.12.20 pence per share	31.12.19 pence per share
Opening net asset value per share	130.84	138.01	105.45
Return before operating charges*	35.84	(6.29)	33.44
Operating charges	(1.06)	(0.88)	(0.88)
Return after operating charges	34.78	(7.17)	32.56
Distributions	(6.37)	(4.25)	(5.04)
Retained distributions on accumulation shares	6.37	4.25	5.04
Closing net asset value per share	165.62	130.84	138.01
* after direct transaction costs of:	0.73	0.46	0.27

PERFORMANCE

Return after charges	26.58%	(5.20)%	30.88%
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OTHER INFORMATION

Closing net asset value (£'000)	51,716	11,858	12,893
Closing number of shares	31,224,795	9,063,613	9,342,275
Operating charges	0.69%	0.71%	0.74%
Direct transaction costs	0.47%	0.37%	0.22%

PRICES

Highest share price	166.98	144.29	139.60
Lowest share price	132.20	99.69	106.89

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 31 December 2021 (%)

	1 year	3 years	Since launch ¹
LF Gresham House UK Multi Cap Income Fund	26.28	55.75	65.44
IA UK Equity Income sector ²	18.35	26.65	18.20

¹ Fund launched 30 June 2017.

² Source: Morningstar Direct.

The performance of the Fund is based on the published price per 'C' Sterling 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 50 to 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 GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	CORPORATE BONDS – 0.72% (31.12.20 – 1.49%)		
1,401,916	The Lakes Distillery 20% 20/6/2022 ¹	1,465	0.72
	UNITED KINGDOM – 82.93% (31.12.20 – 80.57%)		
	TECHNOLOGY – 3.00% (31.12.20 – 3.94%)		
	SOFTWARE AND COMPUTER SERVICES – 3.00% (31.12.20 – 3.94%)		
321,154	EMIS ²	4,368	2.15
2,178,304	Vianet	1,721	0.85
	TOTAL TECHNOLOGY	6,089	3.00
	TELECOMMUNICATIONS – 3.45% (31.12.20 – 2.85%)		
	TELECOMMUNICATIONS SERVICE PROVIDERS – 3.45% (31.12.20 – 2.85%)		
441,528	Telecom Plus	6,994	3.45
	TOTAL TELECOMMUNICATION	6,994	3.45
	HEALTH CARE – 5.13% (31.12.20 – 2.19%)		
	PHARMACEUTICALS AND BIOTECHNOLOGY – 5.13% (31.12.20 – 2.19%)		
113,318	Bioventix ²	3,739	1.84
414,960	GlaxoSmithKline	6,667	3.29
	TOTAL HEALTH CARE	10,406	5.13
	FINANCIALS – 26.98% (31.12.20 – 33.30%)		
	FINANCE AND CREDIT SERVICES – 0.80% (31.12.20 – 2.91%)		
3,230,166	Orchard Funding ²	1,615	0.80

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	INVESTMENT BANKING AND BROKERAGE SERVICES – 18.50% (31.12.20 – 18.99%)		
449,304	3i	6,511	3.21
1,436,300	Argentex ²	1,321	0.65
1,211,744	Brewin Dolphin	4,459	2.20
413,513	Mattioli Woods ²	3,515	1.73
1,426,692	Peel Hunt	2,853	1.41
1,067,381	River & Mercantile	3,224	1.59
37,500	Schroders	1,335	0.66
69,177	Schroders <i>non-voting</i>	1,577	0.78
577,441	Tatton Asset Management ²	3,245	1.60
2,656,703	TP ICAP	4,056	2.00
3,859,407	XPS Pensions	5,403	2.67
		<u>37,499</u>	<u>18.50</u>
	CLOSED END INVESTMENTS – 3.27% (31.12.20 – 5.88%)		
3,169,736	Gresham House Energy Storage ^{3,4}	4,105	2.02
2,030,373	Hipgnosis Songs ³	2,538	1.25
		<u>6,643</u>	<u>3.27</u>
	LIFE INSURANCE – 2.38% (31.12.20 – 1.82%)		
737,676	Phoenix	4,817	2.38
	NON-LIFE INSURANCE – 2.03% (31.12.20 – 3.70%)		
2,279,543	Sabre Insurance	4,126	2.03
	TOTAL FINANCIALS	<u>54,700</u>	<u>26.98</u>
	REAL ESTATE – 5.49% (31.12.20 – 7.23%)		
	REAL ESTATE INVESTMENT AND SERVICES DEVELOPMENT – 4.19% (31.12.20 – 4.91%)		
1,505,190	Belvoir Lettings ²	3,868	1.91
1,513,000	Property Franchise	4,630	2.28
		<u>8,498</u>	<u>4.19</u>

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	REAL ESTATE INVESTMENT TRUSTS – 1.30% (31.12.20 – 2.32%)		
187,651	Safestore	2,644	1.30
	TOTAL REAL ESTATE	11,142	5.49
	CONSUMER DISCRETIONARY – 16.72% (31.12.20 – 14.25%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 2.24% (31.12.20 – 2.50%)		
1,740,090	Watkin Jones ²	4,550	2.24
	MEDIA – 4.44% (31.12.20 – 5.28%)		
1,172,296	Bloomsbury Publishing	4,220	2.08
2,215,870	Moneysupermarket.com	4,786	2.36
		9,006	4.44
	RETAILERS – 7.66% (31.12.20 – 2.12%)		
1,089,195	B&M European Value Retail	6,905	3.41
4,415,811	Currys	5,052	2.49
1,039,144	Halfords	3,575	1.76
		15,532	7.66
	TRAVEL AND LEISURE – 2.38% (31.12.20 – 4.35%)		
1,049,134	Domino's Pizza	4,814	2.38
	TOTAL CONSUMER DISCRETIONARY	33,902	16.72
	CONSUMER STAPLES – 2.43% (31.12.20 – 1.32%)		
	FOOD PRODUCERS – 2.43% (31.12.20 – 0.00%)		
4,440,865	Premier Foods	4,920	2.43

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	PERSONAL CARE, DRUG AND GROCERY STORES – 0.00% (31.12.20 – 1.32%)	–	–
	TOTAL CONSUMER STAPLES	4,920	2.43
	INDUSTRIALS – 19.73% (31.12.20 – 15.49%)		
	CONSTRUCTION AND MATERIALS – 4.05% (31.12.20 – 0.00%)		
2,080,083	Balfour Beatty	5,450	2.69
500,000	Volution	2,765	1.36
		8,215	4.05
	INDUSTRIAL SUPPORT SERVICES – 14.83% (31.12.20 – 13.44%)		
864,844	Alpha Financial Markets Consulting ²	3,978	1.96
757,328	Begbies Traynor ²	1,000	0.49
2,642,979	DWF	3,013	1.49
3,693,546	FRP Advisory	4,913	2.42
23,174,204	Inspired Energy ²	4,055	2.00
973,967	Ricardo	4,373	2.16
499,886	Smart Metering Systems ²	4,199	2.07
7,274,445	Speedy Hire	4,539	2.24
		30,070	14.83
	INDUSTRIAL TRANSPORTATION – 0.85% (31.12.20 – 2.05%)		
238,857	Clipper Logistics	1,727	0.85
	TOTAL INDUSTRIALS	40,012	19.73
	TOTAL UNITED KINGDOM	168,165	82.93
	BERMUDA – 2.21% (31.12.20 – 3.02%)		
2,605,527	Randall & Quilter Investment ²	4,482	2.21

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	GUERNSEY – 2.47% (31.12.20 – 2.22%)		
11,927,364	Duke Royalty	5,009	2.47
	IRELAND – 0.00% (31.12.20 – 1.98%)	–	–
	ISLE OF MAN – 0.93% (31.12.20 – 2.59%)		
625,380	Strix ²	1,886	0.93
	Portfolio of investments	181,007	89.26
	Net other assets	21,770	10.74
	Net assets	202,777	100.00

The investment 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.

¹ Unlisted security.

² Quoted on the Alternative Investment Market (AIM).

³ Closed end fund.

⁴ Related party holding (see note 11).

The securities held within the United Kingdom portion of the Portfolio Statement have been shown under the new Industry Classification Benchmarks, which were adopted by all FTSE indices with effect from 22 March 2021. Comparatives have been restated where necessary.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2021

Total purchases for the year £'000 (note 15)	108,393	Total sales for the year £'000 (note 15)	15,364
	Cost £'000		Proceeds £'000
Major purchases		Major sales	
GlaxoSmithKline	5,973	Morrison (Wm.) Supermarkets	2,772
Currys	5,846	Vectura	2,634
Balfour Beatty	5,753	UDG Healthcare	2,484
Premier Foods	4,801	Mortgage Advice Bureau	2,349
B&M European Value Retail	4,567	TEN Entertainment	1,977
Phoenix	3,657	Oxford Metrics	1,026
Halfords	3,619	Strix	735
Telecom Plus	3,539	Alpha Financial Markets Consulting	502
Moneysupermarket.com	3,436	Safestore	320
3i	3,389	FinnCap	306

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

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN

for the year ended 31 December 2021

	Notes	£'000	31.12.21 £'000	£'000	31.12.20 £'000
Income:					
Net capital gains/(losses)	3		19,268		(4,898)
Revenue	4	4,854		2,294	
Expenses	5	(865)		(488)	
Net revenue before taxation		3,989		1,806	
Taxation	6	(64)		(30)	
Net revenue after taxation			3,925		1,776
Total return before distributions			23,193		(3,122)
Distributions	7		(4,790)		(2,264)
Change in net assets attributable to shareholders from investment activities			18,403		(5,386)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 December 2021

	Note	£'000	31.12.21 £'000	£'000	31.12.20 £'000
Opening net assets attributable to shareholders			74,788		47,485
Amounts receivable on issue of shares		119,248		54,433	
Amounts payable on redemption of shares		(11,987)		(23,045)	
			107,261		31,388
Dilution levy	1(H)		–		135
Change in net assets attributable to shareholders from investment activities			18,403		(5,386)
Retained distributions on Accumulation shares			2,325		1,166
Closing net assets attributable to shareholders			202,777		74,788

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 31 December 2021

	Notes	31.12.21 £'000	31.12.20 £'000
ASSETS			
Fixed assets			
Investments		181,007	68,707
Current assets			
Debtors	8	1,792	1,793
Cash and bank balances	9	21,826	4,935
Total assets		<u>204,625</u>	<u>75,435</u>
LIABILITIES			
Creditors			
Distribution payable	10	(866)	(347)
Other creditors	10	(982)	(300)
Total liabilities		<u>(1,848)</u>	<u>(647)</u>
Net assets attributable to shareholders		<u>202,777</u>	<u>74,788</u>

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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 page 17 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below has also been applied to this Fund.

All expenses are transferred to capital for distribution purposes in line with the Fund's investment objective. This will increase the amount of revenue available for distribution; however, will erode capital and may constrain capital growth.

3. Net Capital Gains/(Losses)

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

	31.12.21 £'000	31.12.20 £'000
Non-derivative securities	19,274	(4,900)
Transaction charges	(6)	(2)
Currency gains	–	4
Net capital gains/(losses)	<u>19,268</u>	<u>(4,898)</u>

4. Revenue

	31.12.21 £'000	31.12.20 £'000
Non-taxable dividends	4,546	1,885
UK property income distributions	43	31
Interest on debt securities	265	223
Bank interest	–	10
Non-taxable stock dividends	–	145
Total revenue	<u>4,854</u>	<u>2,294</u>

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

5. Expenses

	31.12.21 £'000	31.12.20 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	760	418
Legal and professional fees	10	9
Typesetting costs	4	3
Registration fees	35	19
	809	449
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	38	23
Safe custody and other bank charges	10	8
	48	31
Other expenses:		
Audit fees	8	8
Total expenses	865	488

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

6. Taxation

	31.12.21 £'000	31.12.20 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	64	30
Current tax charge	64	30
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	64	30

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

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%) (31.12.20: 20%). The difference is explained below:

	31.12.21 £'000	31.12.20 £'000
Net revenue before taxation	3,989	1,806
Corporation tax at 20%	798	361
Effects of:		
Non-taxable dividends	(909)	(406)
Unutilised excess management expenses	111	45
Corporation tax charge	–	–
Overseas tax	64	30
Total tax charge (note 6a)	64	30

c) Deferred tax

At the year end there is a potential deferred tax asset of £222,000 (31.12.20: £111,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Distributions

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

	31.12.21 £'000	31.12.20 £'000
First Interim	644	341
Second Interim	1,279	572
Third Interim	1,742	805
Final	1,649	628
	5,314	2,346
Add: Revenue deducted on redemption of shares	57	135
Deduct: Revenue received on issue of shares	(581)	(217)
Net distributions for the year	4,790	2,264

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

Details of the distributions per share are set out in the table on pages 50 to 52.

	31.12.21 £'000	31.12.20 £'000
Distributions represented by:		
Net revenue after taxation	3,925	1,776
Allocations to capital:		
Expenses	865	488
Net distributions for the year	<u>4,790</u>	<u>2,264</u>

8. Debtors

	31.12.21 £'000	31.12.20 £'000
Amounts receivable for issue of shares	1,109	1,458
Accrued revenue:		
Non-taxable dividends	610	134
Interest from debt securities	73	201
	<u>683</u>	<u>335</u>
Total debtors	<u>1,792</u>	<u>1,793</u>

9. Cash and Bank Balances

	31.12.21 £'000	31.12.20 £'000
Bank balances	21,826	4,935
Total cash and bank balances	<u>21,826</u>	<u>4,935</u>

10. Creditors

	31.12.21 £'000	31.12.20 £'000
Distribution payable	<u>866</u>	<u>347</u>

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

	31.12.21 £'000	31.12.20 £'000
Other Creditors		
Amounts payable for redemption of shares	42	101
Purchases awaiting settlement	804	134
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	106	41
Legal and professional fees	1	1
Typesetting costs	3	1
Registration fees	5	2
	115	45
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	4	2
Transaction charges	2	–
Safe custody and other bank charges	–	2
	6	4
Other expenses	15	16
Total other creditors	<u>982</u>	<u>300</u>

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 37 and amounts due at the year end are disclosed in notes 8 and 10.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

Link Fund Solutions Limited which is a related party of the Investment Manager held 15,883 (31.12.20: nil) 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 no shareholders held in excess of 20% of the shares in issue of the Fund.

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. At the balance sheet date the value of the holdings was as follows:

	31.12.21 £'000	31.12.20 £'000
Investment Manager in common	4,105	2,401

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.12.20: none).

13. Shares in Issue

	'C' Sterling Income	'C' Sterling Accumulation	'F' Sterling Income	'F' Sterling Accumulation
Annual Management Charge	0.75%	0.75%	0.60%	0.60%
Opening shares in issue	8,166,257	16,744,110	27,922,295	9,063,613
Issues	11,701,285	17,375,350	30,104,155	22,517,591
Redemptions	(996,650)	(6,693,946)	(413,783)	(356,409)
Closing shares in issue	18,870,892	27,425,514	57,612,667	31,224,795

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 GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

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.

(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 may expose the Fund to indirect interest rate risk to the extent that they may 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 also 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.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

The table below shows the direct interest rate risk profile:

	31.12.21 £'000	31.12.20 £'000
Fixed rate investments	1,465	1,115
Investments on which interest is not paid	179,542	67,592
Total investments	<u>181,007</u>	<u>68,707</u>

Investments on which interest is not paid include equities and closed end funds.

(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.

The Fund does not have any significant exposure to foreign currency risk, and therefore no foreign currency table or sensitivity analysis has been presented.

(D) LEVERAGE

The Fund did not employ any significant leverage during 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 daily.

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 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 36.56% of the portfolio can be liquidated within 5 days and 60.28% within 21 working days (31.12.20: 48.79% within 5 days and 77.34% 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.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

(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 would have the effect of increasing the return and net assets by £9,050,000 (31.12.20: £3,435,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

The Fund held no derivatives during the current or prior year.

15. Portfolio Transaction Costs

31.12.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	105,864	188	352	106,404
Collective investment schemes	1,748	2	4	1,754
Debt securities	235	–	–	235
Purchases total	<u>107,847</u>	<u>190</u>	<u>356</u>	<u>108,393</u>
<i>Transaction cost % of purchases total</i>		<i>0.18%</i>	<i>0.33%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.16%</i>	<i>0.30%</i>	
Ordinary shares	15,347	(15)	–	15,332
Debt securities	32	–	–	32
Sales total	<u>15,379</u>	<u>(15)</u>	<u>–</u>	<u>15,364</u>
<i>Transaction cost % of sales total</i>		<i>0.10%</i>	<i>–</i>	
<i>Transaction cost % of average NAV</i>		<i>0.01%</i>	<i>–</i>	

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

Average portfolio dealing spread at 31.12.21 is 1.73% (31.12.20: 2.04%).

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
31.12.20				
Ordinary shares	44,012	78	131	44,221
Collective investment schemes	4,056	–	–	4,056
Debt securities	134	–	–	134
Purchases total	<u>48,202</u>	<u>78</u>	<u>131</u>	<u>48,411</u>
<i>Transaction cost % of purchases total</i>		0.16%	0.27%	
<i>Transaction cost % of average NAV</i>		0.12%	0.20%	
Ordinary shares	17,845	(28)	–	17,817
Sales total	<u>17,845</u>	<u>(28)</u>	<u>–</u>	<u>17,817</u>
<i>Transaction cost % of sales total</i>		0.16%	–	
<i>Transaction cost % of average NAV</i>		0.05%	–	

The collective investment schemes include closed end funds.

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).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.12.21				
Investment assets	<u>179,542</u>	<u>–</u>	<u>1,465</u>	<u>181,007</u>
31.12.20				
Investment assets	<u>67,592</u>	<u>–</u>	<u>1,115</u>	<u>68,707</u>

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

17. Subsequent Events

Since the balance sheet date the price of each of the Fund's share classes has moved as follows:

	Balance sheet date	25.04.22	Movement
'C' Sterling Income	140.03	131.11	(6.37)%
'C' Sterling Accumulation	165.44	157.38	(4.87)%
'F' Sterling Income	141.24	132.31	(6.32)%
'F' Sterling Accumulation	166.98	158.94	(4.81)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 28 April 2022.

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 31 December 2021 – 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.

Group 2	First Interim	Second Interim	Third Interim	Final
From	01.01.21	01.04.21	01.07.21	01.10.21
To	31.03.21	30.06.21	30.09.21	31.12.21

'C' STERLING INCOME SHARES

First Interim	Net Revenue	Equalisation	Paid 31.05.21	Paid 31.05.20
Group 1	0.9041	–	0.9041	0.5966
Group 2	0.3684	0.5357	0.9041	0.5966

Second Interim	Net Revenue	Equalisation	Paid 31.08.21	Paid 31.08.20
Group 1	1.7642	–	1.7642	0.9457
Group 2	0.9039	0.8603	1.7642	0.9457

Third Interim	Net Revenue	Equalisation	Paid 30.11.21	Paid 30.11.20
Group 1	1.6452	–	1.6452	1.2785
Group 2	0.8338	0.8114	1.6452	1.2785

Final	Net Revenue	Equalisation	Payable 28.02.22	Paid 28.02.21
Group 1	1.1250	–	1.1250	0.9604
Group 2	0.5927	0.5323	1.1250	0.9604

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

'C' STERLING ACCUMULATION SHARES

First Interim	Net Revenue	Equalisation	Allocated 31.05.21	Allocated 31.05.20
Group 1	1.0335	–	1.0335	0.6576
Group 2	0.4120	0.6215	1.0335	0.6576
Second Interim	Net Revenue	Equalisation	Allocated 31.08.21	Allocated 31.08.20
Group 1	2.0306	–	2.0306	1.0503
Group 2	1.1289	0.9017	2.0306	1.0503
Third Interim	Net Revenue	Equalisation	Allocated 30.11.21	Allocated 30.11.20
Group 1	1.9189	–	1.9189	1.4334
Group 2	0.7085	1.2104	1.9189	1.4334
Final	Net Revenue	Equalisation	Allocation 28.02.22	Allocated 28.02.21
Group 1	1.3285	–	1.3285	1.0907
Group 2	0.8138	0.5147	1.3285	1.0907

'F' STERLING INCOME SHARES

First Interim	Net Revenue	Equalisation	Paid 31.05.21	Paid 31.05.20
Group 1	0.9106	–	0.9106	0.6002
Group 2	0.4653	0.4453	0.9106	0.6002
Second Interim	Net Revenue	Equalisation	Paid 31.08.21	Paid 31.08.20
Group 1	1.7776	–	1.7776	0.9518
Group 2	0.8823	0.8953	1.7776	0.9518

LF GRESHAM HOUSE UK MULTI CAP INCOME FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

Third Interim	Net Revenue	Equalisation	Paid 30.11.21	Paid 30.11.20
Group 1	1.6578	–	1.6578	1.2872
Group 2	1.1541	0.5037	1.6578	1.2872
Final	Net Revenue	Equalisation	Payable 28.02.22	Paid 28.02.21
Group 1	1.1343	–	1.1343	0.9604
Group 2	0.5545	0.5798	1.1343	0.9604
‘F’ STERLING ACCUMULATION SHARES				
First Interim	Net Revenue	Equalisation	Allocated 31.05.21	Allocated 31.05.20
Group 1	1.0418	–	1.0418	0.6628
Group 2	0.4208	0.6210	1.0418	0.6628
Second Interim	Net Revenue	Equalisation	Allocated 31.08.21	Allocated 31.08.20
Group 1	2.0488	–	2.0488	1.0575
Group 2	0.0597	1.9891	2.0488	1.0575
Third Interim	Net Revenue	Equalisation	Allocated 30.11.21	Allocated 30.11.20
Group 1	1.9357	–	1.9357	1.4437
Group 2	0.6850	1.2507	1.9357	1.4437
Final	Net Revenue	Equalisation	Allocation 28.02.22	Allocated 28.02.21
Group 1	1.3405	–	1.3405	1.0904
Group 2	0.9512	0.3893	1.3405	1.0904

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND ACD'S REPORT

for the year ended 31 December 2021

Important Information

Please refer to the Important Information section on page 4.

Investment Objective and Policy

The LF Gresham House UK Smaller Companies Fund ('the Fund') aims to provide capital growth over the long term (in excess of 5 years).

The Fund will directly invest at least 70% of its assets in shares of smaller-sized UK companies. These are listed companies with a market capitalisation within the lowest 10% of the listed UK equities markets that are either domiciled, incorporated or have a significant portion of their business (which will be considered by reference to revenue, profits and/or assets depending on the nature of the business) in the UK.

The Fund may also invest in shares of medium and large sized UK companies, unlisted companies, collective investment schemes (which may include other funds managed by the ACD, funds to which the Investment Manager provides investment management services and associates of the ACD and Investment Manager), warrants, money market instruments, deposits, cash, or near cash.

Derivatives and forward transactions may be used for Efficient Portfolio Management purposes.

The investment policy referenced above will not apply under extraordinary market conditions, in which circumstances the Fund may invest in asset classes other than those in which it normally invests in order to mitigate its exposure to market risk. Examples of extraordinary market conditions include economic, political unrest or instability, world events leading to market instability, closure of a relevant market(s), or any events which give rise to high downside risk. During such periods, the Fund may temporarily invest up to 100% of its total assets in cash, deposits, treasury bills, government bonds or short-term money market instruments, or have substantial holdings in cash and cash equivalents.

Benchmark

The Fund's comparator benchmark is the IA UK Smaller Companies sector.

The Fund's performance may be compared against the IA UK Smaller Companies sector. The ACD believes that this is an appropriate comparator benchmark for the Fund given the investment objective and policy of the Fund. 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. The comparator benchmark has been selected as the ACD considers it assists investors in evaluating the Fund's performance against the performance of other funds invested in similar assets. The Fund is not constrained by the comparator benchmark and may take positions that differ significantly from the comparator benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Gresham House UK Smaller Companies Fund

28 April 2022

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2021

Investment Strategy

The Fund was launched on 1 February 2019 with a policy of investing primarily in UK listed small companies, with a focus on capital appreciation over the long term. The Fund is targeting consistent annual returns from a mix of quality, growth and recovery investment opportunities based on a fundamentals-based approach combined with valuation discipline.

The Fund's investment strategy seeks to leverage the Manager's core expertise, network and experience in investing in small and mid-sized UK businesses across all sectors whilst avoiding extractive industries. The Fund aims to benefit from the wider Gresham House platform of research and investment professionals, as well as its private equity and strategic public equity heritage and network of entrepreneurs, business leaders and industry specialists.

Fund composition aims to reflect the Manager's high conviction style, comprising a relatively concentrated portfolio of undervalued stocks with the potential to grow cash flows over the longer term.

Movements in Net Asset Value

As at 31 December 2021 the gross NAV of the Fund was £38.9m¹, of which 87.1% was invested in UK equities. This compared to a NAV of £4.7m¹ at the beginning of the period. The increase in NAV was due to net inflows from unit holders amounting to £32.4m, in addition to a revaluation of the portfolio of £1.8m. The Fund generated a capital return of 25.5%² over the period (based on 'C' Sterling Accumulation share class) compared to the IA UK Smaller Companies sector which returned 20.6%³.

Investment Activity

The year saw positive momentum with UK equity markets rallying early on in 2021 as the depths of the pandemic subsided. This positivity tapered in the last quarter of 2021 as supply-side challenges emerged across the broader macroeconomic backdrop which started to generate the market volatility we had warned about. These challenges centred around themes of heightened global supply chain disruption, increasing inflationary pressures, and rising investor fears over the impact of the Omicron variant. Most significant of all is how these factors are increasingly likely to herald a sea-change in monetary policy; the end of decade-long central bank liquidity and near-zero interest. Despite some easing of the supply chain constraints over the quarter, persistently high inflation costs and tight labour market restrictions drove inflation to record highs. UK CPI increased to a decade high of 5.1% in November with the result that the Bank of England raised interest rates by 0.25%.

Investment activity was material during the period with the team deploying a total of £32.7m; the number of portfolio companies decreased from 50 to 47 as of 31 December 2021. This activity represented a number of new ideas as well as increasing existing positions, supplemented with some exits as the investment landscape changed through the year.

¹ Based on 12pm Valuation Point.

² Source: FE Analytics.

³ Source: Morningstar Direct.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Most of the Fund's holdings are in companies where the Manager has extensive knowledge and experience built up over many years.

Divestment activity was also active with a number of positions fully exited. In aggregate £5.2m was received from the proceeds of divestments realising an aggregate positive return of 28.7%.

- Takeovers; these included Augean (+102.4% return), a special hazardous waste management services business which was acquired by Eleia Bidco (owned by a consortium consisting of Ancala Partners LLP and Fiera Infrastructure Inc.); and Vectura Group (+44.3% return), a specialist pharmaceuticals company that develops inhaled therapies for the treatment of respiratory diseases was acquired by Philip Morris International. There was also an approach for top 5 holding Clinigen which is subject to shareholder approval in 2022.
- Taking profits in strong performers, often those companies with resilient business models that had traded well and the shares had outperformed but where the Manager felt that valuations had become stretched or where there better opportunities to redeploy the capital. This led to the manager divesting from Ted Baker (+61.5% return); Strix (+61.7% return); Stock Spirits (+70.4% return); and DX Group (+86.7% return), amongst others. Young & Co's Brewery (-7.0% return) was also exited post period end.
- There were also a number of holdings where the Manager chose to top slice in order to realise some profits from strongly performing holdings. These included Reach, Volution Group, Clinigen and River & Mercantile.

NEW INVESTMENTS

Market volatility combined with equity issuance both in the form of secondary fund-raising activity and new Initial Public Offering ('IPO') created a fertile environment for new opportunities during the year. As a result, a number of new positions were started during the period.

The Manager believes it is strongly positioned amongst UK fund managers to effectively evaluate new companies being admitted to the market through an IPO due to its private equity approach and extensive private market network. Deal flow activity has remained relatively elevated across both secondary equity fundraisings and IPOs and was similarly dispersed across the market cap spectrum. We continued to evaluate deal flow opportunities and remained selective and disciplined in our appraisal of these. There was strong UK equity market issuance during the period as companies took advantage of a resurgence in investors' appetite to deploy capital, as well as there being a wave of recapitalisation transactions across certain sectors. The Fund invested in three new IPOs during the year including, Peel Hunt Ltd, a mid and small-cap specialist investment bank offering corporate finance and broking, research, distribution and trading and execution services; Devolver Digital, a video game operator offering digital entertainment wares from independent artists; and TMT Acquisition, a cash shell looking to acquire businesses in the TMT sector.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

The Fund participated in a number of equity issue transactions for both existing portfolio companies and as a means to get liquidity to build a meaningful position in some new companies. These included The Gym Group, a leading low cost gym operator; Kape Technologies, a security platform software solutions business to protect companies from malware, infected files and other online threats; and Watkin Jones, a property development and construction services business.

The heightened market volatility seen during the year created opportunities to buy into attractive long-term growth stories at compelling valuations through market purchases after widespread selling pressure. The Fund started new positions in Clinigen, a global specialist pharmaceuticals and pharmaceuticals services business; and Next Fifteen Communications Group, a digital communications products and services provider. A number of top-ups to existing holdings were made into EMIS Group; Balfour Beatty; Speedy Hire; Flowtech Fluidpower; Inspired and Loungers, amongst others.

Investment Performance

The Fund was placed 17th out of 50 in the IA UK Smaller Companies Sector delivering a total fund return of 25.5% at 31 December 2021 (based on the 'C' Sterling Accumulation share class).

Key contributors to absolute performance during the period were Clinigen, specialty pharmaceuticals company, which was the subject of an recommended bid from Triton Partners, a European private equity fund; Alpha Financial Markets Consulting, following a strategic acquisition in the US market, adding capability in the area of alternatives with a strong roster of blue chip clients as well as delivering strong trading performance during the year; Kape Technologies, following a transformational and highly accretive acquisition, in addition to being included in the MSCI UK Smaller Companies Index; and Augean, a long-standing holding which was acquired by Eleia Limited (a vehicle for a consortium of Investment funds).

Detractors during the period were IG Design Group, which fell on concerns about supply chain disruptions; James Fisher & Sons, which announced a profit warning triggering a full exit from the Fund; and Accrol, on the back of a trading update highlighting the short-term impact of supply chain disruptions on input costs.

Outlook

We see the UK market on a very wide valuation discount to both US and European stock markets; we expect this to narrow, likely through a mix of UK re-rating and US/RoW de-rating. We observe a meaningful discount within the UK market for small company shares, a reflection partly of lower liquidity, yet we see their growth prospects as being better, their industry diversity more compelling and believe the discount should close. The extreme equity valuations in various themes in the US has allowed some types of companies within the UK to achieve stretched valuations, which the Manager has re-balanced to minimise the impact a re-assessment of growth valuations and mean reversion of the 'growth' premium would have on the portfolio. Finally, M&A activity has been increasing. This is understandable as Trade buyers and Private Equity see that many over-looked companies listed in the UK offer good value, have strong market positions and excellent prospects for improvements in profitability and returns. All these factors are positive for the outlook of the Fund.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

The portfolio has a range of cash generative businesses with excellent profit growth prospects and our portfolio has a free cash flow yield significantly above that of the index and we will aim to maintain or increase this. Investments also typically have strong balance sheets & market positions and low equity valuations, many of which have non-cyclical end markets or self-help opportunities to drive improved cash generation.

Our medium-term view remains that the economic recovery in the UK should continue to support earnings growth and in turn share prices. However, we continue to expect volatility in the short term driven by an inherently uncertain environment. We are still seeing aftershocks from the pandemic, such as the currently elevated level of inflation across a number of areas and both global and domestic supply chain disruption impacting at the company level. The geopolitical situation surrounding the conflict in Ukraine and the related international sanctions against Russia and Russian entities has exacerbated some of these issues as well as increasing the level of uncertainty surrounding markets. We anticipate a rising number of profit warnings in coming months driven by the uncertain environment for market estimates. This in turn is likely to drive share price volatility for individual stocks.

We believe stock-level volatility across the market, while creating some challenges, will provide an attractive environment in which we can unearth good long-term investment opportunities at attractive valuations.

The macro-economic and geopolitical environment together with the lingering COVID-19 discontinuity will provide agile smaller businesses with strong management teams the opportunity to take market share and build strong long-term franchise.

The Manager continues to believe that over the long term its fundamentals focused investment style has the potential to outperform. The Fund will maintain its focus on building a high conviction portfolio of less cyclical, high-quality, niche growth businesses which the Manager believes can deliver strong returns through the market cycle regardless of the performance of the wider economy.

GRESHAM HOUSE ASSET MANAGEMENT LIMITED

Investment Manager

16 March 2022

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund may have risen and fallen in the past, and therefore how much a fund's returns may 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 Fund has been classed as 6 because its volatility has been measured as above average to high.

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. The lowest number on the scale does not mean that a fund is risk free.

Counterparty Risk: The failure of a firm involved in a transaction with the Fund or providing services to the Fund may expose the Fund to financial loss.

Liquidity Risk: Smaller companies' securities are often traded less frequently than those of larger companies which means they may be more difficult to buy and sell. Their prices may also be subject to short term swings (both up and down) in their value.

Concentration Risk: The Fund may invest in shares with a particular industry, sector or geographical focus. This means that the performance of a single industry, sector or geographical region within the Fund has a greater effect (loss or gain) on the value of 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.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'C' STERLING INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.12.21 pence per share	31.12.20 pence per share	31.12.19 ¹ pence per share
Opening net asset value per share	137.78	124.60	100.00
Return before operating charges*	37.27	15.13	26.52
Operating charges	(1.68)	(1.95)	(1.92)
Return after operating charges	35.59	13.18	24.60
Distributions	(1.17)	–	–
Closing net asset value per share	172.20	137.78	124.60
* after direct transaction costs of:	2.37	0.69	0.61

PERFORMANCE

Return after charges	25.83%	10.58%	24.60%
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OTHER INFORMATION

Closing net asset value (£'000)	102	–	–
Closing number of shares	58,998	250	250
Operating charges	1.02% ³	1.76%	1.96% ²
Direct transaction costs	1.44%	0.62%	0.62% ²

PRICES

Highest share price	181.66	139.57	126.22
Lowest share price	138.46	76.75	99.40

¹ From 1 February 2019.

² Annualised figure due to share class launched less than 1 year.

³ From 1 November 2021, the Investment Manager has agreed, on a discretionary basis, to waive an appropriate portion of their fee, with a view that the ongoing charges figure of 1.00% is not exceeded.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' STERLING ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.12.21 pence per share	31.12.20 pence per share	31.12.19 ¹ pence per share
Opening net asset value per share	138.98	125.02	100.00
Return before operating charges*	38.01	15.92	26.95
Operating charges	(2.16)	(1.96)	(1.93)
Return after operating charges	35.85	13.96	25.02
Distributions	(1.20)	–	(0.34)
Retained distributions on accumulation shares	1.20	–	0.34
Closing net asset value per share	174.83	138.98	125.02
* after direct transaction costs of:	2.39	0.70	0.61

PERFORMANCE

Return after charges	25.80%	11.17%	25.02%
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OTHER INFORMATION

Closing net asset value (£'000)	19,565	4,624	4,147
Closing number of shares	11,191,088	3,326,745	3,316,995
Operating charges	1.30% ³	1.76%	1.96% ²
Direct transaction costs	1.44%	0.62%	0.62% ²

PRICES

Highest share price	183.25	140.78	126.65
Lowest share price	139.69	77.06	99.41

¹ From 1 February 2019.

² Annualised figure due to share class launched less than 1 year.

³ From 1 November 2021, the Investment Manager has agreed, on a discretionary basis, to waive an appropriate portion of their fee, with a view that the ongoing charges figure of 1.00% is not exceeded.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'F' STERLING INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.12.21 ¹ pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.83
Operating charges	(0.34)
Return after operating charges	5.49
Distributions	(1.33)
Closing net asset value per share	104.16
* after direct transaction costs of:	0.96

PERFORMANCE

Return after charges	5.49%
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OTHER INFORMATION

Closing net asset value (£'000)	2,266
Closing number of shares	2,175,729
Operating charges	0.51% ^{2,3}
Direct transaction costs	2.25% ²

PRICES

Highest share price	110.28
Lowest share price	99.91

¹ From 13 May 2021.

² Annualised figure due to share class launched less than 1 year.

³ From 1 November 2021, the Investment Manager has agreed, on a discretionary basis, to waive an appropriate portion of their fee, with a view that the ongoing charges figure of 0.50% is not exceeded.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'F' STERLING ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.12.21 ¹ pence per share
Opening net asset value per share	100.00
Return before operating charges*	5.78
Operating charges	(0.33)
Return after operating charges	5.45
Distributions	(1.30)
Retained distributions on accumulation shares	1.30
Closing net asset value per share	105.45
* after direct transaction costs of:	0.96

PERFORMANCE

Return after charges	5.45%
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OTHER INFORMATION

Closing net asset value (£'000)	16,622
Closing number of shares	15,763,176
Operating charges ^{2,3}	0.50% ^{2,3}
Direct transaction costs	2.25% ²

PRICES

Highest share price	110.28
Lowest share price	99.89

¹ From 13 May 2021.

² Annualised figure due to share class launched less than 1 year.

³ From 1 November 2021, the Investment Manager has agreed, on a discretionary basis, to waive an appropriate portion of their fee, with a view that the ongoing charges figure of 0.50% is not exceeded.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND
ACD'S REPORT *continued*
FUND INFORMATION *continued*

Fund Performance to 31 December 2021 (%)

	1 year	Since launch ¹
LF Gresham House UK Smaller Companies Fund	25.47	76.30
IA UK Smaller Companies sector ²	20.64	54.51

¹ *Launch date 1 February 2019.*

² *Source: Morningstar Direct.*

The performance of the Fund is based on the published price per 'C' Sterling 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 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 83 and 84.

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 GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	UNITED KINGDOM – 84.44% (31.12.20 – 86.98%)		
	TECHNOLOGY – 6.17% (31.12.20 – 5.28%)		
	SOFTWARE AND COMPUTER SERVICES – 6.17% (31.12.20 – 5.28%)		
54,148	EMIS ¹	736	1.91
253,280	Kape Technologies ¹	1,140	2.96
505,286	Tribal ¹	503	1.30
		<u>2,379</u>	<u>6.17</u>
	TOTAL TECHNOLOGY	<u>2,379</u>	<u>6.17</u>
	TELECOMMUNICATIONS – 2.27% (31.12.20 – 0.00%)		
	TELECOMMUNICATIONS SERVICE PROVIDERS – 2.27% (31.12.20 – 0.00%)		
55,346	Telecom Plus	877	2.27
	TOTAL TELECOMMUNICATIONS	<u>877</u>	<u>2.27</u>
	HEALTH CARE – 2.60% (31.12.20 – 1.56%)		
	MEDICAL EQUIPMENT AND SERVICES – 0.00% (31.12.20 – 1.56%)		
		<u>–</u>	<u>–</u>
	PHARMACEUTICALS AND BIOTECHNOLOGY – 2.60% (31.12.20 – 0.00%)		
109,713	Clinigen ¹	1,004	2.60
	TOTAL HEALTH CARE	<u>1,004</u>	<u>2.60</u>
	FINANCIALS – 11.92% (31.12.20 – 12.63%)		
	BANKS – 1.37% (31.12.20 – 1.45%)		
37,802	Close Brothers	530	1.37

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	FINANCE AND CREDIT SERVICES – 0.00% (31.12.20 – 1.60%)	–	–
	INVESTMENT BANKING AND BROKERAGE SERVICES – 8.53% (31.12.20 – 9.58%)		
32,780	Liontrust	720	1.87
250,753	Peel Hunt ¹	501	1.30
204,339	River & Mercantile	617	1.60
485,196	TP ICAP	741	1.92
507,838	XPS Pensions	711	1.84
		<u>3,290</u>	<u>8.53</u>
	OPEN END AND MISCELLANEOUS INVESTMENT VEHICLES – 0.70% (31.12.20 – 0.00%)		
1,227,036	TMT Acquisition	270	0.70
	NON-LIFE INSURANCE – 1.32% (31.12.20 – 0.00%)		
279,933	Sabre Insurance	507	1.32
	TOTAL FINANCIALS	<u>4,597</u>	<u>11.92</u>
	REAL ESTATE – 2.11% (31.12.20 – 4.00%)		
	REAL ESTATE INVESTMENT AND SERVICES DEVELOPMENT – 2.11% (31.12.20 – 4.00%)		
198,562	LSL Property Services	814	2.11
	TOTAL REAL ESTATE	<u>814</u>	<u>2.11</u>

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	CONSUMER DISCRETIONARY – 21.93% (31.12.20 – 23.89%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 5.95% (31.12.20 – 4.04%)		
2,017,819	Accrol ¹	656	1.70
308,064	IG Design ¹	776	2.01
329,247	Watkin Jones ¹	861	2.24
		<u>2,293</u>	<u>5.95</u>
	LEISURE GOODS – 1.91% (31.12.20 – 0.00%)		
367,313	Devolver Digital ¹	735	1.91
	MEDIA – 4.62% (31.12.20 – 9.71%)		
50,843	Euromoney Institutional Investor	470	1.22
55,630	Next Fifteen Communications ¹	740	1.92
202,726	Reach	572	1.48
		<u>1,782</u>	<u>4.62</u>
	RETAILERS – 3.07% (31.12.20 – 2.01%)		
191,699	DFS Furniture	489	1.27
201,064	Halfords	692	1.80
		<u>1,181</u>	<u>3.07</u>
	TRAVEL AND LEISURE – 6.38% (31.12.20 – 8.13%)		
286,473	Loungers ¹	802	2.08
264,959	TEN Entertainment	633	1.64
281,693	The Gym	717	1.86
40,000	Young & Co's Brewery ¹	309	0.80
		<u>2,461</u>	<u>6.38</u>
	TOTAL CONSUMER DISCRETIONARY	<u>8,452</u>	<u>21.93</u>

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	CONSUMER STAPLES – 4.04% (31.12.20 – 4.13%)		
	BEVERAGES – 0.00% (31.12.20 – 1.99%)	—	—
	FOOD PRODUCERS – 4.04% (31.12.20 – 2.14%)		
324,623	Devro	662	1.72
808,816	Premier Foods	896	2.32
		<u>1,558</u>	<u>4.04</u>
	TOTAL CONSUMER STAPLES	<u>1,558</u>	<u>4.04</u>
	INDUSTRIALS – 33.40% (31.12.20 – 32.42%)		
	CONSTRUCTION AND MATERIALS – 6.48% (31.12.20 – 6.12%)		
407,423	Balfour Beatty	1,067	2.77
174,569	Tyman	697	1.81
132,742	Volution	734	1.90
		<u>2,498</u>	<u>6.48</u>
	AEROSPACE AND DEFENCE – 0.00% (31.12.20 – 2.10%)	—	—
	GENERAL INDUSTRIALS – 2.28% (31.12.20 – 1.81%)		
1,269,596	Coats	879	2.28
	INDUSTRIAL ENGINEERING – 2.10% (31.12.20 – 2.16%)		
598,032	Flowtech Fluidpower ¹	810	2.10
	INDUSTRIAL SUPPORT SERVICES – 21.18% (31.12.20 – 14.82%)		
270,249	Alpha Financial Markets Consulting ¹	1,243	3.23
350,000	FRP Advisory ¹	465	1.21
5,137,816	Inspired Energy ¹	899	2.33
352,814	Mears	658	1.71
119,420	Redde Northgate	521	1.35

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
177,153	Restore ¹	850	2.21
199,508	Ricardo	896	2.32
554,923	RPS	674	1.75
287,761	Serco	387	1.00
84,109	Smart Metering Systems ¹	707	1.83
1,385,014	Speedy Hire	864	2.24
		<u>8,164</u>	<u>21.18</u>
	INDUSTRIAL TRANSPORTATION – 1.36% (31.12.20 – 5.41%)		
72,548	Clipper Logistics	525	1.36
	TOTAL INDUSTRIALS	<u>12,876</u>	<u>33.40</u>
	UTILITIES – 0.00% (31.12.20 – 3.07%)		
	WASTE AND DISPOSAL SERVICES – 0.00% (31.12.20 – 3.07%)		
	TOTAL UTILITIES	<u>-</u>	<u>-</u>
	TOTAL UNITED KINGDOM	<u>32,557</u>	<u>84.44</u>
	BERMUDA – 2.58% (31.12.20 – 1.88%)		
577,885	Randall & Quilter Investment ¹	994	2.58
	GIBRALTAR – 0.00% (31.12.20 – 1.95%)		
	ISLE OF MAN – 0.00% (31.12.20 – 1.58%)		
	MAURITIUS – 0.00% (31.12.20 – 4.11%)		

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2021

Holding	Portfolio of Investments	Value £'000	31.12.21 %
	Portfolio of investments	33,551	87.02
	Net other assets	5,004	12.98
	Net assets	<u>38,555</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.

¹ Quoted on the Alternative Investment Market (AIM).

The securities held within United Kingdom section of the Portfolio Statement have been shown under the new Industry Classification Benchmarks, which were adopted by all FTSE indices with effect from 22 March 2021. Comparatives have been restated where necessary.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2021

Total purchases for the year £'000 (note 15)	32,734	Total sales for the year £'000 (note 15)	5,184
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Clinigen	1,011	Clinigen	374
Balfour Beatty	977	Augean	324
Kape Technologies	972	Galliford Try	316
Randall & Quilter Investment	915	Capital Drilling	249
Alpha Financial Markets Consulting	914	STV	224
IG Design	901	River & Mercantile	220
Premier Foods	884	Redcentric	218
Speedy Hire	847	Ted Baker	187
Inspired Energy	828	DX	169
Telecom Plus	821	888	158

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

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN

for the year ended 31 December 2021

	Notes	£'000	31.12.21 £'000	£'000	31.12.20 £'000
Income:					
Net capital gains	3		1,535		471
Revenue	4	243		59	
Expenses	5	(126)		(64)	
Net revenue/(expense) before taxation		117		(5)	
Taxation	6	–		–	
Net revenue/(expense) after taxation			117		(5)
Total return before distributions			1,652		466
Distributions	7		(117)		–
Change in net assets attributable to shareholders from investment activities			1,535		466

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 December 2021

	£'000	31.12.21 £'000	£'000	31.12.20 £'000
Opening net assets attributable to shareholders		4,624		4,147
Amounts receivable on issue of shares	32,260		11	
Amounts payable on redemption of shares	(203)		–	
		32,057		11
Change in net assets attributable to shareholders from investment activities		1,535		466
Retained distributions on Accumulation shares		339		–
Closing net assets attributable to shareholders		38,555		4,624

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 31 December 2021

	Notes	31.12.21 £'000	31.12.20 £'000
ASSETS			
Fixed assets			
Investments		33,551	4,462
Current assets			
Debtors	8	104	6
Cash and bank balances	9	4,964	172
Total assets		<u>38,619</u>	<u>4,640</u>
LIABILITIES			
Creditors			
Distribution payable	10	(30)	-
Other creditors	10	(34)	(16)
Total liabilities		<u>(64)</u>	<u>(16)</u>
Net assets attributable to shareholders		<u>38,555</u>	<u>4,624</u>

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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 page 17 have been applied to the financial statements of the Fund in the current and prior year.

3. Net Capital Gains

The net capital gains during the year comprise:

	31.12.21 £'000	31.12.20 £'000
Non-derivative securities	1,538	472
Transaction charges	(3)	(1)
Net capital gains	<u>1,535</u>	<u>471</u>

4. Revenue

	31.12.21 £'000	31.12.20 £'000
Non-taxable dividends	243	53
Non-taxable stock dividends	–	6
Total revenue	<u>243</u>	<u>59</u>

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

5. Expenses

	31.12.21 £'000	31.12.20 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	90	33
Legal and professional fees	8	5
Typesetting costs	4	3
Registration fees	3	2
Refund of expenses from Investment Manager	(4)	–
	101	43
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	15	12
Safe custody and other bank charges	1	1
	16	13
Other expenses:		
Audit fees	9	8
Total expenses	<u>126</u>	<u>64</u>

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

6. Taxation

	31.12.21 £'000	31.12.20 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Current tax charge	–	–
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	<u>–</u>	<u>–</u>

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

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%) (31.12.20: 20%). The difference is explained below:

	31.12.21 £'000	31.12.20 £'000
Net revenue/(expense) before taxation	117	(5)
Corporation tax at 20%	23	(1)
Effects of:		
Non-taxable dividends	(48)	(12)
Unutilised excess management expenses	25	13
Corporation tax charge	–	–
Total tax charge (note 6a)	–	–

c) Deferred tax

At the year end there is a potential deferred tax asset of £47,000 (31.12.20: £22,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Distributions

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

	31.12.21 £'000	31.12.20 £'000
Final	369	–
Add: Revenue deducted on redemption of shares	2	–
Deduct: Revenue received on issue of shares	(254)	–
Net distributions for the year	117	–

Details of the distributions per share are set out in the table on pages 83 and 84.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

8. Debtors

	31.12.21 £'000	31.12.20 £'000
Amounts receivable for issue of shares	50	–
Accrued revenue:		
Non-taxable dividends	50	6
Amounts due from the Investment Manager:		
Refund of expenses	4	–
Total debtors	<u>104</u>	<u>6</u>

9. Cash and Bank Balances

	31.12.21 £'000	31.12.20 £'000
Bank balances	4,964	172
Total cash and bank balances	<u>4,964</u>	<u>172</u>

10. Creditors

	31.12.21 £'000	31.12.20 £'000
Distribution payable	<u>30</u>	<u>–</u>
Other Creditors		
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	19	4
Typesetting costs	4	2
Registration fees	1	–
	<u>24</u>	<u>6</u>

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

	31.12.21 £'000	31.12.20 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1	1
Transaction charges	–	1
	1	2
Other expenses	9	8
Total other creditors	<u>34</u>	<u>16</u>

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 71. Amounts due at the year end are disclosed in note 8.

Gresham House which is a related party of the Investment Manager held 500,000 (31.12.20: 500,000) 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 shareholders held in excess of 20% of the shares in issue of the Fund:

Baronsmead Venture Trust PLC	22.02% (31.12.20: 0.00%)
Clearstream Banking	27.08% (31.12.20: 0.00%)
RBC	35.02% (31.12.20: 0.00%)

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.12.20: none).

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

13. Shares in Issue

	'C' Sterling Income	'C' Sterling Accumulation	'F' Sterling Income	'F' Sterling Accumulation
Annual Management Charge	0.90%	0.90%	0.40%	0.40%
Opening shares in issue	250	3,326,745	–	–
Issues	59,272	7,864,343	2,200,886	15,936,836
Redemptions	(524)	–	(25,157)	(173,660)
Closing shares in issue	<u>58,998</u>	<u>11,191,088</u>	<u>2,175,729</u>	<u>15,763,176</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.

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 GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

(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.

As the Fund seeks to obtain its return from investing in equities and has no material exposure to interest rate risk, no interest rate risk table or sensitivity analysis has been presented.

(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.

The Fund does not have any significant exposure to foreign currency risk, and therefore no foreign currency table or sensitivity analysis has been presented.

(D) LEVERAGE

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

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 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 59.80% of the portfolio can be liquidated within 5 days and 82.77% within 21 working days (31.12.20: 100.00% within 5 days and 100.00% 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.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

(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 would have the effect of increasing the return and net assets by £1,678,000 (31.12.20: £223,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

The Fund held no derivatives in the current or prior year.

15. Portfolio Transaction Costs

31.12.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	32,587	62	85	32,734
Purchases total	<u>32,587</u>	<u>62</u>	<u>85</u>	<u>32,734</u>
<i>Transaction cost % of purchases total</i>		0.19%	0.26%	
<i>Transaction cost % of average NAV</i>		0.57%	0.79%	
Ordinary shares	5,192	(8)	–	5,184
Sales total	<u>5,192</u>	<u>(8)</u>	<u>–</u>	<u>5,184</u>
<i>Transaction cost % of sales total</i>		0.16%	–	
<i>Transaction cost % of average NAV</i>		0.08%	–	

Average portfolio dealing spread at 31.12.21 is 1.98% (31.12.20: 2.09%).

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

31.12.20	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	3,688	6	10	3,704
Purchases total	<u>3,688</u>	<u>6</u>	<u>10</u>	<u>3,704</u>
<i>Transaction cost % of purchases total</i>		<i>0.16%</i>	<i>0.27%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.16%</i>	<i>0.27%</i>	
Ordinary shares	3,780	(7)	–	3,773
Sales total	<u>3,780</u>	<u>(7)</u>	<u>–</u>	<u>3,773</u>
<i>Transaction cost % of sales total</i>		<i>0.19%</i>	–	
<i>Transaction cost % of average NAV</i>		<i>0.19%</i>	–	

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).

All investments held in the current year and prior period are ordinary shares categorised as Level 1.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2021

17. Subsequent Events

Since the balance sheet date the price of each of the Fund's share classes has moved as follows:

	Balance sheet date	25.04.22	Movement
'C' Sterling Income	174.83	154.08	(11.87)%
'C' Sterling Accumulation	176.30	156.41	(11.28)%
'F' Sterling Income	106.37	93.35	(12.24)%
'F' Sterling Accumulation	106.34	94.49	(11.14)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 28 April 2022.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 31 December 2021 – 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	Interim	Final
From	01.01.21	01.07.21
To	30.06.21	31.12.21

'C' STERLING INCOME SHARES

There was no interim distribution for the 'C' Sterling Income share class in the current or prior year.

Final	Net Revenue	Equalisation	Payable 28.02.22	Paid 28.02.21
Group 1	1.1660	–	1.1660	–
Group 2	0.5509	0.6151	1.1660	–

'C' STERLING ACCUMULATION SHARES

There was no interim distribution for the 'C' Sterling Accumulation share class in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 28.02.22	Allocated 28.02.21
Group 1	1.2031	–	1.2031	–
Group 2	0.6196	0.5835	1.2031	–

'F' STERLING INCOME SHARES¹

There was no interim distribution for the 'F' Sterling Income share class in the current or prior year.

Final	Net Revenue	Equalisation	Payable 28.02.22
Group 1	1.3265	–	1.3265
Group 2	–	1.3265	1.3265

¹ No comparative figures as the 'F' Sterling Income class was launched on 13 May 2021.

LF GRESHAM HOUSE UK SMALLER COMPANIES FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

'F' STERLING ACCUMULATION SHARES¹

There was no interim distribution for the 'F' Sterling Accumulation share class in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 28.02.22
Group 1	1.2965	–	1.2965
Group 2	0.1806	1.1159	1.2965

¹ No comparative figures as the 'F' Sterling Accumulation share class was launched on 13 May 2021.

GENERAL INFORMATION

Share Capital

The minimum share capital of the Company is £1 and the maximum share capital is £50,000,000,000.

Structure of LF Gresham House Equity Funds

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 UK UCITS 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. Investment of the assets of each of the sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant sub-fund. The sub-funds currently available are:

LF Gresham House UK Multi Cap Income Fund
LF Gresham House UK Smaller Companies Fund

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

Classes of Shares

The Company may issue income and accumulation shares in respect of each sub-fund.

Holders of income shares are entitled to be paid the distributable income attributed to such shares on any relevant interim and annual allocation dates.

Holders of accumulation shares are not entitled to be paid the income attributed to such shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation share.

Valuation Point

The current valuation point of each of the Company's sub-funds 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 922 0044.

GENERAL INFORMATION *continued*

Prices

The prices of all shares are published on every dealing day on the website of the ACD: www.linkfundsolutions.co.uk. The prices of shares may also be obtained by calling 0345 922 0044 during the ACD's normal business hours.

Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Documents 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.


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.

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.



 6th Floor, 65 Gresham Street, London EC2V 7NQ

 0345 922 0044

 linkfundsolutions.co.uk