

# LF Majedie Asset Management Investment Fund Company

(Formerly Majedie Asset Management Investment Fund Company)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 DECEMBER 2019



LF Majedie UK Equity Fund (Formerly Majedie UK Equity Fund)

LF Majedie UK Focus Fund (Formerly Majedie UK Focus Fund)

LF Majedie UK Smaller Companies Fund (Formerly Majedie UK Smaller Companies Fund)

LF Majedie Tortoise Fund (Formerly Majedie Tortoise Fund)

LF Majedie UK Income Fund (Formerly Majedie UK Income Fund)

LF Majedie Global Equity Fund (Formerly Majedie Global Equity Fund)

LF Majedie Global Focus Fund (Formerly Majedie Global Focus Fund)

## AUTHORISED CORPORATE DIRECTOR ('ACD')

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To 30 June 2019:

### MAJEDIE ASSET MANAGEMENT LIMITED

Head Office:

10 Old Bailey

London

EC4M 7NG

(Authorised and regulated by  
the Financial Conduct Authority)

From 1 July 2019:

### LINK FUND SOLUTIONS LIMITED

Head Office:

6th Floor

65 Gresham Street

London EC2V 7NQ

Telephone: 0870 607 2555

Fax: 0870 607 2550

Email: [investorservices@linkgroup.co.uk](mailto:investorservices@linkgroup.co.uk)

(Authorised and regulated by  
the Financial Conduct Authority)

## DEPOSITARY

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

One Canada Square

London E14 5AL

(Authorised by the Prudential Regulation Authority  
and regulated by the Financial Conduct Authority  
and Prudential Regulation Authority)

## INVESTMENT MANAGER

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### MAJEDIE ASSET MANAGEMENT LIMITED

10 Old Bailey

London

EC4M 7NG

(Authorised and regulated by  
the Financial Conduct Authority)

## DIRECTORS OF THE ACD

---

To 30 June 2019:

J. de Uphaugh

C. Field

R. Harris

W. Barlow

C. Simmons

From 1 July 2019:

C. Addenbrooke

N. Boyling

B. Hammond

K.J. Midl

A.J. Stenning (Appointed 17 October 2019)

A.J. Stuart

## REGISTRAR

---

To 30 June 2019:

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

One Canada Square

London E14 5AL

(Authorised and regulated by  
the Financial Conduct Authority)

From 1 July 2019:

### LINK FUND ADMINISTRATORS LIMITED

Customer Service Centre:

Central Square

29 Wellington Street

Leeds LS1 4DL

Telephone: 0344 892 0974

Fax: 0113 224 6001

(Authorised and regulated by  
the Financial Conduct Authority)

## INDEPENDENT AUDITOR

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### DELOITTE LLP

2 New Street Square

London

EC4A 3BZ

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## ACD'S REPORT

for the year ended 31 December 2019

### Authorised Status

The LF Majedie Asset Management Investment Fund Company ('the Company') is an investment company with variable capital incorporated in England under registered number IC000216. The Company was authorised by an order made by the Financial Services Authority (as predecessor of the FCA) on 12 March 2003. The Company has an unlimited duration. It is a UCITS scheme and the base currency of the Company is pounds sterling. The operational currency of the LF Majedie Global Equity Fund and LF Majedie Global Focus Fund is US dollars.

Shareholders are not liable for the debts of the Company.

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

### ACD's Statement

#### COVID-19

The outbreak of COVID-19, declared by the World Health Organisation as a pandemic on 11 March 2020, has caused disruption to business and economic activity which has been reflected in recent fluctuations in global stock markets. In the short time since its emergence there has been a period of marked volatility in the global markets as the ramifications of COVID-19 and its long term impacts are considered, as various national governments provide financial support and stimulus to their economies. In the immediate aftermath of the global recognition of the seriousness of the pandemic there has been sharp declines in asset prices. What is not clear, and nor could it be, is whether this is an indicator of where markets will settle in the longer term. What is in no doubt that the forthcoming period will be a time of uncertainty until there is a greater understanding as to how COVID-19 can be managed by governments, society and business.

### Important Information

On 28 February 2019, the 'B' Income share class was launched in the LF Majedie UK Focus Fund.

With effect from 1 July 2019, the following changes took place:

- the Authorised Corporate Director ('ACD') of the Company changed from Majedie Asset Management Limited to Link Fund Solutions Limited ('LFSL');
- the Registrar and Administrator of the Company changed from The Bank of New York Mellon (International) Limited to Link Fund Administrators Limited;
- the address of the ACD has changed to 6th Floor, 65 Gresham Street, London EC2V 7NQ;
- the purchases and redemption of shares must be made through LFSL. The address is PO Box 389, Darlington, DL1 9UF. The telephone number is 0344 892 0974. Orders by facsimile should be sent to 0113 224 6001;
- the prices of all shares are now published on the LFSL [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk) and Majedie's [www.majedie.com](http://www.majedie.com) website or are available by calling 0344 892 0974 during the ACD's normal business hours; and
- Since the change of ACD in July, with the exception of portfolio transaction costs (the costs and charges involved in buying and selling the investments and other financial instruments in the funds) and the performance fee charged to the LF Majedie Tortoise Fund Class C Accumulation share class, all other expenses and charges are currently paid out of the annual management charge resulting in the ongoing charges figure being the same as the annual management charge.



## ACD'S REPORT *continued*

With effect from 1 July 2019, the new name of the ACD is reflected in the name of the Company and its sub-funds as follows:

- Majedie Asset Management Investment Fund Company to LF Majedie Asset Management Investment Fund Company;
- Majedie UK Equity Fund to LF Majedie UK Equity Fund;
- Majedie UK Focus Fund to LF Majedie UK Focus Fund;
- Majedie UK Smaller Companies Fund to LF Majedie UK Smaller Companies Fund;
- Majedie Tortoise Fund to LF Majedie Tortoise Fund;
- Majedie UK Income Fund to LF Majedie UK Income Fund;
- Majedie Global Equity Fund to LF Majedie Global Equity Fund; and
- Majedie Global Focus Fund to LF Majedie Global Focus Fund.

With effect from 1 October 2019, the annual management charge ('AMC') applied to the X share classes reduced for the following sub funds:

- the AMC applied to X shares reduced 0.10% to 0.65% for the LF Majedie Global Equity Fund;
- the AMC applied to X shares reduced 0.15% to 0.85% for the LF Majedie Global Focus Fund;
- the AMC applied to X shares reduced 0.10% to 0.65% for the LF Majedie UK Equity Fund;
- the AMC applied to X shares reduced 0.25% to 0.85% for the LF Majedie UK Focus Fund; and
- the AMC applied to X shares reduced 0.10% to 0.65% for the LF Majedie UK Income Fund.

### 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.

LFSL acts as the operator of both UCITS funds and 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 make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive. This disclosure is in respect of LFSL activities (including activities performed by its sister company Link Fund Administrators Limited (LFAL) or by employees of that entity), and excludes activities undertaken by third party investment management firms. LFSL staff do not perform duties in respect of particular funds, nor are they remunerated by reference to the performance of any individual fund. Accordingly, the information below is for LFSL as a whole. No attempt has been made to attribute remuneration to the Company itself.

## ACD'S REPORT *continued*

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 2019, being the most recent accounting period which accounts have been prepared for LFSL prior to the production of these accounts. As at 30 June 2019, LFSL operated 98 UCITS and 81 AIFs, whose respective assets under management ('AuM') were £38,284 million and £34,426 million. The Company was valued at £5,462 million as at that date and represented 7.51% of LFSL's total AuM and 14.27% of its UCITS AuM.

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

| 2019  | Number of<br>beneficiaries | Fixed<br>£'000 | Variable<br>£'000 | Total<br>£'000 |
|---|----------------------------|----------------|-------------------|----------------|
| Total amount of remuneration paid by LFSL<br>for the financial year to 30 June 2019   | 163                        | 7,503          | 682               | 8,185          |
| Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of<br>the funds for the financial year to 30 June 2019. |                            |                |                   |                |
| Senior management (incl all Board members)  | 6                          | 740            | 310               | 1,050          |
| Staff engaged in control functions  | 4                          | 411            | 35                | 446            |
| Risk takers and other identified staff  | 16                         | 1,378          | 122               | 1,500          |
| Any employees receiving total remuneration that<br>takes them into the same remuneration bracket<br>as senior management and risk takers                                  | —                          | —              | —                 | —              |

LFSL's remuneration arrangement include 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 as a whole, rather than the performance of any individual fund. Subject to satisfactory LFSL performance, bonuses may then be paid to staff to reflect their contribution to the LFSL's success. The precise metrics used will vary by function, but consideration is given to both qualitative and quantitative measures.

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

Further details can be found at:

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

## ACD'S REPORT *continued*

### 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 this assessment will be published on the ACD's website no later than 4 months from the record date of 31 December 2019.

### LINK FUND SOLUTIONS LIMITED

ACD of LF Majedie Asset Management Investment Fund Company  
30 April 2020

## DIRECTOR'S STATEMENT

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

**N. BOYLING**

LINK FUND SOLUTIONS LIMITED

ACD of LF Majedie Asset Management Investment Fund Company  
30 April 2020

## STATEMENT OF ACD'S RESPONSIBILITIES

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

In preparing the financial statements the ACD is responsible for:

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

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Sourcebook.

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES

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

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

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

The Depositary must ensure that:

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

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and 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 income 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 Majedie Asset Management Investment Fund Company  
30 April 2020

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF MAJEDIE ASSET MANAGEMENT INVESTMENT FUND COMPANY

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of LF Majedie Asset Management Investment Fund Company (the 'company'):

- give a true and fair view of the financial position of the sub-funds as at 31 December 2019 and of the net revenue and expense and the net capital gains and losses on the property of the Company and its sub-funds for the year ended 31 December 2019; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Statement of Recommended Practice "Financial Statements of UK Authorised Funds", the rules in the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

We have audited the financial statements which comprise for each sub-fund:

- the statement of total return;
- the statement of change in net assets attributable to shareholders;
- the balance sheet;
- the related consolidated and individual notes; and
- the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014, the Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

#### Basis for opinion

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF MAJEDIE ASSET MANAGEMENT INVESTMENT FUND COMPANY** *continued*

### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

### **Other information**

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

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

We have nothing to report in respect of these matters.

### **Responsibilities of depositary and ACD**

As explained more fully in the Statement of the Depositary's Responsibilities and the Statement of Authorised Corporate Director's Responsibilities, the depositary is responsible for the safeguarding the property of the company and the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF MAJEDIE ASSET MANAGEMENT INVESTMENT FUND COMPANY** *continued*

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Report on other legal and regulatory requirements**

#### **Opinion on other matters prescribed by the Collective Investment Schemes Sourcebook**

In our opinion:

- proper accounting records for the Company and its sub-funds have been kept and the financial statements are in agreement with those records;
- we have received all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- the information disclosed in the annual report for the year ended 31 December 2019 for the purpose of complying with Paragraph 4.5.9R of the Collective Investment Schemes Sourcebook is consistent with the financial statements.

### **Use of our report**

This report is made solely to the company's shareholders, as a body, in accordance with Paragraph 4.5.12R of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the company's 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.

#### **DELOITTE LLP**

Statutory Auditor  
Glasgow, United Kingdom  
30 April 2020

## ACCOUNTING AND DISTRIBUTION POLICIES

for the year ended 31 December 2019

### 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. The presentation of the comparative figures for the financial statements and the notes to the financial statements have been amended to match the current year presentation. 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 of the sub fund's ability to continue as a going concern, and is satisfied it has the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels and key service providers operational resilience.

#### (B) RECOGNITION OF REVENUE

Dividends on quoted equities and preference shares 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.

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

Relating to contract for difference ('CFD'), manufactured dividends received on long positions and paid on short positions are recognised when the underlying security is quoted ex-dividend. CFD securities are traded on a margin basis, interest can be charged and received on both long and short positions. Interest is calculated daily by applying the applicable interest rates to the closing value of positions. Interest is earned on any margin held with the broker.

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.

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

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

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

### (E) TAXATION

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

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

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

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

### (F) BASIS OF VALUATION OF INVESTMENTS

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

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

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

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

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

CFD contracts held by the Fund are valued at fair value. They are disclosed in the Portfolio Statement as fully collateralised positions, therefore, the value shown represents the market exposure of the positions held at the balance sheet date. Any gains or losses on the open positions held, or at the maturity of the contract are treated as capital.

The market value of over the counter (OTC) derivatives is determined based on valuation pricing models which take into account relevant market inputs as well as the time values, liquidity and volatility factors underlying the positions.

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

### (G) EXCHANGE RATES

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

### (H) DILUTION ADJUSTMENT

The ACD's policy is to apply a dilution adjustment whenever there are net inflows or net outflows of £250,000 or more. The maximum range of dilution adjustment for each Fund is up to 2% of NAV per Share on inflows and up to 1.5% of NAV per Share on outflows.

### (I) PORTFOLIO 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.

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

### **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.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

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 MAJEDIE UK EQUITY FUND ACD'S REPORT**

**for the year ended 31 December 2019**

### **Important Information**

Refer to the 'Important Information' section on pages 5 and 6.

### **Investment Objective and Policy**

The LF Majedie UK Equity Fund ('the Fund') aims to produce a total return in excess of the FTSE All-Share Total Return Index over the long term through investment in a diversified portfolio of predominantly UK equities. "Total return" means the combined return of capital and income and a consistently positive return is not guaranteed.

The Fund will invest in equity securities of companies which are listed or traded on one or more eligible markets. At least 80% of the Fund will be invested in UK equities, with the balance in international equities, cash or near cash. It is not the intention to invest materially in emerging markets.

There is no policy to restrict investment to particular economic sectors. There will be no borrowing for investment purposes.

No more than 10% of the Fund Property may be invested in other collective investment schemes.

Up to 20% of the Fund Property may be held in near cash (as defined in the FCA Glossary).

### **Benchmark**

The Fund's target benchmark is the FTSE All-Share Total Return Index.

The FTSE All-Share Total Return Index has been selected as the Fund's target benchmark as the Fund has the discretion to invest across the broadest spectrum of UK companies. We have chosen the FTSE All-Share Total Return Index as the target benchmark as it is considered to be the broadest price performance measure for UK companies. The index is used as a target and the fund is not constrained in how far its holdings can deviate from the weightings of the index.

**LINK FUND SOLUTIONS LIMITED**

*ACD of LF Majedie UK Equity Fund*

*30 April 2020*

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

### Market Overview

This report covers the period 1 January 2019 to 31 December 2019. During the period the Fund returned 14.3% (Class X Accumulation shares, net of fees, GBP) against the FTSE All-Share Total Return Index return of 19.2%.

The former British Prime Minister Harold Wilson once observed that “a week is a long time in politics”. For some, the last year must seem like many lifetimes.

For almost all the year, the UK was plagued by political uncertainty. A government with a sizeable majority is now in place and Brexit is likely to happen. The arrival of a government that can implement policy efficiently has removed much of the uncertainty that has plagued the UK stock market since 2016. We feel such clarity should bring overseas institutional investors back to the UK in 2020, leading to helpful additional marginal buyers in the market.

The Fund's return was behind the Index over the year, reflecting two particular stock-specific headwinds: Pearson and Centrica. Pearson detracted following weakness in its legacy textbook business. We are more interested in the continued transition to a digital and subscription led business. Centrica continues to evolve its corporate strategy to deal with regulatory challenges. It has been a tough period for the business but we believe it is now well-placed and continue to hold the shares. On the positive ledger, there were strong contributions from the holdings in Tesco and Serco. Tesco continues to reap the rewards of the reorganisation of outgoing CEO Dave Lewis. It is back to capitalising on its core advantage of scale as the UK's leading food retailer: we believe there is more to go for. Serco is also benefitting from new leadership and is on the front foot making acquisitions. This, plus improved organic growth, have driven the share price up from previously depressed levels. The Fund also benefitted from its modest exposure to HSBC, which was weak for reasons including the political difficulties in Hong Kong and an unexpected change of chief executive.

What next for the UK stock market? After an extended period of UK equities underperforming global equities, we expect that the UK market will finally recover some lost ground. When we compare valuations across the UK market with those overseas, the UK stands at approximately a 30% discount. Some of this discount is to a degree structural, reflecting some large stocks in the index such as the Oil companies. However, we think the current level of discount is too wide. The removal of some of the political uncertainty in the market should help this narrow.

As we enter 2020, the UK equity market has a very different feel from the 2016-19 post Referendum environment. We now have a UK political party with a clear majority and remit to deliver. Undoubtedly there will be tensions as the UK's trade negotiations progress, but the direction of travel on trade is clear. Meanwhile, austerity appears to have come to an end and fiscal pump priming is back. All this adds up to the very real prospect that UK growth could return to long-term trend levels and is likely to exceed the G7 average. Furthermore, unemployment is low and business confidence is up. All this amounts to a big change and should help drive further returns from the stocks we hold across the UK stock market.

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

Since early January 2020, global financial markets have been monitoring and reacting to the coronavirus (COVID-19). Since 19 February 2020, global stock markets have fallen sharply in response to the spread of the new novel coronavirus (Covid-19). The World Health Organisation's classification of the virus as a pandemic on 12 March resulted in a step change in economic activity across developed economies as the highly infectious nature of the virus prompted aggressive lockdown measures to flatten peak infection rates and consequently the strain on healthcare systems. As of 9 April 2020, the virus has negatively impacted the health of more than 1.4 million individuals globally, with most confirmed cases in Europe and the US. The seizure in the economy has been particularly severe as four major negatives have occurred together; a medical emergency, a lockdown of economic activity, an oil price crash and extreme liquidity pressures in credit and fixed income markets – each of these would be a shock but they have happened simultaneously. The long-term impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. The Investment management team continues to monitor this situation closely and has put in place measures to safeguard its ability to provide services to the Fund and all its clients.

We have not seen significantly different investor dealing as a result of the market turbulence. We have no liquidity concerns within the Fund. There have been no significant redemptions in the Fund.

Please note that recent market volatility and related increase in trading has led to a notable improvement in liquidity. It is expected liquidity will revert to historic levels once this period passes.

The audited risk figures for March 2020 have also increased in comparison to historic levels – this is due to a change in the risk model (Barra) in relation to the recent market volatility rather than a fundamental change in the Fund.

There have been no breaches of regulatory or investment restrictions.

Year to date as at 7 April 2020 the Fund's NAV has declined by approximately 25% (Class X Accumulation shares, GBP).

The Fund Managers expect continued market volatility and NAV impact, however, see this as an opportunity for investment. Majedie Asset Management is financially stable and is able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future.

There has been no material change in the cash weightings of the Fund.

MAJEDIE ASSET MANAGEMENT LIMITED

Investment Manager

15 April 2020



## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



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

The Fund has been classed as 5 because its volatility has been measured as above average to high.

The indicator is based on historical data and may not be a reliable indication for the future.

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

**Market Risk:** the investments of the Fund are subject to normal market fluctuations and the risk inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur.

**Equity Risk:** the value of equities may fall as well as rise and as a class of investment, equities are typically more volatile than other common investment types such as bonds or cash.

**Currency Risk:** the Fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the Fund's volatility and losses.

The ACD will regularly monitor the concentration of the Fund's exposure to related risk however, concentration in any one industry, region or country or with respect to any given counterparty may arise from time to time.

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

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'B' INCOME SHARES

| CHANGE IN NET ASSETS PER SHARE       | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share    | 510.52                      | 584.66                      | 566.63                      |
| Return before operating charges*     | 75.80                       | (52.13)                     | 37.87                       |
| Operating charges                    | (0.05)                      | (0.11)                      | (0.12)                      |
| Return after operating charges       | 75.75                       | (52.24)                     | 37.75                       |
| Distributions                        | (23.07)                     | (21.90)                     | (19.72)                     |
| Closing net asset value per share    | 563.20                      | 510.52                      | 584.66                      |
| * after direct transaction costs of: | 0.59                        | 0.56                        | 1.28                        |

##### PERFORMANCE

|                      |        |         |       |
|----------------------|--------|---------|-------|
| Return after charges | 14.84% | (8.94)% | 6.66% |
|----------------------|--------|---------|-------|

##### OTHER INFORMATION

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 118,459    | 84,766     | 101,150    |
| Closing number of shares        | 21,033,124 | 16,603,698 | 17,300,428 |
| Operating charges <sup>1</sup>  | 0.01%      | 0.02%      | 0.02%      |
| Direct transaction costs        | 0.11%      | 0.10%      | 0.22%      |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 581.71 | 620.59 | 601.38 |
| Lowest share price  | 509.91 | 514.11 | 566.61 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'B' ACCUMULATION SHARES

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 611.05                      | 672.85                      | 630.35                      |
| Return before operating charges*                 | 91.60                       | (61.67)                     | 42.63                       |
| Operating charges                                | (0.07)                      | (0.13)                      | (0.13)                      |
| Return after operating charges                   | 91.53                       | (61.80)                     | 42.50                       |
| Distributions                                    | (27.92)                     | (25.43)                     | (22.13)                     |
| Retained distributions on<br>accumulation shares | 27.92                       | 25.43                       | 22.13                       |
| Closing net asset value per share                | 702.58                      | 611.05                      | 672.85                      |
| * after direct transaction costs of:             | 0.72                        | 0.65                        | 1.44                        |

##### PERFORMANCE

|                      |        |         |       |
|----------------------|--------|---------|-------|
| Return after charges | 14.98% | (9.18)% | 6.74% |
|----------------------|--------|---------|-------|

##### OTHER INFORMATION

|                                 |            |             |             |
|---------------------------------|------------|-------------|-------------|
| Closing net asset value (£'000) | 536,718    | 652,878     | 839,026     |
| Closing number of shares        | 76,392,614 | 106,844,742 | 124,697,350 |
| Operating charges <sup>1</sup>  | 0.01%      | 0.02%       | 0.02%       |
| Direct transaction costs        | 0.11%      | 0.10%       | 0.22%       |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 712.58 | 714.19 | 674.02 |
| Lowest share price  | 610.32 | 603.69 | 630.26 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' INCOME SHARES

| CHANGE IN NET ASSETS PER SHARE       | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share    | 137.82                      | 157.79                      | 152.93                      |
| Return before operating charges*     | 20.43                       | (14.04)                     | 10.21                       |
| Operating charges                    | (1.07)                      | (1.19)                      | (1.21)                      |
| Return after operating charges       | 19.36                       | (15.23)                     | 9.00                        |
| Distributions                        | (5.16)                      | (4.74)                      | (4.14)                      |
| Closing net asset value per share    | 152.02                      | 137.82                      | 157.79                      |
| * after direct transaction costs of: | 0.16                        | 0.15                        | 0.34                        |

##### PERFORMANCE

|                      |        |         |       |
|----------------------|--------|---------|-------|
| Return after charges | 14.05% | (9.65)% | 5.89% |
|----------------------|--------|---------|-------|

##### OTHER INFORMATION

|                                 |             |             |             |
|---------------------------------|-------------|-------------|-------------|
| Closing net asset value (£'000) | 1,049,710   | 1,327,292   | 1,516,376   |
| Closing number of shares        | 690,502,254 | 963,041,606 | 960,991,661 |
| Operating charges <sup>1</sup>  | 0.73%       | 0.77%       | 0.77%       |
| Direct transaction costs        | 0.11%       | 0.10%       | 0.22%       |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 156.50 | 167.00 | 161.83 |
| Lowest share price  | 137.59 | 138.23 | 152.57 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.10% to 0.65%.

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' ACCUMULATION SHARES

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 162.90                      | 180.71                      | 170.57                      |
| Return before operating charges*                 | 24.32                       | (16.43)                     | 11.50                       |
| Operating charges                                | (1.28)                      | (1.38)                      | (1.36)                      |
| Return after operating charges                   | 23.04                       | (17.81)                     | 10.14                       |
| Distributions                                    | (6.15)                      | (5.47)                      | (4.65)                      |
| Retained distributions on<br>accumulation shares | 6.15                        | 5.47                        | 4.65                        |
| Closing net asset value per share                | 185.94                      | 162.90                      | 180.71                      |
| * after direct transaction costs of:             | 0.19                        | 0.18                        | 0.39                        |

##### PERFORMANCE

|                      |        |         |       |
|----------------------|--------|---------|-------|
| Return after charges | 14.14% | (9.86)% | 5.94% |
|----------------------|--------|---------|-------|

##### OTHER INFORMATION

|                                 |             |             |             |
|---------------------------------|-------------|-------------|-------------|
| Closing net asset value (£'000) | 900,608     | 1,301,624   | 1,577,084   |
| Closing number of shares        | 484,342,203 | 799,054,817 | 872,719,373 |
| Operating charges <sup>1</sup>  | 0.73%       | 0.77%       | 0.77%       |
| Direct transaction costs        | 0.11%       | 0.10%       | 0.22%       |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 188.60 | 191.28 | 181.32 |
| Lowest share price  | 162.69 | 160.95 | 170.16 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.10% to 0.65%.

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 December 2019 (%)

|                                      | 1 year | 3 years | 5 years |
|--------------------------------------|--------|---------|---------|
| LF Majedie UK Equity Fund            | 14.32  | 9.68    | 32.60   |
| FTSE All-Share TR Index <sup>1</sup> | 19.17  | 22.01   | 43.84   |

<sup>1</sup> Source: Bloomberg, closing price.

The performance of the Fund is based on the published price per 'X' 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 (at 12.00 p.m.) 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 53 and 54.

#### 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 MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 31 December 2019

| Holding     | Portfolio of Investments   | Value<br>£'000 | 31.12.19<br>% |
|-------------|--|----------------|---------------|
|             | EQUITIES - 97.31% (31.12.18 - 97.22%)                                |                |               |
|             | OIL & GAS - 12.63% (31.12.18 - 17.43%)                               |                |               |
|             | OIL & GAS PRODUCERS - 12.63% (31.12.18 - 16.65%)                     |                |               |
| 139,010,019 | Aminex   | 1,320          | 0.05          |
| 33,939,941  | BP   | 160,061        | 6.14          |
| 729,107     | Cairn Energy   | 1,493          | 0.06          |
| 76,610      | Exxon Mobil  | 4,034          | 0.15          |
| 2,488,053   | Nostrum Oil & Gas  | 421            | 0.02          |
| 1,495,086   | Premier Oil  | 1,468          | 0.06          |
| 12,984,042  | Rockhopper Exploration <sup>3</sup>                                  | 1,940          | 0.07          |
| 6,804,009   | Royal Dutch Shell 'B'  | 152,376        | 5.85          |
| 1,520,733   | Tullow Oil   | 969            | 0.04          |
| 1,000,096   | Valaris  | 4,937          | 0.19          |
|             |  | <u>329,019</u> | <u>12.63</u>  |
|             | OIL EQUIPMENT, SERVICES & DISTRIBUTION - 0.00%<br>(31.12.18 - 0.78%) | <u>—</u>       | <u>—</u>      |
|             | TOTAL OIL & GAS  | <u>329,019</u> | <u>12.63</u>  |
|             | BASIC MATERIALS - 8.60% (31.12.18 - 8.06%)                           |                |               |
|             | FORESTRY & PAPER - 2.16% (31.12.18 - 1.12%)                          |                |               |
| 3,167,764   | Mondi  | <u>56,149</u>  | <u>2.16</u>   |
|             | MINING - 6.44% (31.12.18 - 6.94%)                                    |                |               |
| 1,779,234   | Anglo American   | 38,645         | 1.48          |
| 1,114,415   | Atalaya Mining <sup>3</sup>  | 2,117          | 0.08          |
| 4,476,653   | Barrick Gold   | 62,753         | 2.41          |

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                            | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
| 1,226,715  | BHP   | 21,796         | 0.84          |
| 2,074,054  | Central Asia Metals <sup>3</sup>                    | 4,521          | 0.17          |
| 1,671,861  | Gold Fields ADRs                                    | 8,329          | 0.32          |
| 1,236,048  | Hochschild Mining                                   | 2,259          | 0.09          |
| 1,808,311  | Hummingbird Resources <sup>3</sup>                  | 380            | 0.01          |
| 2,112,692  | KAZ Minerals  | 11,227         | 0.43          |
| 355,261    | Newmont Goldcorp                                    | 11,649         | 0.45          |
| 7,712,162  | Norseman Gold <sup>2</sup>                          | —              | —             |
| 1,506,559  | Petra Diamonds                                      | 131            | 0.01          |
| 26,763,558 | Shanta Gold <sup>3</sup>                            | 2,489          | 0.09          |
| 4,086,536  | Sylvania Platinum <sup>3</sup>                      | 1,504          | 0.06          |
|            |   | 167,800        | 6.44          |
|            | TOTAL BASIC MATERIALS                               | 223,949        | 8.60          |
|            | INDUSTRIALS - 16.77% (31.12.18 - 10.14%)            |                |               |
|            | CONSTRUCTION & MATERIALS - 1.95% (31.12.18 - 0.82%) |                |               |
| 3,136,494  | Accsys Technologies <sup>3</sup>                    | 3,230          | 0.12          |
| 1,964,507  | Balfour Beatty                                      | 5,131          | 0.20          |
| 8,675,512  | Breedon <sup>3</sup>                                | 7,201          | 0.28          |
| 2,709,530  | Marshalls   | 23,302         | 0.89          |
| 1,061,174  | Polypipe  | 5,709          | 0.22          |
| 2,432,938  | Volution  | 6,253          | 0.24          |
|            |   | 50,826         | 1.95          |



## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments  | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
|            | AEROSPACE & DEFENCE - 3.84% (31.12.18 - 2.41%)                  |                |               |
| 10,748,697 | BAE Systems   | 60,709         | 2.33          |
| 10,513,419 | QinetiQ   | 37,617         | 1.45          |
| 77,580     | Ultra Electronics   | 1,640          | 0.06          |
|            |   | <u>99,966</u>  | <u>3.84</u>   |
|            | GENERAL INDUSTRIALS - 0.09% (31.12.18 - 0.08%)                  |                |               |
| 3,065,442  | Coats   | <u>2,287</u>   | <u>0.09</u>   |
|            | ELECTRONIC & ELECTRICAL EQUIPMENT - 0.12%<br>(31.12.18 - 0.12%) |                |               |
| 204,734    | Oxford Instruments  | <u>3,153</u>   | <u>0.12</u>   |
|            | INDUSTRIAL ENGINEERING - 0.20% (31.12.18 - 0.00%)               |                |               |
| 59,120     | Hill & Smith  | 871            | 0.03          |
| 206,700    | Komatsu   | 3,792          | 0.14          |
| 104,334    | Porvair   | <u>668</u>     | <u>0.03</u>   |
|            |   | <u>5,331</u>   | <u>0.20</u>   |
|            | INDUSTRIAL TRANSPORTATION - 0.19% (31.12.18 - 0.00%)            |                |               |
| 4,634      | AP Moeller-Maersk 'B'   | <u>5,064</u>   | <u>0.19</u>   |
|            | SUPPORT SERVICES - 10.38% (31.12.18 - 6.71%)                    |                |               |
| 773,299    | Ashtead   | 18,667         | 0.72          |
| 10,954,118 | Electrocomponents   | 73,787         | 2.83          |
| 23,558,300 | Hays  | 42,782         | 1.64          |
| 672,954    | Marlowe <sup>3</sup>  | 3,365          | 0.13          |
| 3,750,626  | Mears   | 11,027         | 0.42          |
| 229,985    | PayPoint  | 2,323          | 0.09          |

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                       | Value<br>£'000 | 31.12.19<br>% |
|------------|--|----------------|---------------|
| 8,014,222  | Renewi   | 2,885          | 0.11          |
| 7,408,244  | Rentokil Initial   | 33,552         | 1.29          |
| 606,011    | Restore <sup>3</sup>   | 3,285          | 0.13          |
| 1,337,983  | RPS  | 2,280          | 0.09          |
| 30,755,244 | Serco  | 49,793         | 1.91          |
| 3,684,303  | SIG  | 4,532          | 0.17          |
| 9,145,471  | Speedy Hire  | 6,859          | 0.26          |
| 957,143    | Travis Perkins   | 15,333         | 0.59          |
|            |  | 270,470        | 10.38         |
|            | TOTAL INDUSTRIALS  | 437,097        | 16.77         |
|            | CONSUMER GOODS - 3.86% (31.12.18 - 1.88%)                      |                |               |
|            | BEVERAGES - 0.63% (31.12.18 - 0.24%)                           |                |               |
| 533,384    | Fever-Tree Drinks <sup>3</sup>                                 | 11,132         | 0.43          |
| 2,603,118  | Stock Spirits  | 5,362          | 0.20          |
|            |  | 16,494         | 0.63          |
|            | FOOD PRODUCERS - 2.80% (31.12.18 - 1.11%)                      |                |               |
| 2,806,199  | Associated British Foods                                       | 72,877         | 2.80          |
|            | HOUSEHOLD GOODS & HOME CONSTRUCTION - 0.11% (31.12.18 - 0.04%) |                |               |
| 1,319,516  | McBride  | 1,168          | 0.04          |
| 188,921    | MJ Gleeson   | 1,780          | 0.07          |
|            |  | 2,948          | 0.11          |
|            | LEISURE GOODS - 0.01% (31.12.18 - 0.15%)                       |                |               |
| 80,916     | Team17 <sup>3</sup>  | 303            | 0.01          |

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                    | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
|            | PERSONAL GOODS - 0.31% (31.12.18 - 0.34%)                   |                |               |
| 2,294,683  | PZ Cussons  | 4,784          | 0.18          |
| 74,744     | Unilever  | 3,252          | 0.13          |
|            |   | 8,036          | 0.31          |
|            | TOTAL CONSUMER GOODS  | 100,658        | 3.86          |
|            | HEALTH CARE - 7.66% (31.12.18 - 8.23%)                      |                |               |
|            | HEALTH CARE EQUIPMENT & SERVICES - 1.63% (31.12.18 - 1.52%) |                |               |
| 998,161    | CareTech <sup>3</sup>                                       | 4,412          | 0.17          |
| 1,937,640  | Smith & Nephew  | 35,488         | 1.36          |
| 1,754,270  | Spire Healthcare  | 2,491          | 0.10          |
|            |   | 42,391         | 1.63          |
|            | PHARMACEUTICALS & BIOTECHNOLOGY - 6.03% (31.12.18 - 6.71%)  |                |               |
| 206,029    | AstraZeneca   | 15,671         | 0.60          |
| 7,431,920  | GlaxoSmithKline   | 132,184        | 5.08          |
| 127,892    | Novartis  | 9,161          | 0.35          |
|            |   | 157,016        | 6.03          |
|            | TOTAL HEALTH CARE   | 199,407        | 7.66          |
|            | CONSUMER SERVICES - 24.49% (31.12.18 - 23.48%)              |                |               |
|            | FOOD & DRUG RETAILERS - 7.93% (31.12.18 - 9.52%)            |                |               |
| 26,617,440 | Morrison (Wm.) Supermarkets                                 | 53,182         | 2.04          |
| 6,644,857  | Sainsbury   | 15,277         | 0.59          |
| 54,194,314 | Tesco   | 138,195        | 5.30          |
|            |   | 206,654        | 7.93          |

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                     | Value<br>£'000 | 31.12.19<br>% |
|------------|--|----------------|---------------|
|            | GENERAL RETAILERS - 4.70% (31.12.18 - 4.66%) |                |               |
| 6,043,425  | Card Factory                                 | 8,920          | 0.34          |
| 10,367,091 | Carpetright                                  | 498            | 0.02          |
| 1,085,650  | DFS Furniture                                | 3,138          | 0.12          |
| 16,379,019 | Dixons Carphone                              | 23,619         | 0.91          |
| 1,084,715  | Dunelm                                       | 12,539         | 0.48          |
| 374,886    | eBay   | 10,219         | 0.39          |
| 360,200    | Etsy   | 12,045         | 0.46          |
| 175,740    | Joules <sup>3</sup>                          | 395            | 0.01          |
| 16,908,592 | Marks & Spencer                              | 36,100         | 1.39          |
| 13,092,590 | Mothercare                                   | 2,245          | 0.09          |
| 76,308     | Next   | 5,354          | 0.21          |
| 13,957,152 | Saga   | 7,390          | 0.28          |
|            |  | <u>122,462</u> | <u>4.70</u>   |
|            | MEDIA - 5.66% (31.12.18 - 4.96%)             |                |               |
| 1,794,012  | Bloomsbury Publishing                        | 5,203          | 0.20          |
| 3,596,789  | Daily Mail & General Trust                   | 29,817         | 1.14          |
| 2,252,733  | Euromoney Institutional Investor             | 29,331         | 1.13          |
| 7,362,906  | ITV  | 11,111         | 0.43          |
| 10,111,803 | Pearson                                      | 64,412         | 2.47          |
| 3,032,604  | Reach  | 4,118          | 0.16          |
| 859,445    | STV  | 3,506          | 0.13          |
|            |  | <u>147,498</u> | <u>5.66</u>   |
|            | TRAVEL & LEISURE - 6.20% (31.12.18 - 4.34%)  |                |               |
| 20,554     | Booking.com                                  | 31,858         | 1.22          |
| 1,075,809  | Comptoir <sup>3</sup>                        | 86             | —             |
| 5,137,005  | Ei   | 14,579         | 0.56          |
| 38,319,893 | fastjet <sup>3</sup>                         | 69             | —             |

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                 | Value<br>£'000 | 31.12.19<br>% |
|------------|--|----------------|---------------|
| 1,838,032  | fastjet warrants 31/7/2021 <sup>2</sup>                  | —              | —             |
| 22,416,933 | FirstGroup   | 28,021         | 1.08          |
| 635,029    | Hollywood Bowl   | 1,810          | 0.07          |
| 996,819    | Patisserie <sup>2</sup>                                  | —              | —             |
| 4,042,716  | Ryanair  | 50,114         | 1.93          |
| 3,852,052  | SSP  | 25,038         | 0.96          |
| 5,281,479  | William Hill   | 9,953          | 0.38          |
|            |  | <u>161,528</u> | <u>6.20</u>   |
|            | TOTAL CONSUMER SERVICES                                  | <u>638,142</u> | <u>24.49</u>  |
|            | TELECOMMUNICATIONS - 5.07% (31.12.18 - 8.50%)            |                |               |
|            | FIXED LINE TELECOMMUNICATIONS - 3.29% (31.12.18 - 6.49%) |                |               |
| 16,970,898 | BT   | 32,659         | 1.25          |
| 4,338,279  | Koninklijke KPN  | 9,671          | 0.37          |
| 3,289,441  | Orange   | 36,568         | 1.41          |
| 14,321,473 | Telecom Italia   | 6,752          | 0.26          |
|            |  | <u>85,650</u>  | <u>3.29</u>   |
|            | MOBILE TELECOMMUNICATIONS - 1.78% (31.12.18 - 2.01%)     |                |               |
| 31,610,866 | Vodafone   | 46,392         | 1.78          |
|            | TOTAL TELECOMMUNICATIONS                                 | <u>132,042</u> | <u>5.07</u>   |
|            | UTILITIES - 1.81% (31.12.18 - 3.01%)                     |                |               |
|            | GAS, WATER & MULTIUTILITIES - 1.81% (31.12.18 - 3.01%)   |                |               |
| 52,780,612 | Centrica   | 47,112         | 1.81          |

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                     | Value<br>£'000 | 31.12.19<br>% |
|------------|--|----------------|---------------|
|            | FINANCIALS - 14.11% (31.12.18 - 14.54%)                      |                |               |
|            | BANKS - 6.21% (31.12.18 - 8.65%)                             |                |               |
| 24,374,241 | Barclays   | 43,786         | 1.68          |
| 126,346    | First Republic Bank  | 11,202         | 0.43          |
| 4,188,559  | HSBC   | 24,792         | 0.95          |
| 61,776,004 | Lloyds Banking   | 38,610         | 1.48          |
| 15,753,100 | Royal Bank of Scotland                                       | 37,855         | 1.45          |
| 32,839     | Secure Trust Bank  | 519            | 0.02          |
| 714,683    | Standard Chartered   | 5,091          | 0.20          |
|            |  | <u>161,855</u> | <u>6.21</u>   |
|            | NON-LIFE INSURANCE - 1.13% (31.12.18 - 1.46%)                |                |               |
| 7,707,427  | Direct Line  | 24,086         | 0.92          |
| 969,325    | RSA Insurance  | 5,481          | 0.21          |
|            |  | <u>29,567</u>  | <u>1.13</u>   |
|            | LIFE INSURANCE - 3.27% (31.12.18 - 2.59%)                    |                |               |
| 4,538,817  | Aviva  | 19,004         | 0.73          |
| 21,871,459 | Legal & General  | 66,270         | 2.54          |
|            |  | <u>85,274</u>  | <u>3.27</u>   |
|            | REAL ESTATE INVESTMENT & SERVICES - 0.17% (31.12.18 - 0.20%) |                |               |
| 38,165,984 | Dolphin Capital Investors <sup>3</sup>                       | 1,565          | 0.06          |
| 620,048    | Helical Bar  | 2,924          | 0.11          |
| 4,576,733  | Speymill Deutsche Immobilien <sup>2</sup>                    | —              | —             |
|            |  | <u>4,489</u>   | <u>0.17</u>   |

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments                                 | Value<br>£'000 | 31.12.19<br>% |
|-----------|--|----------------|---------------|
|           | REAL ESTATE INVESTMENT TRUSTS - 1.39% (31.12.18 - 0.94%) |                |               |
| 2,911,053 | British Land   | 18,543         | 0.71          |
| 1,867,355 | Shaftesbury  | 17,600         | 0.68          |
|           |  | 36,143         | 1.39          |
|           | FINANCIAL SERVICES - 1.75% (31.12.18 - 0.58%)            |                |               |
| 3,082,981 | 3i   | 33,851         | 1.30          |
| 590,179   | Curtis Banks <sup>3</sup>                                | 2,018          | 0.08          |
| 630,278   | John Laing   | 2,395          | 0.09          |
| 460,660   | JTC  | 1,852          | 0.07          |
| 180,212   | Morses Club <sup>3</sup>                                 | 240            | 0.01          |
| 217,207   | Mortgage Advice Bureau <sup>3</sup>                      | 1,629          | 0.06          |
| 2,361,255 | Sherborne Investors <sup>1</sup>                         | 1,405          | 0.05          |
| 3,114,556 | Tungsten <sup>3</sup>                                    | 1,246          | 0.05          |
| 771,032   | XPS Pensions   | 979            | 0.04          |
|           |  | 45,615         | 1.75          |
|           | EQUITY INVESTMENT INSTRUMENTS - 0.19% (31.12.18 - 0.12%) |                |               |
| 806,857   | Gresham House <sup>1,3</sup>                             | 4,841          | 0.19          |
|           | TOTAL FINANCIALS   | 367,784        | 14.11         |
|           | TECHNOLOGY - 2.31% (31.12.18 - 1.95%)                    |                |               |
|           | SOFTWARE & COMPUTER SERVICES - 2.09% (31.12.18 - 1.75%)  |                |               |
| 1,967,474 | CentralNic <sup>3</sup>                                  | 1,731          | 0.07          |
| 293,754   | EMIS <sup>3</sup>  | 3,255          | 0.12          |
| 1,693,469 | FDM  | 17,510         | 0.67          |
| 452,821   | GRC International <sup>3</sup>                           | 54             | —             |
| 1,147,214 | Gresham Technologies                                     | 1,377          | 0.05          |
| 201,024   | Ideagen <sup>3</sup>                                     | 392            | 0.01          |

## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                     | Value<br>£'000   | 31.12.19<br>% |
|------------|--|------------------|---------------|
| 1,549,992  | RM   | 4,355            | 0.17          |
| 2,601,851  | Sage   | 19,472           | 0.75          |
| 854,364    | SDL  | 4,870            | 0.19          |
| 2,596,004  | Tribal <sup>3</sup>  | 1,558            | 0.06          |
|            |  | <u>54,574</u>    | <u>2.09</u>   |
|            | TECHNOLOGY HARDWARE & EQUIPMENT - 0.22% (31.12.18 - 0.20%)   |                  |               |
| 2,314,397  | Spirent Communications                                       | 5,786            | 0.22          |
|            | TOTAL TECHNOLOGY   | <u>60,360</u>    | <u>2.31</u>   |
|            | TOTAL EQUITIES   | <u>2,535,570</u> | <u>97.31</u>  |
|            | NON-EQUITY INVESTMENT INSTRUMENTS - 3.13% (31.12.18 - 3.18%) |                  |               |
| 81,460,708 | Goldman Sachs Sterling Liquid Reserves <sup>1</sup>          | 81,461           | 3.13          |
|            | Portfolio of Investments                                     | 2,617,031        | 100.44        |
|            | Net other liabilities  | <u>(11,536)</u>  | <u>(0.44)</u> |
|            | Total Net Assets   | <u>2,605,495</u> | <u>100.00</u> |

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

<sup>1</sup> Collective investment scheme.

<sup>2</sup> Delisted security.

<sup>3</sup> Quoted on the Alternative Investment Market (AIM).

*Definitions:*

*ADRs – American Depositary Receipts.*



## LF MAJEDIE UK EQUITY FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2019

|  |         |  |           |
|--|---------|--|-----------|
| Total purchases for the year £'000 (note 16) | 625,662 | Total sales for the year £'000 (note 16) | 1,654,479 |
|  | Cost    |  | Proceeds  |
| Major purchases                              | £'000   | Major sales                              | £'000     |
| Associated British Foods                     | 51,033  | BP                                       | 91,877    |
| Lloyds Banking                               | 49,854  | HSBC                                     | 83,342    |
| Booking.com                                  | 35,485  | Royal Dutch Shell 'B'                    | 74,229    |
| Pearson                                      | 33,139  | Tesco                                    | 66,315    |
| 3i   | 32,640  | Orange                                   | 63,643    |
| SSP  | 29,574  | GlaxoSmithKline                          | 60,225    |
| Legal & General                              | 27,953  | Morrison (Wm.) Supermarkets              | 50,857    |
| Mondi  | 24,143  | Novartis                                 | 43,217    |
| Shaftesbury                                  | 23,430  | Barclays                                 | 40,631    |
| Hays   | 22,499  | Lloyds Banking                           | 38,957    |

In addition to the above, purchases totalling £914,709,000, and sales totalling £940,246,000 were made in short term investments during the year.

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

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 December 2019

|  | Notes | £'000    | 31.12.19<br>£'000 | £'000    | 31.12.18<br>£'000 |
|--|-------|----------|-------------------|----------|-------------------|
| Income:  |       |          |                   |          |                   |
| Net capital gains/(losses)   | 3     |          | 292,684           |          | (487,889)         |
| Revenue  | 4     | 135,444  |                   | 147,907  |                   |
| Expenses   | 5     | (17,975) |                   | (23,022) |                   |
| Interest payable and similar charges   | 7     | (1)      |                   | (5)      |                   |
| Net revenue before taxation  |       | 117,468  |                   | 124,880  |                   |
| Taxation   | 6     | (806)    |                   | (413)    |                   |
| Net revenue after taxation   |       |          | 116,662           |          | 124,467           |
| Total return before distributions  |       |          | 409,346           |          | (363,422)         |
| Distributions  | 8     |          | (116,715)         |          | (124,498)         |
| Change in net assets attributable to shareholders from investment activities |       |          | 292,631           |          | (487,920)         |

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

for the year ended 31 December 2019

|  | Note | £'000       | 31.12.19<br>£'000 | £'000     | 31.12.18<br>£'000 |
|--|------|-------------|-------------------|-----------|-------------------|
| Opening net assets attributable to shareholders                              |      |             | 3,366,560         |           | 4,044,161         |
| Amounts receivable on issue of shares  |      | 98,982      |                   | 321,963   |                   |
| Amounts payable on redemption of shares                                      |      | (1,217,205) |                   | (586,927) |                   |
|  |      |             | (1,118,223)       |           | (264,964)         |
| Dilution adjustment  | 1(H) |             | 1,896             |           | 2,044             |
| Stamp duty reserve tax   |      |             | (1)               |           | —                 |
| Change in net assets attributable to shareholders from investment activities |      |             | 292,631           |           | (487,920)         |
| Retained distribution on accumulation shares                                 |      |             | 62,632            |           | 73,239            |
| Closing net assets attributable to shareholders                              |      |             | 2,605,495         |           | 3,366,560         |

**LF MAJEDIE UK EQUITY FUND**  
**FINANCIAL STATEMENTS** *continued*  
**BALANCE SHEET**

as at 31 December 2019

|  | Notes | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>                                  |       |                   |                   |
| Fixed assets                                   |       |                   |                   |
| Investments                                    |       | 2,617,031         | 3,379,937         |
| Current assets                                 |       |                   |                   |
| Debtors  | 9     | 9,810             | 11,939            |
| Cash and bank balances                         | 10    | —                 | —                 |
| <b>Total assets</b>                            |       | <b>2,626,841</b>  | <b>3,391,876</b>  |
| <b>LIABILITIES</b>                             |       |                   |                   |
| Creditors                                      |       |                   |                   |
| Distribution payable                           | 11    | (17,887)          | (21,636)          |
| Other creditors                                | 11    | (3,459)           | (3,680)           |
| <b>Total liabilities</b>                       |       | <b>(21,346)</b>   | <b>(25,316)</b>   |
| <b>Net assets attributable to shareholders</b> |       | <b>2,605,495</b>  | <b>3,366,560</b>  |

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

#### 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 18 have been applied to the financial statements of the Fund in the current and prior year.

#### 3. Net Capital gains/(losses)

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

|                            | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------|-------------------|-------------------|
| Non-derivative securities  | 292,987           | (487,804)         |
| Currency losses            | (303)             | (70)              |
| Derivative contracts       | —                 | (15)              |
| Net capital gains/(losses) | 292,684           | (487,889)         |

#### 4. Revenue

|                                  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------------|-------------------|-------------------|
| Bank interest                    | 1                 | 27                |
| Non-taxable dividends            | 133,393           | 146,592           |
| Taxable dividends                | 568               | 688               |
| UK property income distributions | 1,482             | 600               |
| Total revenue                    | 135,444           | 147,907           |

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 5. Expenses

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Payable to the ACD, associates of the<br>ACD and agents of either of them:               |                   |                   |
| Annual Management Charge   | 17,700            | 22,428            |
| Payable to the Depositary, associates of the<br>Depositary and agents of either of them: |                   |                   |
| Depositary's fees  | 269               | 583               |
| Other expenses:  |                   |                   |
| Audit fee*   | 6                 | 11                |
| Total expenses   | 17,975            | 23,022            |

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

Effective 1 July 2019, the Fund is no longer charged expenses other than the Annual Management Charge.

\* The audit fee for the year, excluding VAT, was £9,400 (31.12.18: £9,000).

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 6. Taxation

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| (a) Analysis of charge for the year                                     |                   |                   |
| Corporation tax at 20%  | —                 | —                 |
| Overseas tax  | 806               | 410               |
| Income tax prior year adjustment  | —                 | 3                 |
| Current tax charge  | 806               | 413               |
| Deferred tax - origination and reversal of timing differences (note 6c) | —                 | —                 |
| Total taxation (see note 6b)  | 806               | 413               |

#### 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 open-ended investment company (20%). The differences are explained below:

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Net revenue before taxation                         | 117,468           | 124,880           |
| Corporation tax at 20%                              | 23,494            | 24,976            |
| Effects of:   |                   |                   |
| Unutilised excess management expenses               | 3,185             | 4,342             |
| Non-taxable dividends                               | (26,679)          | (29,318)          |
| Corporation tax charge                              | —                 | —                 |
| Income tax prior year adjustment                    | —                 | 3                 |
| Overseas tax  | 806               | 410               |
| Total current tax charge for the year (see note 6a) | 806               | 413               |

#### c) Deferred tax

As at 31 December 2019 there is a potential deferred tax asset of £27,190,000 (31.12.18: £24,005,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses, therefore, no deferred tax asset has been recognised.

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 7. Interest Payable and Similar Charges

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Interest payable                           | 1                 | 5                 |
| Total interest payable and similar charges | 1                 | 5                 |

#### 8. Distributions

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

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Interim                                       | 66,771            | 69,152            |
| Final   | 40,862            | 53,318            |
|   | 107,633           | 122,470           |
| Add: Revenue deducted on redemption of shares | 9,779             | 4,142             |
| Deduct: Revenue received on issue of shares   | (697)             | (2,114)           |
| Net distributions for the year                | 116,715           | 124,498           |

Details of the distributions per share are set out in the tables on pages 53 to 54.

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Distributions represented by:            |                   |                   |
| Net revenue after taxation               | 116,662           | 124,467           |
| Equalisation on conversions <sup>1</sup> | 53                | 31                |
| Net distribution for the year            | 116,715           | 124,498           |

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

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 9. Debtors

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Amounts receivable for issue of shares | 491               | 906               |
| Sales awaiting settlement              | 887               | —                 |
| Accrued revenue:                       |                   |                   |
| Non-taxable dividends                  | 7,905             | 10,430            |
| Taxable dividends                      | 44                | 64                |
|  | 7,949             | 10,494            |
| Taxation recoverable:                  |                   |                   |
| Overseas withholding tax               | 483               | 539               |
| Total debtors                          | 9,810             | 11,939            |

#### 10. Cash and Bank Balances

|                              | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|------------------------------|-------------------|-------------------|
| Bank balances                | —                 | —                 |
| Total cash and bank balances | —                 | —                 |



## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 11. Creditors

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Distribution payable   | 17,887            | 21,636            |
| <b>Other creditors</b>   |                   |                   |
| Amounts payable for redemption of shares   | 1,365             | 108               |
| Purchases awaiting settlement  | 1,009             | —                 |
| Accrued expenses:  |                   |                   |
| Amounts payable to the ACD, associates of<br>the ACD and agents of either of them:               |                   |                   |
| Annual Management Charge   | 1,079             | 3,469             |
| Amounts payable to the Depositary, associates of<br>the Depositary and agents of either of them: |                   |                   |
| Depositary's fees  | —                 | 93                |
| Other expenses   | 6                 | 10                |
| Total other creditors  | 3,459             | 3,680             |

#### 12. Related party transactions

The Annual Management Charge payable to Link Fund Solutions Limited ('the ACD') are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

On 1 July 2019, the ACD of the Company changed from Majedie Asset Management Limited to Link Fund Solutions Limited ('LFSL'). The amount in note 5 includes £7,583,000 charged to Link Fund Solutions Limited and £10,117,000 charged to Majedie Asset Management Limited.

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 39 and amounts due at the year end are disclosed in note 11.

Majedie Asset Management Limited which is the Investment Manager held 139,781 (31.12.18: 139,781) of the Fund's shares at the balance sheet date.

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

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

Schroder & Co 20.40%<sup>1</sup>

### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.12.18: none).

### 14 . Shares in Issue

|                          | 'B'<br>Income | 'B'<br>Accumulation | 'X'<br>Income | 'X'<br>Accumulation |
|--------------------------|---------------|---------------------|---------------|---------------------|
| Annual Management Charge | 0.00%         | 0.00%               | 0.65%         | 0.65%               |
| Opening shares in issue  | 16,603,698    | 106,844,742         | 963,041,606   | 799,054,817         |
| Issues                   | —             | 2,065,370           | 34,058,656    | 20,893,759          |
| Redemptions              | (5,761,350)   | (26,884,602)        | (320,461,880) | (313,746,297)       |
| Conversions              | 10,190,776    | (5,632,896)         | 13,863,872    | (21,860,076)        |
| Closing shares in issue  | 21,033,124    | 76,392,614          | 690,502,254   | 484,342,203         |

### 15. Risk Management Policies

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

<sup>1</sup> As at 31 December 2018, Schroder & Co did not have a significant holding, and as such was not deemed a related party.

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (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 exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

As the Fund seeks to obtain its return from investing mainly in equities and has no significant 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.

Where the Fund invests in non-Sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

The table below shows the direct foreign currency risk profile:

|                 | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|-----------------|-------------------|-------------------|
| Currency:       |                   |                   |
| Danish krone    | 5,095             | 33                |
| Euros           | 104,592           | 226,579           |
| Japanese yen    | 3,793             | 4,632             |
| Norwegian krone | 75                | 79                |
| Swiss francs    | 9,161             | 50,884            |
| US dollars      | 157,093           | 131,232           |
|                 | <u>279,809</u>    | <u>413,439</u>    |
| Pounds sterling | 2,325,686         | 2,953,121         |
| Net assets      | <u>2,605,495</u>  | <u>3,366,560</u>  |

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £13,990,000 on the net assets of the Fund (31.12.18: £20,672,000).

#### (D) LEVERAGE

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

#### (E) LIQUIDITY RISK

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

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 78.33% of the portfolio can be liquidated within 5-days and 96.05% 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 MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (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 £130,852,000 (31.12.18: £168,997,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

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

#### 16. Portfolio Transaction Costs

| 31.12.19                                     | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| Ordinary shares                              | 622,825   | 273                  | 2,564          | 625,662                                   |
| Purchases total                              | 622,825   | 273                  | 2,564          | 625,662                                   |
| <i>Transaction cost % of purchases total</i> |   | 0.04%                | 0.41%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.01%                | 0.08%          |   |
| Ordinary shares                              | 1,652,459   | (580)                | (4)            | 1,651,875                                 |
| Collective investment schemes                | 2,606   | (2)                  | —              | 2,604                                     |
| Sales total                                  | 1,655,065   | (582)                | (4)            | 1,654,479                                 |
| <i>Transaction cost % of sales total</i>     |   | 0.04%                | 0.00%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.02%                | 0.00%          |   |

Average portfolio dealing spread at 31.12.19 is 0.24% (31.12.18: 0.31%).

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.18</b>                              |   |                      |                |   |
| Ordinary shares                              | 726,293   | 302                  | 3,113          | 729,708                                   |
| Collective investment schemes                | 1,900   | —                    | —              | 1,900                                     |
| Purchases total                              | 728,193   | 302                  | 3,113          | 731,608                                   |
| <i>Transaction cost % of purchases total</i> |   | 0.04%                | 0.43%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.01%                | 0.08%          |   |
| Ordinary shares                              | 843,553   | (342)                | (21)           | 843,190                                   |
| Sales total                                  | 843,553   | (342)                | (21)           | 843,190                                   |
| <i>Transaction cost % of sales total</i>     |   | 0.04%                | 0.00%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.01%                | 0.00%          |   |

### 17. Fair Value Hierarchy

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

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

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

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

|                   | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|-------------------|------------------|------------------|------------------|----------------|
| <b>31.12.19</b>   |                  |                  |                  |                |
| Investment assets | 2,534,165        | 82,866           | —                | 2,617,031      |
| <b>31.12.18</b>   |                  |                  |                  |                |
| Investment assets | 3,272,806        | 107,031          | 100              | 3,379,937      |

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 18. Subsequent Events

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a pandemic. As a result, global markets have experienced a period of volatility which has impacted the performance of the Fund since the balance sheet date. The length of time the volatility remains will largely depend on the scale and duration of the outbreak. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period.

Since the balance sheet date, the Fund's target benchmark has moved by (20.99)%. The price of each of the Fund's share classes has moved as follows:

| Share class    | Balance Sheet Date | 28.04.2020 | Movement |
|----------------|--------------------|------------|----------|
| B Income       | 574.68             | 443.68     | (22.80)% |
| B Accumulation | 703.97             | 553.39     | (21.39)% |
| X Income       | 154.60             | 119.50     | (22.70)% |
| X Accumulation | 186.31             | 146.15     | (21.56)% |

## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE

for the year ended 31 December 2019 – 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 | Interim  | Final    |
|---------|----------|----------|
| From    | 01.01.19 | 01.07.19 |
| To      | 30.06.19 | 31.12.19 |

#### 'B' INCOME SHARES

| Interim | Net Revenue | Equalisation | Paid<br>31.08.19 | Paid<br>31.08.18 |
|---------|-------------|--------------|------------------|------------------|
| Group 1 | 12.7239     | —            | 12.7239          | 12.0493          |
| Group 2 | 12.7239     | 0.0000       | 12.7239          | 12.0493          |

| Final   | Net Revenue | Equalisation | Payable<br>28.02.20 | Paid<br>28.02.19 |
|---------|-------------|--------------|---------------------|------------------|
| Group 1 | 10.3443     | —            | 10.3443             | 9.8533           |
| Group 2 | 10.3443     | 0.0000       | 10.3443             | 9.8533           |

#### 'B' ACCUMULATION SHARES

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 15.2275     | —            | 15.2275               | 13.8577               |
| Group 2 | 9.3312      | 5.8963       | 15.2275               | 13.8577               |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 12.6921     | —            | 12.6921                | 11.5698               |
| Group 2 | 8.1678      | 4.5243       | 12.6921                | 11.5698               |



## LF MAJEDIE UK EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE

for the year ended 31 December 2019 – in pence per share

#### 'X' INCOME SHARES

| Interim | Net Revenue | Equalisation | Paid<br>31.08.19    | Paid<br>31.08.18 |
|---------|-------------|--------------|---------------------|------------------|
| Group 1 | 2.8820      | —            | 2.8820              | 2.6616           |
| Group 2 | 1.7562      | 1.1258       | 2.8820              | 2.6616           |
| Final   | Net Revenue | Equalisation | Payable<br>28.02.20 | Paid<br>28.02.19 |
| Group 1 | 2.2753      | —            | 2.2753              | 2.0767           |
| Group 2 | 1.0934      | 1.1819       | 2.2753              | 2.0767           |

#### 'X' ACCUMULATION SHARES

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19  | Allocated<br>31.08.18 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 3.4064      | —            | 3.4064                 | 3.0472                |
| Group 2 | 2.3745      | 1.0319       | 3.4064                 | 3.0472                |
| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
| Group 1 | 2.7416      | —            | 2.7416                 | 2.4179                |
| Group 2 | 1.4555      | 1.2861       | 2.7416                 | 2.4179                |

## **LF MAJEDIE UK FOCUS FUND**

### **ACD'S REPORT**

for the year ended 31 December 2019

#### **Important Information**

Refer to the 'Important Information' section on on pages 5 and 6.

#### **Investment Objective and Policy**

The LF Majedie UK Focus Fund ('the Fund') aims to maximise total return and to outperform the FTSE All-Share Total Return Index over the long term through investment in a concentrated portfolio of predominantly UK equities. "Total return" means the combined return of capital and income and a consistently positive return is not guaranteed.

The Fund will invest in equity securities of companies which are listed or traded on one or more eligible markets. At least 80% of the Fund will be invested in UK equities, with the balance in international equities, cash or near cash. It is not the intention to invest materially in emerging markets.

There is no policy to restrict investment to particular economic sectors. There will be no borrowing for investment purposes.

No more than 10% of the Fund Property may be invested in other collective investment schemes.

Up to 20% of the Fund Property may be held in near cash (as defined in the FCA Glossary).

#### **Benchmark**

The Fund's target Benchmark is the FTSE All-Share Total Return Index.

The FTSE All-Share Total Return Index has been selected as the Fund's target benchmark as the Fund has the discretion to invest across the broadest spectrum of UK companies. We have chosen the FTSE All-Share Total Return Index as the target benchmark as it is considered to be the broadest price performance measure for UK companies. The index is used as a target and the Fund is not constrained in how far its holdings can deviate from the weightings of the index.

**LINK FUND SOLUTIONS LIMITED**

*ACD of LF Majedie UK Focus Fund*

*30 April 2020*

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

### Performance and Financial Review

This report covers the period 1 January 2019 to 31 December 2019. During the period the Fund returned 19.0% (Class X Accumulation shares, net of fees, GBP) against the FTSE All-Share Total Return Index return of 19.2%.

The former British Prime Minister Harold Wilson once observed that “a week is a long time in politics”. For some, the last year must seem like many lifetimes.

For almost all the year, the UK was plagued by political uncertainty. A government with a sizeable majority is now in place and Brexit is likely to happen. The arrival of a government that can implement policy efficiently has removed much of the uncertainty that has plagued the UK stock market since 2016. We feel such clarity should bring overseas institutional investors back to the UK in 2020, leading to helpful additional marginal buyers in the market.

The Fund's return lagged the Index over the year. On the positive ledger, Marshalls, the paving stone manufacturer and distributor, continued to capitalise on the market-leading share that it has across many geographic areas. This gives the company a sustainable competitive advantage. There was also a strong contribution from Tesco. It continues to reap the rewards of the reorganisation of outgoing CEO Dave Lewis. It is back to capitalising on its core advantage of scale as the UK's leading food retailer: we believe there is more to go for. The Fund also benefitted from its modest exposure to HSBC, which was weak for reasons including the political difficulties in Hong Kong and an unexpected change of chief executive.

In terms of negatives, the three largest were Centrica, Saga and Pearson. Centrica continues to evolve its corporate strategy to deal with regulatory challenges. It has been a tough period for the business but we believe it is now well-placed and continue to hold the shares. Saga continues to deal with a competitive insurance market. Pearson detracted following weakness in its legacy textbook businesses. We are more interested in Pearson's transition to a digital and subscription-led business, which we support.

What next for the UK stock market? After an extended period of UK equities underperforming global equities, we expect that the UK market will finally recover some lost ground. When we compare valuations across the UK market with those overseas, the UK stands at approximately a 30% discount. Some of this discount is to a degree structural, reflecting some large stocks in the index such as the Oil companies. However, we think the current level of discount is too wide. The removal of some of the political uncertainty in the market should help this narrow.

As we enter 2020, the UK equity market has a very different feel from the 2016-19 post Referendum environment. We now have a UK political party with a clear majority and remit to deliver. Undoubtedly there will be tensions as the UK's trade negotiations progress, but the direction of travel on trade is clear. Meanwhile, austerity appears to have come to an end and fiscal pump priming is back. All this adds up to the very real prospect that UK growth could return to long-term trend levels and is likely to exceed the G7 average. Furthermore, unemployment is low and business confidence is up. All this amounts to a big change and should help drive further returns from the stocks we hold across the UK stock market.

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

Since early January 2020, global financial markets have been monitoring and reacting to the coronavirus (COVID-19). Since 19 February 2020, global stock markets have fallen sharply in response to the spread of the new novel coronavirus (Covid-19). The World Health Organisation's classification of the virus as a pandemic on 12 March resulted in a step change in economic activity across developed economies as the highly infectious nature of the virus prompted aggressive lockdown measures to flatten peak infection rates and consequently the strain on healthcare systems. As of 9 April 2020, the virus has negatively impacted the health of more than 1.4 million individuals globally, with most confirmed cases in Europe and the US. The seizure in the economy has been particularly severe as four major negatives have occurred together; a medical emergency, a lockdown of economic activity, an oil price crash and extreme liquidity pressures in credit and fixed income markets – each of these would be a shock but they have happened simultaneously. The long-term impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. The Investment management team continues to monitor this situation closely and has put in place measures to safeguard its ability to provide services to the Fund and all its clients.

We have not seen significantly different investor dealing as a result of the market turbulence. We have no liquidity concerns within the Fund. There have been no significant redemptions in the Fund.

Please note that recent market volatility and related increase in trading has led to a notable improvement in liquidity. It is expected liquidity will revert to historic levels once this period passes.

The audited risk figures for March 2020 have also increased in comparison to historic levels – this is due to a change in the risk model (Barra) in relation to the recent market volatility rather than a fundamental change in the Fund.

There have been no breaches of regulatory or investment restrictions.

Year to date as at 7 April 2020 the Fund's NAV has declined by approximately 25% (Class X Accumulation shares, GBP).

The Fund Managers expect continued market volatility and NAV impact, however, see this as an opportunity for investment. Majedie Asset Management is financially stable and is able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future.

There has been no material change in the cash weightings of the Fund.

MAJEDIE ASSET MANAGEMENT LIMITED

Investment Manager

15 April 2020

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



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

The Fund has been classed as 5 because its volatility has been measured as above average to high.

The indicator is based on historical data and may not be a reliable indication for the future.

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

**Market Risk:** the investments of the Fund are subject to normal market fluctuations and the risk inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur.

**Equity Risk:** the value of equities may fall as well as rise and as a class of investment, equities are typically more volatile than other common investment types such as bonds or cash.

**Currency Risk:** the Fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the Fund's volatility and losses.

**Concentration Risk:** the Fund may at certain times, hold relatively few investments which could lead to losses if it holds a large position in a particular investment that declines in value.

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

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'B' INCOME SHARES

| CHANGE IN NET ASSETS PER SHARE       | 31.12.19 <sup>1</sup><br>pence per share |
|--------------------------------------|--|
| Opening net asset value per share    | 1,000.00                                 |
| Return before operating charges*     | 39.68                                    |
| Operating charges                    | (0.08)                                   |
| Return after operating charges       | 39.60                                    |
| Distributions                        | (34.42)                                  |
| Closing net asset value per share    | 1,005.18                                 |
| * after direct transaction costs of: | 2.88                                     |

##### PERFORMANCE

|                      |       |
|----------------------|-------|
| Return after charges | 3.96% |
|----------------------|-------|

##### OTHER INFORMATION

|                                       |           |
|---------------------------------------|-----------|
| Closing net asset value (£'000)       | 33,583    |
| Closing number of shares              | 3,341,029 |
| Operating charges <sup>2, 3</sup>     | 0.01%     |
| Direct transaction costs <sup>2</sup> | 0.42%     |

##### PRICES

|                     |          |
|---------------------|----------|
| Highest share price | 1,032.88 |
| Lowest share price  | 898.69   |

<sup>1</sup> From 28 February 2019.

<sup>2</sup> Annualised figure due to share class launched less than 1 year.

<sup>3</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'B' ACCUMULATION SHARES

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 867.05                      | 909.51                      | 839.49                      |
| Return before operating charges*                 | 173.91                      | (42.27)                     | 70.20                       |
| Operating charges                                | (0.10)                      | (0.19)                      | (0.18)                      |
| Return after operating charges                   | 173.81                      | (42.46)                     | 70.02                       |
| Distributions                                    | (34.50)                     | (35.02)                     | (28.26)                     |
| Retained distributions on<br>accumulation shares | 34.50                       | 35.02                       | 28.26                       |
| Closing net asset value per share                | 1,040.86                    | 867.05                      | 909.51                      |
| * after direct transaction costs of:             | 3.43                        | 2.74                        | 2.16                        |

##### PERFORMANCE

|                      |        |         |       |
|----------------------|--------|---------|-------|
| Return after charges | 20.05% | (4.67)% | 8.34% |
|----------------------|--------|---------|-------|

##### OTHER INFORMATION

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 491,112    | 485,681    | 608,490    |
| Closing number of shares        | 47,183,177 | 56,015,269 | 66,902,745 |
| Operating charges <sup>1</sup>  | 0.01%      | 0.02%      | 0.02%      |
| Direct transaction costs        | 0.36%      | 0.29%      | 0.24%      |

##### PRICES

|                     |          |          |        |
|---------------------|----------|----------|--------|
| Highest share price | 1,054.69 | 1,006.88 | 913.58 |
| Lowest share price  | 867.13   | 856.88   | 842.88 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' INCOME SHARES

| CHANGE IN NET ASSETS PER SHARE       | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share    | 164.97                      | 179.62                      | 171.19                      |
| Return before operating charges*     | 32.76                       | (7.79)                      | 14.15                       |
| Operating charges                    | (1.89)                      | (2.59)                      | (2.69)                      |
| Return after operating charges       | 30.87                       | (10.38)                     | 11.46                       |
| Distributions                        | (4.65)                      | (4.27)                      | (3.03)                      |
| Closing net asset value per share    | 191.19                      | 164.97                      | 179.62                      |
| * after direct transaction costs of: | 0.64                        | 0.53                        | 0.43                        |

##### PERFORMANCE

|                      |        |         |       |
|----------------------|--------|---------|-------|
| Return after charges | 18.71% | (5.78)% | 6.69% |
|----------------------|--------|---------|-------|

##### OTHER INFORMATION

|                                 |             |            |            |
|---------------------------------|-------------|------------|------------|
| Closing net asset value (£'000) | 317,029     | 53,715     | 36,839     |
| Closing number of shares        | 165,815,864 | 32,561,259 | 20,510,232 |
| Operating charges <sup>1</sup>  | 1.04%       | 1.42%      | 1.52%      |
| Direct transaction costs        | 0.36%       | 0.29%      | 0.24%      |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 195.61 | 197.63 | 183.35 |
| Lowest share price  | 164.97 | 164.62 | 171.73 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.25% to 0.85%.



## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' ACCUMULATION SHARES

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 185.21                      | 196.96                      | 184.55                      |
| Return before operating charges*                 | 36.98                       | (8.89)                      | 15.33                       |
| Operating charges                                | (2.14)                      | (2.86)                      | (2.92)                      |
| Return after operating charges                   | 34.84                       | (11.75)                     | 12.41                       |
| Distributions                                    | (5.20)                      | (4.70)                      | (3.29)                      |
| Retained distributions on<br>accumulation shares | 5.20                        | 4.70                        | 3.29                        |
| Closing net asset value per share                | 220.05                      | 185.21                      | 196.96                      |
| * after direct transaction costs of:             | 0.73                        | 0.59                        | 0.47                        |

##### PERFORMANCE

|                      |        |         |       |
|----------------------|--------|---------|-------|
| Return after charges | 18.81% | (5.97)% | 6.72% |
|----------------------|--------|---------|-------|

##### OTHER INFORMATION

|                                 |             |             |             |
|---------------------------------|-------------|-------------|-------------|
| Closing net asset value (£'000) | 344,271     | 237,727     | 247,138     |
| Closing number of shares        | 156,452,794 | 128,357,775 | 125,473,319 |
| Operating charges <sup>1</sup>  | 1.04%       | 1.42%       | 1.52%       |
| Direct transaction costs        | 0.36%       | 0.29%       | 0.24%       |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 222.99 | 216.72 | 199.03 |
| Lowest share price  | 185.21 | 183.06 | 185.12 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.25% to 0.85%.

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 December 2019 (%)

|  | 1 year | 3 years | 5 years |
|--|--------|---------|---------|
| LF Majedie UK Focus Fund                       | 18.96  | 19.84   | 43.66   |
| FTSE All-Share Total Return Index <sup>1</sup> | 19.17  | 22.01   | 43.84   |

<sup>1</sup> Source: Bloomberg, closing price.

The performance of the Fund is based on the published price per 'X' 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 (at 12.00 p.m.) 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 85 and 86.

#### 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 MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 31 December 2019

| Holding    | Portfolio of Investments   | Value<br>£'000 | 31.12.19<br>% |
|------------|--|----------------|---------------|
|            | EQUITIES - 96.17% (31.12.18 - 97.33%)                                |                |               |
|            | OIL & GAS - 9.07% (31.12.18 - 13.65%)                                |                |               |
|            | OIL & GAS PRODUCERS - 9.07% (31.12.18 - 13.44%)                      |                |               |
| 18,195,780 | BP   | 85,811         | 7.24          |
| 969,486    | Royal Dutch Shell 'B'  | 21,712         | 1.83          |
|            |  | <u>107,523</u> | <u>9.07</u>   |
|            | OIL EQUIPMENT, SERVICES & DISTRIBUTION - 0.00%<br>(31.12.18 - 0.21%) | <u>—</u>       | <u>—</u>      |
|            | TOTAL OIL & GAS  | <u>107,523</u> | <u>9.07</u>   |
|            | BASIC MATERIALS - 1.74% (31.12.18 - 3.81%)                           |                |               |
|            | MINING - 1.74% (31.12.18 - 3.81%)                                    |                |               |
| 570,087    | Anglo American   | 12,382         | 1.04          |
| 591,817    | Barrick Gold   | 8,296          | 0.70          |
|            | TOTAL BASIC MATERIALS  | <u>20,678</u>  | <u>1.74</u>   |
|            | INDUSTRIALS - 22.60% (31.12.18 - 15.56%)                             |                |               |
|            | CONSTRUCTION & MATERIALS - 5.78% (31.12.18 - 4.52%)                  |                |               |
| 280,068    | Frontdoor  | 10,021         | 0.84          |
| 6,810,329  | Marshalls  | 58,569         | 4.94          |
|            |  | <u>68,590</u>  | <u>5.78</u>   |

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments  | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
| 440,982    | INDUSTRIAL ENGINEERING - 1.84% (31.12.18 - 1.97%)<br>KONE 'B'         | 21,769         | 1.84          |
| 314,435    | SUPPORT SERVICES - 14.98% (31.12.18 - 9.07%)<br>DCC                   | 20,564         | 1.74          |
| 8,544,812  | Electrocomponents   | 57,558         | 4.85          |
| 2,158,367  | Essentra  | 9,397          | 0.79          |
| 1,568,193  | PageGroup   | 8,194          | 0.69          |
| 8,701,229  | Rentokil Initial  | 39,408         | 3.32          |
| 23,164,144 | Serco   | 37,503         | 3.16          |
| 317,912    | Travis Perkins  | 5,093          | 0.43          |
|            |   | 177,717        | 14.98         |
|            | TOTAL INDUSTRIALS   | 268,076        | 22.60         |
|            | CONSUMER GOODS - 6.14% (31.12.18 - 5.54%)                             |                |               |
| 836,896    | BEVERAGES - 1.47% (31.12.18 - 1.80%)<br>Fever-Tree Drinks             | 17,466         | 1.47          |
| 1,411,016  | FOOD PRODUCERS - 4.08% (31.12.18 - 3.18%)<br>Associated British Foods | 36,644         | 3.09          |
| 4,383,350  | Greencore   | 11,695         | 0.99          |
|            |   | 48,339         | 4.08          |
| 3,358,926  | PERSONAL GOODS - 0.59% (31.12.18 - 0.56%)<br>PZ Cussons               | 7,003          | 0.59          |
|            | TOTAL CONSUMER GOODS  | 72,808         | 6.14          |

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                       | Value<br>£'000 | 31.12.19<br>% |
|------------|--|----------------|---------------|
|            | HEALTH CARE - 3.26% (31.12.18 - 4.78%)                         |                |               |
|            | HEALTH CARE EQUIPMENT & SERVICES - 1.39%<br>(31.12.18 - 1.47%) |                |               |
| 902,320    | Smith & Nephew   | 16,526         | 1.39          |
|            | PHARMACEUTICALS & BIOTECHNOLOGY - 1.87%<br>(31.12.18 - 3.31%)  |                |               |
| 892,741    | GlaxoSmithKline  | 15,878         | 1.34          |
| 1,967,991  | PureTech Health  | 6,298          | 0.53          |
|            |  | 22,176         | 1.87          |
|            | TOTAL HEALTH CARE  | 38,702         | 3.26          |
|            | CONSUMER SERVICES - 32.83% (31.12.18 - 28.67%)                 |                |               |
|            | FOOD & DRUG RETAILERS - 7.02% (31.12.18 - 13.85%)              |                |               |
| 4,863,772  | Morrison (Wm.) Supermarkets                                    | 9,718          | 0.82          |
| 28,815,283 | Tesco  | 73,479         | 6.20          |
|            |  | 83,197         | 7.02          |
|            | GENERAL RETAILERS - 6.55% (31.12.18 - 4.91%)                   |                |               |
| 6,099,518  | B&M European Value Retail                                      | 24,984         | 2.11          |
| 12,685,189 | Dixons Carphone  | 18,292         | 1.54          |
| 373,723    | eBay   | 10,187         | 0.86          |
| 274,771    | Etsy   | 9,188          | 0.77          |
| 3,664,635  | Marks & Spencer  | 7,824          | 0.66          |
| 13,600,568 | Saga   | 7,201          | 0.61          |
|            |  | 77,676         | 6.55          |

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                    | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
|            | MEDIA - 10.08% (31.12.18 - 4.50%)                           |                |               |
| 162,595    | 4Imprint  | 5,658          | 0.48          |
| 2,457,859  | Ascential   | 9,630          | 0.81          |
| 3,674,313  | Daily Mail & General Trust                                  | 30,460         | 2.57          |
| 2,341,901  | Euromoney Institutional Investor                            | 30,492         | 2.57          |
| 4,853,396  | ITV   | 7,324          | 0.62          |
| 5,640,401  | Pearson   | 35,929         | 3.03          |
|            |   | <u>119,493</u> | <u>10.08</u>  |
|            | TRAVEL & LEISURE - 9.18% (31.12.18 - 5.41%)                 |                |               |
| 20,277     | Booking.com   | 31,428         | 2.65          |
| 2,749,425  | Domino's Pizza  | 8,798          | 0.74          |
| 16,539,181 | FirstGroup  | 20,674         | 1.74          |
| 2,200,442  | Ryanair   | 27,277         | 2.30          |
| 3,197,046  | SSP   | 20,781         | 1.75          |
|            |   | <u>108,958</u> | <u>9.18</u>   |
|            | TOTAL CONSUMER SERVICES                                     | <u>389,324</u> | <u>32.83</u>  |
|            | TELECOMMUNICATIONS - 1.45% (31.12.18 - 5.81%)               |                |               |
|            | FIXED LINE TELECOMMUNICATIONS - 1.45%<br>(31.12.18 - 5.36%) |                |               |
| 1,549,550  | Orange  | 17,226         | 1.45          |
|            | MOBILE TELECOMMUNICATIONS - 0.00%<br>(31.12.18 - 0.45%)     | <u>—</u>       | <u>—</u>      |
|            | TOTAL TELECOMMUNICATIONS                                    | <u>17,226</u>  | <u>1.45</u>   |

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments   | Value<br>£'000 | 31.12.19<br>% |
|------------|--|----------------|---------------|
|            | UTILITIES - 1.56% (31.12.18 - 5.02%)   |                |               |
| 20,672,958 | GAS, WATER & MULTIUTILITIES - 1.56% (31.12.18 - 5.02%)<br>Centrica   | 18,453         | 1.56          |
|            | FINANCIALS - 17.44% (31.12.18 - 14.30%)  |                |               |
|            | BANK - 2.65% (31.12.18 - 4.49%)  |                |               |
| 4,804,803  | Barclays   | 8,631          | 0.73          |
| 9,467,571  | Royal Bank of Scotland   | 22,751         | 1.92          |
|            |  | 31,382         | 2.65          |
| 8,409,305  | NON-LIFE INSURANCE - 2.21% (31.12.18 - 0.00%)<br>Direct Line   | 26,279         | 2.21          |
| 28,353,325 | LIFE INSURANCE - 8.29% (31.12.18 - 6.66%)<br>Legal & General   | 85,911         | 7.24          |
| 1,072,408  | St. James's Place  | 12,461         | 1.05          |
|            |  | 98,372         | 8.29          |
| 4,060,044  | REAL ESTATE INVESTMENT & SERVICES - 0.00%<br>(31.12.18 - 0.00% <sup>3</sup> )<br>Speymill Deutsche Immobilien <sup>1,2</sup> | —              | —             |
| 827,402    | REAL ESTATE INVESTMENT TRUST - 0.66%<br>(31.12.18 - 0.20% <sup>3</sup> )<br>Shaftesbury                                      | 7,798          | 0.66          |

## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments  | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
|            | FINANCIAL SERVICES - 3.63% (31.12.18 - 2.95%)                   |                |               |
| 3,919,506  | 3i  | 43,036         | 3.63          |
|            | TOTAL FINANCIALS  | 206,867        | 17.44         |
|            | TECHNOLOGY - 0.08% (31.12.18 - 0.19%)                           |                |               |
|            | SOFTWARE & COMPUTER SERVICES - 0.08%<br>(31.12.18 - 0.19%)      |                |               |
| 112,600    | Sohu.com  | 946            | 0.08          |
|            | TOTAL EQUITIES  | 1,140,603      | 96.17         |
|            | NON-EQUITY INVESTMENT INSTRUMENTS - 3.87%<br>(31.12.18 - 2.44%) |                |               |
| 45,857,747 | Goldman Sachs Sterling Liquid Reserves <sup>1</sup>             | 45,858         | 3.87          |
|            | Portfolio of investments  | 1,186,461      | 100.04        |
|            | Net other liabilities   | (466)          | (0.04)        |
|            | Net assets  | 1,185,995      | 100.00        |

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

<sup>1</sup> Collective investment scheme.

<sup>2</sup> Delisted security.

<sup>3</sup> The comparative figure has been restated to be consistent with current year presentation. Shaftesbury has been reclassified from Real Estate & Investment Services to Real Estate Investment Trust.



## LF MAJEDIE UK FOCUS FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2019

|  |         |  |          |
|--|---------|--|----------|
| Total purchases for the year £'000 (note 16) | 712,043 | Total sales for the year £'000 (note 16) | 463,719  |
|  | Cost    |  | Proceeds |
| Major purchases                              | £'000   | Major sales                              | £'000    |
| Legal & General                              | 49,158  | Tesco                                    | 40,114   |
| Pearson                                      | 48,242  | Rentokil Initial                         | 29,494   |
| BP   | 41,690  | Lloyds Banking                           | 29,374   |
| Serco  | 32,909  | Legal & General                          | 23,867   |
| Booking                                      | 29,871  | Morrison (Wm.) Supermarkets              | 23,543   |
| Tesco  | 28,854  | Aviva                                    | 21,916   |
| Direct Line                                  | 27,821  | GlaxoSmithKline                          | 18,318   |
| Lloyds Banking                               | 26,830  | Centrica                                 | 16,146   |
| 3i   | 24,897  | Orange                                   | 14,722   |
| B&M European Value Retail                    | 23,877  | Royal Dutch Shell 'B'                    | 12,366   |

In addition to the above, purchases totalling £415,169,000 and sales totalling £388,248,000 were made in short term investments during the year.

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

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 December 2019

|  | Notes | £'000   | 31.12.19<br>£'000 | £'000   | 31.12.18<br>£'000 |
|--|-------|---------|-------------------|---------|-------------------|
| Income:  |       |         |                   |         |                   |
| Net capital gains/(losses)   | 3     |         | 135,839           |         | (67,589)          |
| Revenue  | 4     | 36,845  |                   | 34,424  |                   |
| Expenses   | 5     | (5,044) |                   | (4,480) |                   |
| Interest payable and similar charges   | 7     | —       |                   | (1)     |                   |
| Net revenue before taxation  |       | 31,801  |                   | 29,943  |                   |
| Taxation   | 6     | (138)   |                   | (69)    |                   |
| Net revenue after taxation   |       |         | 31,663            |         | 29,874            |
| Total return before distributions  |       |         | 167,502           |         | (37,715)          |
| Distributions  | 8     |         | (31,663)          |         | (29,867)          |
| Change in net assets attributable to shareholders from investment activities |       |         | 135,839           |         | (67,582)          |

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

for the year ended 31 December 2019

|  | Note | £'000     | 31.12.19<br>£'000 | £'000     | 31.12.18<br>£'000 |
|--|------|-----------|-------------------|-----------|-------------------|
| Opening net assets attributable to shareholders                              |      |           | 777,123           |           | 893,930           |
| Amounts receivable on issue of shares  |      | 382,288   |                   | 107,861   |                   |
| Amounts payable on redemption of shares                                      |      | (136,729) |                   | (185,941) |                   |
|  |      |           | 245,559           |           | (78,080)          |
| Dilution adjustment  | 1(H) |           | 2,229             |           | 942               |
| Change in net assets attributable to shareholders from investment activities |      |           | 135,839           |           | (67,582)          |
| Retained distribution on accumulation shares                                 |      |           | 25,245            |           | 27,913            |
| Closing net assets attributable to shareholders                              |      |           | 1,185,995         |           | 777,123           |

# **LF MAJEDIE UK FOCUS FUND** **FINANCIAL STATEMENTS** *continued* **BALANCE SHEET**

as at 31 December 2019

|  | Notes | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>                                  |       |                   |                   |
| Fixed assets                                   |       |                   |                   |
| Investments                                    |       | 1,186,461         | 775,335           |
| Current assets                                 |       |                   |                   |
| Debtors  | 9     | 3,728             | 2,937             |
| Cash and bank balances                         | 10    | —                 | —                 |
| <b>Total assets</b>                            |       | <b>1,190,189</b>  | <b>778,272</b>    |
| <b>LIABILITIES</b>                             |       |                   |                   |
| Creditors                                      |       |                   |                   |
| Distribution payable                           | 11    | (3,513)           | (516)             |
| Other creditors                                | 11    | (681)             | (633)             |
| <b>Total liabilities</b>                       |       | <b>(4,194)</b>    | <b>(1,149)</b>    |
| <b>Net assets attributable to shareholders</b> |       | <b>1,185,995</b>  | <b>777,123</b>    |

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

#### 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 18 have been applied to the financial statements of the Fund in the current and prior year.

#### 3. Net Capital gains/(losses)

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

|                            | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------|-------------------|-------------------|
| Non-derivative securities  | 135,940           | (67,369)          |
| Currency losses            | (101)             | (202)             |
| Transaction charges        | —                 | (18)              |
| Net capital gains/(losses) | 135,839           | (67,589)          |

#### 4. Revenue

|                                  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------------|-------------------|-------------------|
| Non-taxable dividends            | 36,478            | 34,238            |
| Taxable dividends                | 292               | 186               |
| UK property income distributions | 73                | —                 |
| Bank interest                    | 2                 | —                 |
| Total revenue                    | 36,845            | 34,424            |

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 5. Expenses

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Payable to the ACD, associates of the<br>ACD and agents of either of them:               |                   |                   |
| Annual Management Charge   | 4,956             | 4,315             |
| Payable to the Depositary, associates of the<br>Depositary and agents of either of them: |                   |                   |
| Depositary's fees  | 82                | 154               |
| Other expenses:  |                   |                   |
| Audit fees*  | 6                 | 11                |
| Total expenses   | 5,044             | 4,480             |

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

Effective 1 July 2019, the Fund is no longer charged expenses other than the Annual Management Charge.

\* The audit fee for the year, excluding VAT, was £9,400 (31.12.18: £9,000).

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 6. Taxation

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| (a) Analysis of charge for the year                                     |                   |                   |
| Corporation tax at 20%  | —                 | —                 |
| Overseas tax  | 138               | 69                |
| Current tax charge  | 138               | 69                |
| Deferred tax - origination and reversal of timing differences (note 6c) | —                 | —                 |
| Total taxation (see note 6b)  | 138               | 69                |

#### 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%) (31.12.18: 20%). The differences are explained below:

|                                       | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---------------------------------------|-------------------|-------------------|
| Net revenue before taxation           | 31,801            | 29,943            |
| Corporation tax at 20%                | 6,360             | 5,989             |
| Effects of:                           |                   |                   |
| Unutilised excess management expenses | 936               | 859               |
| Non-taxable dividends                 | (7,296)           | (6,848)           |
| Corporation tax charge                | —                 | —                 |
| Overseas tax                          | 138               | 69                |
| Total tax charge (see note 6a)        | 138               | 69                |

#### c) Deferred tax

At the year end there is a potential deferred tax asset of £3,970,000 (31.12.18: £3,034,000) 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.

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 7. Interest Payable and Similar Charges

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Interest payable                           | —                 | 1                 |
| Total interest payable and similar charges | —                 | 1                 |

#### 8. Distributions

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

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Interim                                       | 18,296            | 18,179            |
| Final   | 13,556            | 10,858            |
|   | 31,852            | 29,037            |
| Add: Revenue deducted on redemption of shares | 842               | 1,266             |
| Deduct: Revenue received on issue of shares   | (1,031)           | (436)             |
| Net distributions for the year                | 31,663            | 29,867            |

Details of the distributions per share are set out in the table on page 85 and 86.

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Distributions represented by:            |                   |                   |
| Net revenue after taxation               | 31,633            | 29,874            |
| Equalisation on conversions <sup>1</sup> | —                 | (7)               |
| Net distributions for the year           | 31,633            | 29,867            |

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

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 9. Debtors

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Amounts receivable for issue of shares | 78                | 74                |
| Sales awaiting settlement              | 197               | —                 |
| Accrued revenue:                       |                   |                   |
| Non-taxable dividends                  | 3,291             | 2,619             |
| Taxable dividends                      | 28                | 13                |
|  | 3,319             | 2,632             |
| Taxation recoverable:                  |                   |                   |
| Overseas withholding tax               | 134               | 231               |
| Total debtors                          | 3,728             | 2,937             |

#### 10. Cash and Bank Balances

|                              | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|------------------------------|-------------------|-------------------|
| Bank balances                | —                 | —                 |
| Total cash and bank balances | —                 | —                 |



## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 11. Creditors

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Distribution payable   | 3,513             | 516               |
| <b>Other creditors</b>   |                   |                   |
| Amounts payable for redemption of shares   | 13                | 9                 |
| Purchases awaiting settlement  | 188               | —                 |
| Accrued expenses:  |                   |                   |
| Amounts payable to the ACD, associates of<br>the ACD and agents of either of them:               |                   |                   |
| Annual Management Charge   | 463               | 577               |
| Amounts payable to the Depositary, associates of<br>the Depositary and agents of either of them: |                   |                   |
| Depositary's fees  | —                 | 25                |
| Other expenses   | 17                | 22                |
| Total other creditors  | 681               | 633               |

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 12. Related party transactions

The Annual Management Charge payable to Link Fund Solutions Limited ('the ACD') is disclosed in note 5 and amounts due at the year end are disclosed in note 11.

On 1 July 2019, the ACD of the Company changed from Majedie Asset Management Limited to Link Fund Solutions Limited ('LFSL'). The amount in note 5 includes £2,763,000 charged to Link Fund Solutions Limited and £2,193,000 charged to Majedie Asset Management Limited.

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

Majedie Asset Management Limited, which is the Investment Manager held 52,708 (31.12.18: 43,989) of the Fund's shares at the balance sheet date.

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

|                |                     |
|----------------|---------------------|
| Fundsettle EOC | 23.84% <sup>1</sup> |
|----------------|---------------------|

#### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.12.18: none).

#### 14. Shares in Issue

|                          | 'B'<br>Income | 'B'<br>Accumulation | 'X'<br>Income | 'X'<br>Accumulation |
|--------------------------|---------------|---------------------|---------------|---------------------|
| Annual Management Charge | 0.00%         | 0.00%               | 0.85%         | 0.85%               |
| Opening shares in issue  | —             | 56,015,269          | 32,561,259    | 128,357,775         |
| Issues                   | —             | 1,888,921           | 138,364,195   | 54,764,823          |
| Redemptions              | —             | (7,379,984)         | (5,109,590)   | (26,669,804)        |
| Conversions              | 3,341,029     | (3,341,029)         | —             | —                   |
| Closing shares in issue  | 3,341,029     | 47,183,177          | 165,815,864   | 156,452,794         |

<sup>1</sup> As at 31 December 2018, Fundsettle EOC did not have a significant holding, and as such was not deemed a related party.

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 15. Risk Management Policies

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

##### **(B) INTEREST RATE RISK**

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

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

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (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. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Where the Fund invests in non-Sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

The table below shows the direct foreign currency risk profile:

|                 | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|-----------------|-------------------|-------------------|
| Currency:       |                   |                   |
| Euros           | 66,387            | 75,631            |
| US dollars      | 70,085            | 25,944            |
|                 | <u>136,472</u>    | <u>101,575</u>    |
| Pounds sterling | 1,049,523         | 675,548           |
| Net assets      | <u>1,185,995</u>  | <u>777,123</u>    |

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £6,824,000 on the net assets of the Fund (31.12.18: £5,079,000).

#### (D) LEVERAGE

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

#### (E) LIQUIDITY RISK

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

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 73.97% of the portfolio can be liquidated within 5-days and 96.15% 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 MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (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 £59,323,000 (31.12.18: £38,767,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

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

### 16. Portfolio Transaction Costs

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.19</b>                              |   |                      |                |   |
| Ordinary shares                              | 708,602   | 251                  | 3,190          | 712,043                                   |
| Purchases total                              | 708,602   | 251                  | 3,190          | 712,043                                   |
| <i>Transaction cost % of purchases total</i> |   | 0.04%                | 0.45%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.03%                | 0.31%          |   |
| Ordinary shares                              | 463,904   | (184)                | (1)            | 463,719                                   |
| Sales total                                  | 463,904   | (184)                | (1)            | 463,719                                   |
| <i>Transaction cost % of sales total</i>     |   | 0.04%                | 0.00%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.02%                | 0.00%          |   |

Average portfolio dealing spread at 31.12.19 is 0.20% (31.12.18: 0.26%).

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.18</b>                              |   |                      |                |   |
| Ordinary shares                              | 459,956   | 183                  | 2,254          | 462,393                                   |
| Purchases total                              | 459,956   | 183                  | 2,254          | 462,393                                   |
| <i>Transaction cost % of purchases total</i> |   | 0.04%                | 0.49%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.02%                | 0.25%          |   |
| Ordinary shares                              | 489,418   | (213)                | (4)            | 489,201                                   |
| Sales total                                  | 489,418   | (213)                | (4)            | 489,201                                   |
| <i>Transaction cost % of sales total</i>     |   | 0.04%                | 0.00%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.02%                | 0.00%          |   |

### 17. Fair Value Hierarchy

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

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

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

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

|                   | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|-------------------|------------------|------------------|------------------|----------------|
| <b>31.12.19</b>   |                  |                  |                  |                |
| Investment assets | 1,140,603        | 45,858           | —                | 1,186,461      |
| <b>31.12.18</b>   |                  |                  |                  |                |
| Investment assets | 756,401          | 18,934           | —                | 775,335        |

**LF MAJEDIE UK FOCUS FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**18. Subsequent Events**

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a pandemic. As a result, global markets have experienced a period of volatility which has impacted the performance of the Fund since the balance sheet date. The length of time the volatility remains will largely depend on the scale and duration of the outbreak. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period.

Since the balance sheet date, the Fund's target benchmark has moved by (20.99)%. The price of each of the Fund's share classes has moved as follows:

| Share class    | Balance Sheet Date | 28.04.2020 | Movement |
|----------------|--------------------|------------|----------|
| B Income       | 1,021.43           | 799.11     | (21.77)% |
| B Accumulation | 1,042.99           | 827.35     | (20.68)% |
| X Income       | 193.42             | 151.57     | (21.64)% |
| X Accumulation | 220.50             | 174.42     | (20.90)% |

## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

#### DISTRIBUTION TABLE

for the year ended 31 December 2019 – 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 | Interim  | Final    |
|---------|----------|----------|
| From    | 01.01.19 | 01.07.19 |
| To      | 30.06.19 | 31.12.19 |

#### 'B' INCOME SHARES<sup>1</sup>

| Interim | Net Revenue | Equalisation | Paid<br>31.08.19 | Paid<br>31.08.18 |
|---------|-------------|--------------|------------------|------------------|
| Group 1 | 20.2614     | —            | 20.2614          | N/A              |
| Group 2 | 20.2614     | 0.0000       | 20.2614          | N/A              |

| Final   | Net Revenue | Equalisation | Payable<br>28.02.20 | Paid<br>28.02.19 |
|---------|-------------|--------------|---------------------|------------------|
| Group 1 | 14.1599     | —            | 14.1599             | N/A              |
| Group 2 | 14.1599     | 0.0000       | 14.1599             | N/A              |

#### 'B' ACCUMULATION SHARES

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 19.9988     | —            | 19.9988               | 20.5874               |
| Group 2 | 16.1354     | 3.8634       | 19.9988               | 20.5874               |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 14.4966     | —            | 14.4966                | 14.4350               |
| Group 2 | 14.4966     | 0.0000       | 14.4966                | 14.4350               |

<sup>1</sup> Launched 28 February 2019.



## LF MAJEDIE UK FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE *continued*

for the year ended 31 December 2019 – in pence per share

#### 'X' INCOME SHARES

| Interim | Net Revenue | Equalisation | Paid<br>31.08.19    | Paid<br>31.08.18 |
|---------|-------------|--------------|---------------------|------------------|
| Group 1 | 2.8197      | —            | 2.8197              | 2.6882           |
| Group 2 | 2.6303      | 0.1894       | 2.8197              | 2.6882           |
| Final   | Net Revenue | Equalisation | Payable<br>28.02.20 | Paid<br>28.02.19 |
| Group 1 | 1.8330      | —            | 1.8330              | 1.5846           |
| Group 2 | 1.4010      | 0.4320       | 1.8330              | 1.5846           |

#### 'X' ACCUMULATION SHARES

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19  | Allocated<br>31.08.18 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 3.1571      | —            | 3.1571                 | 2.9472                |
| Group 2 | 2.8981      | 0.2590       | 3.1571                 | 2.9472                |
| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
| Group 1 | 2.0477      | —            | 2.0477                 | 1.7574                |
| Group 2 | 0.8684      | 1.1793       | 2.0477                 | 1.7574                |

## **LF MAJEDIE UK SMALLER COMPANIES FUND ACD'S REPORT**

for the year ended 31 December 2019

### **Important Information**

Refer to the 'Important Information' section on pages 5 and 6.

### **Investment Objective and Policy**

The LF Majedie UK Smaller Companies Fund ('the Fund') aims to maximise total return and to outperform the Numis Smaller Companies plus AIM (ex Investment Companies) Total Return Index over the long term through investment in a portfolio of UK equities predominantly within that index. "Total return" means the combined return of capital and income and a consistently positive return is not guaranteed.

The Fund will invest in shares of smaller companies principally within the UK that in the ACD's opinion have good prospects and are at a reasonable valuation.

There is no policy to restrict investment to particular economic sectors. There will be no borrowing for investment purposes.

No more than 10% of the Fund Property may be invested in other collective investment schemes.

Up to 20% of the Fund Property may be held in near cash (as defined in the FCA Glossary).

### **Benchmark**

The Fund's target benchmark is the Numis Smaller Companies plus Alternative Investment Market (AIM) excluding Investment Companies Total Return Index.

The Numis Smaller Companies plus Alternative Investment Market (AIM) excluding Investment Companies Total Return Index has been selected as the Fund's target benchmark as the Fund invests in a diversified portfolio of UK smaller companies. We have chosen the Numis Smaller Companies plus AIM (ex Investment Companies) Total Return Index as the target benchmark as it is an established benchmark for monitoring the performance of smaller UK companies. The index is used as a target, the Fund has the ability to invest outside of the index and is not restricted by the weightings of the index therefore the portfolio could look considerably different to the index at any point in time.

**LINK FUND SOLUTIONS LIMITED**

*ACD of LF Majedie UK Smaller Companies Fund  
30 April 2020*

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

#### Performance and Financial Review

This report covers the period 1 January 2019 to 31 December 2019. During the period the Fund returned 20.0% (Class B Accumulation shares, gross of fees) underperforming the Numis Smaller Companies plus AIM (ex-Investment Companies) Total Return Index by -2.2%.

At the beginning of this year James de Uphaug and Emily Barnard took over the UK smaller companies baton. The initial focus was a root and branch review of all inherited holdings. We have engaged frequently with management teams delving into strategy and execution, which we view as particularly important given the relatively immature nature of smaller companies. The shape of the portfolio has changed, with a reduction in sector overweights (Oil and Gas in particular) and a stronger focus on balance sheet strength. The number of portfolio companies now sits in the 60's, and we will continue to transition the portfolio as we move into 2020 under the new leadership of John King, who joined us in Q4.

The top performance contributor this year was the holding in Spirent, a leading Technology company in the service assurance space. This investment dates back to 2016 at which time we recognised the underlying quality and potential of the product set, realising there were a few issues around R&D prioritisation and the cost base. Spirent was an operational improvement story at this time, with exposure to interesting growth sectors (Ethernet, 5G, Cyber Security). Over the last three years we have seen the mid-high teens operating margin come through, cost taken out of legacy activities and growth ramp up, particularly within 5G. We have also seen a CEO change, with the new appointee facing the challenge of how to move Spirent towards more of a recurring revenue base. He also needs to transform the business to be more immune to tech hardware cycles. Spirent shares have rallied strongly this year. Cognisant that this is still a technology hardware business (despite being in growth areas), we have continued to take profit in the position.

Another top performance contributor this year was your holding in Reach. Reach is the largest newspaper group in the country and, somewhat surprisingly, amongst the top digital 'assets' in the UK with a wide reach through their assets including the Daily Mirror, Daily Express, and Daily Record. Newspaper volumes remain under pressure and this has been managed through gentle increases in the cover prices, a consolidation of facilities, and insourcing previously outsourced volumes. Reach made two strategic acquisitions in 2015 and 2018 (Local World, and the Express and Star, respectively) increasing their scale across the UK. Reach's newspaper business is highly cash generative, and this cash has been put to good use in value-accretive M&A, and in building out their digital offering. The future for Reach is in leveraging their well-invested digital infrastructure to encourage users online through targeted editorial, enabling them to offer micro-targeted advertisement opportunities to buyers.

Volusion was the final notable contributor to performance this year. This company has a strong market position as a leader in the residential and commercial ventilation market in the UK. Their core competency of assembly and design, coupled with strong growth tailwinds (regulatory, taking existing products into new geographies, M&A) puts them in a strong position. In the last quarter of the year Volusion reported full year results showing revenue growth of 14.6% in line with forecasts, and a +10% boost to the final dividend. Importantly following an operational hiccup, their Reading facility now has service levels returning to normal. The share price has had a particularly strong Q4 as it has

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

rated alongside other UK domestic peers, however at 11-12x P/E we still believe this represents good value.

The largest performance detractor this year has been your holding in Nostrum. Nostrum is a struggling Oil & Gas company in Kazakhstan. Operational issues which started in 2018 have continued into this year. The main reason behind the >80% share price decline this year has been concerns about the balance sheet, with a net debt burden of \$1bn, and a market cap of £32m. Nostrum have underperforming oil and gas assets, but they do have a well-invested gas processing facility which would be of strategic value to other industry operators with the firepower to consolidate a number of surrounding orphan fields and put the volume through Nostrum's plant.

The offshore jackup rig and renewables contractor Lamprell contributed negatively to performance this year. Lamprell has had a series of issues in the last couple of years. During the oil price downturn in order to utilise their capacity, Lamprell diversified into other offshore assets, the maiden large contract of which was a \$220m contract to work on jackets and piles for a major offshore wind development. Poor costing, delays and operational problems ensued, resulting in a negative gross margin contract, the hit from which has been evident during 2018 and 2019. This has been alongside a severe decline in the jackup rig market which has meant that Lamprell has begun to burn through its net cash position. A further problem has been a notable lack of any contracts awarded under the Saudi Aramco programme on which Lamprell is one of eight contractors. In addition, a letter of intent signed in 2019 to build two jackup rigs has been delayed, resulting in a revenue and profit warning in 2019. Despite holding a net positive cash balance, Lamprell still needs to renew their debt facilities, of which there has been a further notable extension to allow more time for discussions with their banking partners. Stock markets tend not to like uncertainty and Lamprell has certainly provided a significant amount of this.

Carpetright was a negative contributor this year. Carpetright has suffered from a weakening UK macro backdrop for large purchases, an underinvested and over-expanded store estate, and a tired brand. In top of that, one of the original Carpetright founders setup a rival brand, Tapi, which has been a particularly vigorous competitor. Carpetright restructured in 2018: this was an opportunity to take out significant cost, deal with the legacy store estate through lease reductions and significant rental reductions, married with an injection of capital to revamp the remaining store base. 2019 should have been the transition year. However, with the debt facilities maturing in December 2019 and a deteriorating UK macro backdrop it was going to be a challenge. Q3 2019 saw a substantial shareholder of Carpetright purchase the Company's revolving credit facility and overdraft facilities directly from their banking syndicate. It became apparent during Q3 that the company needed another significant capital raise to repay the debt facilities, provide working capital requirements (they lost credit insurance in 2018) and provide more capital to revamp the store estate, given the ongoing competitive pressures. Alongside this an offer was made for the entire share capital of Carpetright by the same said shareholder. Upon evaluating the options on the table, we felt the shareholder offer would lead to the highest recovery of value for you our clients, and so we have pledged to vote our shares in favour of the deal.

Going into 2020, the Fund should see a tailwind from released pent-up business and consumer demand which had been building up ahead of the December 2019 election, and from expected government fiscal stimulus which will be a catalyst for improved domestic activity. The portfolio is being aligned to benefit from these trends and is going

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

through a repositioning to focus more on structural growth drivers, business models that can support long term growth, with an emphasis on cash generation and returns.

Since early January 2020, global financial markets have been monitoring and reacting to the coronavirus (COVID-19). Since 19 February 2020, global stock markets have fallen sharply in response to the spread of the new novel coronavirus (Covid-19). The World Health Organisation's classification of the virus as a pandemic on 12 March resulted in a step change in economic activity across developed economies as the highly infectious nature of the virus prompted aggressive lockdown measures to flatten peak infection rates and consequently the strain on healthcare systems. As of 9 April 2020, the virus has negatively impacted the health of more than 1.4 million individuals globally, with most confirmed cases in Europe and the US. The seizure in the economy has been particularly severe as four major negatives have occurred together; a medical emergency, a lockdown of economic activity, an oil price crash and extreme liquidity pressures in credit and fixed income markets – each of these would be a shock but they have happened simultaneously. The long-term impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. The Investment management team continues to monitor this situation closely and has put in place measures to safeguard its ability to provide services to the Fund and all its clients.

We have not seen significantly different investor dealing as a result of the market turbulence. We have no liquidity concerns within the Fund. There have been no significant redemptions in the Fund.

Please note that recent market volatility and related increase in trading has led to a notable improvement in liquidity. It is expected liquidity will revert to historic levels once this period passes.

The audited risk figures for March 2020 have also increased in comparison to historic levels – this is due to a change in the risk model (Barra) in relation to the recent market volatility rather than a fundamental change in the Fund.

There have been no breaches of regulatory or investment restrictions.

Year to date as at 7 April 2020 the Fund's NAV has declined by approximately 24% (Class B Accumulation shares, GBP).

The Fund Managers expect continued market volatility and NAV impact, however, see this as an opportunity for investment. Majedie Asset Management is financially stable and is able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future.

There has been no material change in the cash weightings of the Fund.

MAJEDIE ASSET MANAGEMENT LIMITED

Investment Manager

15 April 2020

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



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

The Fund has been classed as 5 because its volatility has been measured as above average to high.

The indicator is based on historical data and may not be a reliable indication for the future.

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

**Market Risk:** the investments of the Fund are subject to normal market fluctuations and the risk inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur.

**Equity Risk:** the value of equities may fall as well as rise and as a class of investment, equities are typically more volatile than other common investment types such as bonds or cash.

**Liquidity Risk:** certain securities may be difficult or impossible to sell at the time and price that the seller would like. The seller may have to lower the price, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on fund management or performance.

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

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'A' ACCUMULATION SHARES

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 252.29                      | 323.63                      | 277.35                      |
| Return before operating charges*                 | 51.03                       | (68.22)                     | 49.46                       |
| Operating charges                                | (2.75)                      | (3.12)                      | (3.18)                      |
| Return after operating charges                   | 48.28                       | (71.34)                     | 46.28                       |
| Distributions                                    | (4.48)                      | (5.51)                      | (3.30)                      |
| Retained distributions on<br>accumulation shares | 4.48                        | 5.51                        | 3.30                        |
| Closing net asset value per share                | 300.57                      | 252.29                      | 323.63                      |
| * after direct transaction costs of:             | 0.18                        | 0.47                        | 0.68                        |

##### PERFORMANCE

|                      |        |          |        |
|----------------------|--------|----------|--------|
| Return after charges | 19.14% | (22.04)% | 16.69% |
|----------------------|--------|----------|--------|

##### OTHER INFORMATION

|                                 |        |         |         |
|---------------------------------|--------|---------|---------|
| Closing net asset value (£'000) | 296    | 406     | 514     |
| Closing number of shares        | 98,386 | 161,023 | 158,902 |
| Operating charges <sup>1</sup>  | 1.01%  | 1.02%   | 1.02%   |
| Direct transaction costs        | 0.07%  | 0.15%   | 0.22%   |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 303.28 | 337.68 | 327.86 |
| Lowest share price  | 254.82 | 251.07 | 278.22 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC').

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'B' ACCUMULATION SHARES

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 285.67                      | 364.23                      | 309.03                      |
| Return before operating charges*                 | 57.42                       | (78.49)                     | 55.27                       |
| Operating charges                                | (0.06)                      | (0.07)                      | (0.07)                      |
| Return after operating charges                   | 57.36                       | (78.56)                     | 55.20                       |
| Distributions                                    | (7.56)                      | (8.28)                      | (7.19)                      |
| Retained distributions on<br>accumulation shares | 7.56                        | 8.28                        | 7.19                        |
| Closing net asset value per share                | 343.03                      | 285.67                      | 364.23                      |
| * after direct transaction costs of:             | 0.21                        | 0.53                        | 0.77                        |

#### PERFORMANCE

|                      |        |          |        |
|----------------------|--------|----------|--------|
| Return after charges | 20.08% | (21.57)% | 17.86% |
|----------------------|--------|----------|--------|

#### OTHER INFORMATION

|                                 |            |             |             |
|---------------------------------|------------|-------------|-------------|
| Closing net asset value (£'000) | 158,268    | 325,840     | 530,263     |
| Closing number of shares        | 46,139,014 | 114,062,807 | 145,586,051 |
| Operating charges <sup>1</sup>  | 0.02%      | 0.02%       | 0.02%       |
| Direct transaction costs        | 0.07%      | 0.15%       | 0.22%       |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 346.13 | 380.48 | 368.44 |
| Lowest share price  | 288.54 | 284.22 | 310.03 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.



## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 December 2019 (%)

|  | 1 year | 3 years | 5 years |
|--|--------|---------|---------|
| LF Majedie UK Smaller Companies Fund   | 19.98  | 11.08   | 29.83   |
| Numis Smaller Companies plus AIM (ex-Investment Companies) Total Return Index <sup>1</sup> | 22.16  | 25.31   | 52.40   |

<sup>1</sup> Source: Bloomberg, closing price.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to above performance being calculated on the latest published price (at 12.00 p.m.) prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on page 116.

#### 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 MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 31 December 2019

| Holding     | Portfolio of Investments   | Value<br>£'000 | 31.12.19<br>% |
|-------------|--|----------------|---------------|
|             | EQUITIES - 98.44% (31.12.18 - 97.11%)                                |                |               |
|             | OIL & GAS - 4.48% (31.12.18 - 9.89%)                                 |                |               |
|             | OIL & GAS PRODUCERS - 4.48% (31.12.18 - 8.50%)                       |                |               |
| 143,027,096 | Aminex   | 1,359          | 0.86          |
| 960,264     | Cairn Energy   | 1,967          | 1.24          |
| 2,090,743   | Nostrum Oil & Gas  | 354            | 0.22          |
| 1,500,344   | Premier Oil  | 1,473          | 0.93          |
| 13,073,959  | Rockhopper Exploration <sup>3</sup>                                  | 1,953          | 1.23          |
|             |  | <u>7,106</u>   | <u>4.48</u>   |
|             | OIL EQUIPMENT, SERVICES & DISTRIBUTION - 0.00%<br>(31.12.18 - 1.39%) | <u>—</u>       | <u>—</u>      |
|             | TOTAL OIL & GAS  | <u>7,106</u>   | <u>4.48</u>   |
|             | BASIC MATERIALS - 7.36% (31.12.18 - 12.27%)                          |                |               |
|             | MINING - 7.36% (31.12.18 - 12.27%)                                   |                |               |
| 1,198,785   | Atalaya Mining   | 2,278          | 1.44          |
| 2,069,292   | Central Asia Metals <sup>3</sup>                                     | 4,511          | 2.84          |
| 1,966,689   | Hummingbird Resources  | 413            | 0.26          |
| 22,831,802  | Norseman Gold <sup>2</sup>   | —              | —             |
| 1,244,330   | Petra Diamonds   | 108            | 0.07          |
| 26,869,052  | Shanta Gold <sup>3</sup>   | 2,499          | 1.58          |
| 5,038,464   | Sylvania Platinum  | 1,854          | 1.17          |
|             |  | <u>11,663</u>  | <u>7.36</u>   |
|             | TOTAL BASIC MATERIALS  | <u>11,663</u>  | <u>7.36</u>   |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments  | Value<br>£'000 | 31.12.19<br>% |
|-----------|---|----------------|---------------|
|           | INDUSTRIALS - 31.39% (31.12.18 - 23.44%)                        |                |               |
|           | CONSTRUCTION & MATERIALS - 10.39% (31.12.18 - 4.76%)            |                |               |
| 3,577,940 | Accsys Technologies   | 3,685          | 2.32          |
| 1,794,865 | Balfour Beatty  | 4,688          | 2.96          |
| 2,230,852 | Breedon <sup>3</sup>  | 1,852          | 1.17          |
| 2,432,838 | Volution  | 6,252          | 3.94          |
|           |   | 16,477         | 10.39         |
|           | AEROSPACE & DEFENCE - 1.24% (31.12.18 - 4.52%)                  |                |               |
| 92,887    | Ultra Electronics   | 1,964          | 1.24          |
|           | GENERAL INDUSTRIALS - 1.48% (31.12.18 - 1.04%)                  |                |               |
| 3,139,541 | Coats   | 2,342          | 1.48          |
|           | ELECTRONIC & ELECTRICAL EQUIPMENT - 2.04%<br>(31.12.18 - 1.61%) |                |               |
| 209,696   | Oxford Instruments  | 3,229          | 2.04          |
|           | INDUSTRIAL ENGINEERING - 0.97% (31.12.18 - 0.00%)               |                |               |
| 59,148    | Hill & Smith  | 871            | 0.55          |
| 104,382   | Porvair   | 668            | 0.42          |
|           |   | 1,539          | 0.97          |
|           | SUPPORT SERVICES - 15.27% (31.12.18 - 11.51%)                   |                |               |
| 567,150   | Marlowe <sup>3</sup>  | 2,836          | 1.79          |
| 190,015   | PayPoint  | 1,919          | 1.21          |
| 7,403,886 | Renewi  | 2,665          | 1.68          |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments  | Value<br>£'000 | 31.12.19<br>% |
|-----------|---|----------------|---------------|
| 620,698   | Restore <sup>3</sup>  | 3,364          | 2.12          |
| 1,343,306 | RPS   | 2,289          | 1.44          |
| 3,636,212 | SIG   | 4,473          | 2.82          |
| 8,889,831 | Speedy Hire   | 6,667          | 4.21          |
|           |   | <u>24,213</u>  | <u>15.27</u>  |
|           | TOTAL INDUSTRIALS   | <u>49,764</u>  | <u>31.39</u>  |
|           | CONSUMER GOODS - 5.48% (31.12.18 - 7.60%)                         |                |               |
|           | BEVERAGES - 3.54% (31.12.18 - 3.19%)                              |                |               |
| 2,722,544 | Stock Spirits   | <u>5,608</u>   | <u>3.54</u>   |
|           | FOOD PRODUCERS - 0.00% (31.12.18 - 1.77%)                         | <u>—</u>       | <u>—</u>      |
|           | HOUSEHOLD GOODS & HOME CONSTRUCTION - 1.75%<br>(31.12.18 - 0.56%) |                |               |
| 1,120,838 | McBride   | 992            | 0.63          |
| 188,913   | MJ Gleeson  | <u>1,780</u>   | <u>1.12</u>   |
|           |   | <u>2,772</u>   | <u>1.75</u>   |
|           | LEISURE GOODS - 0.19% (31.12.18 - 2.08%)                          |                |               |
| 80,912    | Team17 <sup>3</sup>   | <u>303</u>     | <u>0.19</u>   |
|           | TOTAL CONSUMER GOODS  | <u>8,683</u>   | <u>5.48</u>   |
|           | HEALTH CARE - 2.61% (31.12.18 - 2.22%)                            |                |               |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                       | Value<br>£'000 | 31.12.19<br>% |
|------------|--|----------------|---------------|
|            | HEALTH CARE EQUIPMENT & SERVICES - 2.61%<br>(31.12.18 - 2.22%) |                |               |
| 937,038    | CareTech <sup>3</sup>  | 4,142          | 2.61          |
|            | TOTAL HEALTH CARE  | 4,142          | 2.61          |
|            | CONSUMER SERVICES - 13.83% (31.12.18 - 14.63%)                 |                |               |
|            | GENERAL RETAILERS - 3.72% (31.12.18 - 2.90%)                   |                |               |
| 9,653,349  | Carpetright  | 463            | 0.29          |
| 1,041,012  | DFS Furniture  | 3,009          | 1.90          |
| 175,733    | Joules <sup>3</sup>  | 395            | 0.25          |
| 11,879,880 | Mothercare   | 2,038          | 1.28          |
|            |  | 5,905          | 3.72          |
|            | MEDIA - 8.87% (31.12.18 - 6.71%)                               |                |               |
| 1,517,636  | Bloomsbury Publishing  | 4,401          | 2.77          |
| 180,018    | Euromoney Institutional Investor                               | 2,344          | 1.48          |
| 3,030,360  | Reach  | 4,115          | 2.59          |
| 787,246    | STV  | 3,212          | 2.03          |
|            |  | 14,072         | 8.87          |
|            | TRAVEL & LEISURE - 1.24% (31.12.18 - 5.02%)                    |                |               |
| 1,151,760  | Comptoir <sup>3</sup>  | 92             | 0.06          |
| 38,455,315 | fastjet <sup>3</sup>   | 69             | 0.04          |
| 2,682,208  | fastjet warrants 31/7/2021 <sup>2</sup>                        | —              | —             |
| 635,003    | Hollywood Bowl   | 1,810          | 1.14          |
| 1,335,970  | Patisserie <sup>2</sup>  | —              | —             |
|            |  | 1,971          | 1.24          |
|            | TOTAL CONSUMER SERVICES  | 21,948         | 13.83         |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments  | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
|            | TELECOMMUNICATIONS - 0.00% (31.12.18 - 2.16%)                   |                |               |
|            | FIXED LINE TELECOMMUNICATIONS - 0.00%<br>(31.12.18 - 2.16%)     | —              | —             |
|            | FINANCIALS - 19.08% (31.12.18 - 14.09%)                         |                |               |
|            | BANKS - 0.27% (31.12.18 - 0.44%)                                |                |               |
| 27,161     | Secure Trust Bank   | 429            | 0.27          |
|            | NON-LIFE INSURANCE - 0.00% (31.12.18 - 0.49%)                   | —              | —             |
|            | REAL ESTATE INVESTMENT & SERVICES - 2.43%<br>(31.12.18 - 2.79%) |                |               |
| 36,072,432 | Dolphin Capital Investors <sup>3</sup>                          | 1,479          | 0.93          |
| 503,932    | Helical Bar   | 2,376          | 1.50          |
| 9,023,019  | Speymill Deutsche Immobilien <sup>1, 2</sup>                    | —              | —             |
|            |   | 3,855          | 2.43          |
|            | REAL ESTATE INVESTMENT TRUSTS - 0.00%<br>(31.12.18 - 0.80%)     | —              | —             |
|            | FINANCIAL SERVICES - 7.00% (31.12.18 - 7.88%)                   |                |               |
| 595,336    | Curtis Banks <sup>3</sup>                                       | 2,036          | 1.29          |
| 608,889    | John Laing  | 2,314          | 1.46          |
| 450,222    | JTC   | 1,810          | 1.14          |
| 171,482    | Morses Club <sup>3</sup>  | 228            | 0.14          |
| 178,380    | Mortgage Advice Bureau <sup>3</sup>                             | 1,338          | 0.84          |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments  | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
| 2,225,228  | Sherborne Investors <sup>1</sup>                                | 1,324          | 0.84          |
| 3,107,538  | Tungsten <sup>3</sup>   | 1,243          | 0.78          |
| 634,236    | XPS Pensions  | 805            | 0.51          |
|            |   | <u>11,098</u>  | <u>7.00</u>   |
|            | EQUITY INVESTMENT INSTRUMENTS - 3.07% (31.12.18 - 1.69%)        |                |               |
| 810,447    | Gresham House <sup>1,3</sup>                                    | <u>4,863</u>   | <u>3.07</u>   |
|            | NON-EQUITY INVESTMENT INSTRUMENTS - 6.31%<br>(31.12.18 - 0.00%) |                |               |
| 10,000,000 | Goldman Sachs Sterling Liquid Reserves <sup>1</sup>             | <u>10,000</u>  | <u>6.31</u>   |
|            | TOTAL FINANCIALS  | <u>30,245</u>  | <u>19.08</u>  |
|            | TECHNOLOGY - 14.21% (31.12.18 - 10.81%)                         |                |               |
|            | SOFTWARE & COMPUTER SERVICES - 10.56%<br>(31.12.18 - 8.02%)     |                |               |
| 1,872,126  | CentralNic  | 1,647          | 1.04          |
| 236,541    | EMIS <sup>3</sup>   | 2,621          | 1.65          |
| 401,615    | GRC International   | 48             | 0.03          |
| 1,161,295  | Gresham Technologies  | 1,394          | 0.88          |
| 201,118    | Ideagen   | 392            | 0.25          |
| 1,496,655  | RM  | 4,206          | 2.65          |
| 878,374    | SDL   | 5,007          | 3.16          |
| 2,389,676  | Tribal <sup>3</sup>   | <u>1,434</u>   | <u>0.90</u>   |
|            |   | <u>16,749</u>  | <u>10.56</u>  |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments                                      | Value<br>£'000 | 31.12.19<br>% |
|-----------|---|----------------|---------------|
|           | TECHNOLOGY HARDWARE & EQUIPMENT - 3.65%<br>(31.12.18 - 2.79%) |                |               |
| 2,314,301 | Spirent Communications  | 5,786          | 3.65          |
|           | TOTAL TECHNOLOGY  | 22,535         | 14.21         |
|           | TOTAL EQUITIES  | 156,086        | 98.44         |
|           | Portfolio of investments                                      | 156,086        | 98.44         |
|           | Net other assets  | 2,478          | 1.56          |
|           | Total net assets  | 158,564        | 100.00        |

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

<sup>1</sup> Collective investment scheme.

<sup>2</sup> Delisted security.

<sup>3</sup> Quoted on the Alternative Investment Market (AIM).



## LF MAJEDIE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2019

|  |        |  |          |
|--|--------|--|----------|
| Total purchases for the year £'000 (note 15) | 23,014 | Total sales for the year £'000 (note 15) | 163,776  |
|  | Cost   |  | Proceeds |
| Major purchases                              | £'000  | Major sales                              | £'000    |
| Berkeley Energia                             | 3,554  | Genel Energy                             | 10,469   |
| JTC  | 1,984  | KCOM                                     | 9,430    |
| Breedon                                      | 1,556  | Rank                                     | 8,648    |
| MJ Gleeson                                   | 1,539  | Chemring                                 | 7,296    |
| Hollywood Bowl                               | 1,530  | Photo-Me                                 | 6,984    |
| Accsys Technologies                          | 1,129  | 888.com                                  | 6,706    |
| Central Asia Metals                          | 1,083  | Spirent Communications                   | 6,633    |
| Volution                                     | 1,038  | Hochschild Mining                        | 6,580    |
| Marlowe                                      | 942    | Reach                                    | 5,792    |
| Hill & Smith                                 | 869    | Centamin                                 | 5,454    |

In addition to the above, purchases totalling £105,111,000 and sales totalling £95,111,000 were made in short term investments during the year.

In addition to the above sales, in-specie transfers totalling £65,703,000 were made out of the Fund.

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

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 December 2019

|  | Notes | £'000 | 31.12.19<br>£'000 | £'000  | 31.12.18<br>£'000 |
|--|-------|-------|-------------------|--------|-------------------|
| Income:  |       |       |                   |        |                   |
| Net capital gains/(losses)   | 3     |       | 35,675            |        | (114,595)         |
| Revenue  | 4     | 6,358 |                   | 11,754 |                   |
| Expenses   | 5     | (43)  |                   | (108)  |                   |
| Net revenue before taxation  |       | 6,315 |                   | 11,646 |                   |
| Taxation   | 6     | (3)   |                   | (27)   |                   |
| Net revenue after taxation   |       |       | 6,312             |        | 11,619            |
| Total return before distributions  |       |       | 41,987            |        | (102,976)         |
| Distributions  | 7     |       | (6,312)           |        | (11,619)          |
| Change in net assets<br>attributable to shareholders<br>from investment activities |       |       | 35,675            |        | (114,595)         |

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

for the year ended 31 December 2019

|  | Notes | £'000     | 31.12.19<br>£'000 | £'000     | 31.12.18<br>£'000 |
|--|-------|-----------|-------------------|-----------|-------------------|
| Opening net assets attributable<br>to shareholders                                 |       |           | 326,246           |           | 530,777           |
| Amounts receivable on<br>issue of shares   |       | 5,125     |                   | 17,449    |                   |
| Amounts payable on<br>redemption of shares   |       | (141,194) |                   | (119,019) |                   |
| In-specie transfer   |       | (73,562)  |                   | —         |                   |
|  |       |           | (209,631)         |           | (101,570)         |
| Dilution adjustment  | 1(H)  |           | 1,125             |           | 800               |
| Stamp duty reserve tax   |       |           | (1)               |           | —                 |
| Change in net assets<br>attributable to shareholders<br>from investment activities |       |           | 35,675            |           | (114,595)         |
| Retained distribution on<br>accumulation shares                                    | 7     |           | 5,150             |           | 10,834            |
| Closing net assets attributable<br>to shareholders                                 |       |           | 158,564           |           | 326,246           |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### BALANCE SHEET

as at 31 December 2019

|  | Notes | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>                                  |       |                   |                   |
| Fixed assets                                   |       |                   |                   |
| Investments                                    |       | 156,086           | 316,827           |
| Current assets                                 |       |                   |                   |
| Debtors  | 8     | 509               | 871               |
| Cash and bank balances                         | 9     | 2,228             | 8,599             |
| <b>Total assets</b>                            |       | <b>158,823</b>    | <b>326,297</b>    |
| <b>LIABILITIES</b>                             |       |                   |                   |
| Creditors                                      |       |                   |                   |
| Other creditors                                | 10    | (259)             | (51)              |
| <b>Total liabilities</b>                       |       | <b>(259)</b>      | <b>(51)</b>       |
| <b>Net assets attributable to shareholders</b> |       | <b>158,564</b>    | <b>326,246</b>    |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

#### 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 18 have been applied to the financial statements of the Fund in the current and prior year.

#### 3. Net Capital gains/(losses)

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

|                            | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------|-------------------|-------------------|
| Non-derivative securities  | 35,676            | (114,573)         |
| Derivative contracts       | —                 | (22)              |
| Currency losses            | (1)               | —                 |
| Net capital gains/(losses) | 35,675            | (114,595)         |

#### 4. Revenue

|                                  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------------|-------------------|-------------------|
| Non-taxable dividends            | 6,247             | 11,482            |
| Taxable dividends                | 78                | 58                |
| UK property income distributions | 30                | 214               |
| Bank interest                    | 3                 | —                 |
| Total revenue                    | 6,358             | 11,754            |

**LF MAJEDIE UK SMALLER COMPANIES FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**5. Expenses**

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Payable to the ACD, associates of the<br>ACD and agents of either of them:               |                   |                   |
| Annual Management Charge   | 3                 | 5                 |
| Payable to the Depositary, associates of the<br>Depositary and agents of either of them: |                   |                   |
| Depositary's fees  | 34                | 92                |
| Other expenses:  |                   |                   |
| Audit fee*   | 6                 | 11                |
| Total expenses   | 43                | 108               |

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

Effective 1 July 2019, the Fund is no longer charged expenses other than the Annual Management Charge.

\* The audit fee for the year, excluding VAT, was £9,400 (31.12.18: £9,000).

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 6. Taxation

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| (a) Analysis of charge for the year                                     |                   |                   |
| Corporation tax at 20%  | 14                | 27                |
| Corporation tax - prior year adjustment                                 | (11)              | —                 |
| Current tax charge  | 3                 | 27                |
| Deferred tax – origination and reversal of timing differences (note 6c) | —                 | —                 |
| Total taxation (see note 6b)  | 3                 | 27                |

#### 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%) (31.12.18: 20%). The differences are explained below:

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Net revenue before taxation                           | 6,315             | 11,646            |
| Corporation tax at 20%                                | 1,263             | 2,329             |
| Effects of:   |                   |                   |
| Non-taxable dividends                                 | (1,249)           | (2,297)           |
| Corporation tax - prior year adjustment               | (11)              | —                 |
| Unutilised excess management expenses                 | —                 | (16)              |
| Prior year adjustment for excess management expenses  | —                 | 11                |
| Total current tax charge for the year (see note 6(a)) | 3                 | 27                |

#### c) Deferred tax

As at 31 December 2019 there is a potential deferred tax asset of £Nil (31.12.18: £Nil). 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.

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 7. Distributions

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

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Interim                                       | 3,681             | 6,620             |
| Final   | 1,469             | 4,214             |
|   | <u>5,150</u>      | <u>10,834</u>     |
| Add: Revenue deducted on redemption of shares | 895               | 825               |
| Equalisation on In-specie transfer            | 301               | —                 |
| Deduct: Revenue received on issue of shares   | (34)              | (40)              |
| Net distributions for the year                | <u>6,312</u>      | <u>11,619</u>     |

Details of the distribution per share are set out in the table on page 116.

#### 8. Debtors

|                           | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---------------------------|-------------------|-------------------|
| Sales awaiting settlement | 287               | —                 |
| Accrued revenue:          |                   |                   |
| Non-taxable dividends     | 163               | 815               |
| Taxable dividends         | 6                 | —                 |
|                           | <u>169</u>        | <u>815</u>        |
| Taxation recoverable:     |                   |                   |
| Overseas withholding tax  | 53                | 56                |
| Total debtors             | <u>509</u>        | <u>871</u>        |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 9. Cash and Bank Balances

|                              | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|------------------------------|-------------------|-------------------|
| Bank balances                | 2,228             | 8,599             |
| Total cash and bank balances | 2,228             | 8,599             |

#### 10. Other Creditors

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Purchases awaiting settlement  | 247               | —                 |
| Accrued expenses:  |                   |                   |
| Amounts payable to the ACD, associates of<br>the ACD and agents of either of them:               |                   |                   |
| Annual Management Charge   | —                 | 1                 |
| Amounts payable to the Depositary, associates of<br>the Depositary and agents of either of them: |                   |                   |
| Depositary's fees  | —                 | 13                |
| Other expenses   | 5                 | 10                |
| Taxation payable:  |                   |                   |
| Corporation tax  | 7                 | 27                |
| Total other creditors  | 259               | 51                |



## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 11. Related party transactions

The Annual Management Charge payable to Link Fund Solutions Limited ('the ACD') is disclosed in note 5 and amounts due at the year end are disclosed in note 10.

On 1 July 2019, the ACD of the Company changed from Majedie Asset Management Limited to Link Fund Solutions Limited ('LFSL'). The amount in note 5 includes £1,000 charged to Link Fund Solutions Limited and £2,000 charged to Majedie Asset Management Limited.

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 103.

Majedie Asset Management Limited which is the Investment Manager held 36,098 (31.12.18: 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 the following shareholder held in excess of 20% of the shares in issue of the Fund:

|                           |                           |
|---------------------------|---------------------------|
| Nortrust Nominees Limited | 51.49% (31.12.18: 37.06%) |
|---------------------------|---------------------------|

#### 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.12.18: none).

#### 13. Shares in Issue

|                          | 'A'<br>Accumulation | 'B'<br>Accumulation |
|--------------------------|---------------------|---------------------|
| Annual Management Charge | 1.00%               | 0.00%               |
| Opening shares in issue  | 161,023             | 114,062,807         |
| Issues                   | —                   | 1,655,951           |
| Redemptions              | (62,637)            | (69,579,744)        |
| Closing shares in issue  | 98,386              | 46,139,014          |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 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 warrants or forward currency contracts, may be utilised for Efficient Portfolio Management (including hedging) and investment 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.

##### (B) INTEREST RATE RISK

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

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

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (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. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates. The Fund does not have any significant exposure to foreign currency risk, and therefore no foreign currency risk table or sensitivity analysis has been presented.

#### (D) LEVERAGE

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

#### (E) LIQUIDITY RISK

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

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 37.08% of the portfolio can be liquidated within 5-days and 86.36% within 30-days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £7,804,000 (31.12.18: £15,841,000). 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

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.19</b>                              |   |                      |                |   |
| Ordinary shares                              | 22,178  | 11                   | 52             | 22,241                                    |
| Collective investment schemes                | 773   | 0                    | 0              | 773                                       |
| Purchases total                              | 22,951  | 11                   | 52             | 23,014                                    |
| <i>Transaction cost % of purchases total</i> |   | 0.05%                | 0.23%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.00%                | 0.02%          |   |
| Ordinary shares                              | 160,887   | (103)                | (1)            | 160,783                                   |
| Collective investment schemes                | 2,995   | (2)                  | (0)            | 2,993                                     |
| Sales total                                  | 163,882   | (105)                | (1)            | 163,776                                   |
| <i>Transaction cost % of sales total</i>     |   | 0.06%                | —              |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.05%                | —              |   |

Average portfolio dealing spread at 31.12.19 is 1.77% (31.12.18: 1.91%).

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.18</b>                              |   |                      |                |   |
| Ordinary shares                              | 145,609   | 76                   | 520            | 146,205                                   |
| Collective investment schemes                | 2,703   | —                    | —              | 2,703                                     |
| Purchases total                              | 148,312   | 76                   | 520            | 148,908                                   |
| <i>Transaction cost % of purchases total</i> |   | 0.05%                | 0.36%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.01%                | 0.11%          |   |
| Ordinary shares                              | 235,357   | (145)                | (1)            | 235,211                                   |
| Collective investment schemes                | 447   | —                    | —              | 447                                       |
| Sales total                                  | 235,804   | (145)                | (1)            | 235,658                                   |
| <i>Transaction cost % of sales total</i>     |   | 0.06%                | —              |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.03%                | —              |   |

### 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<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|-------------------|------------------|------------------|------------------|----------------|
| <b>31.12.19</b>   |                  |                  |                  |                |
| Investment assets | 144,762          | 11,324           | —                | 156,086        |
| <b>31.12.18</b>   |                  |                  |                  |                |
| Investment assets | 316,694          | —                | 133              | 316,827        |

**LF MAJEDIE UK SMALLER COMPANIES FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**17. Subsequent Events**

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a pandemic. As a result, global markets have experienced a period of volatility which has impacted the performance of the Fund since the balance sheet date. The length of time the volatility remains will largely depend on the scale and duration of the outbreak. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period.

Since the balance sheet date, the Fund's target benchmark has moved by (24.91)%. The price of each of the Fund's share classes has moved as follows:

| Share class    | Balance Sheet Date | 28.04.2020 | Movement |
|----------------|--------------------|------------|----------|
| A Accumulation | 303.28             | 243.93     | (19.57)% |
| B Accumulation | 346.13             | 279.11     | (19.36)% |

## LF MAJEDIE UK SMALLER COMPANIES FUND

### FINANCIAL STATEMENTS *continued*

#### DISTRIBUTION TABLE

for the year ended 31 December 2019 – 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 | Interim  | Final    |
|---------|----------|----------|
| From    | 01.01.19 | 01.07.19 |
| To      | 30.06.19 | 31.12.19 |

#### 'A' ACCUMULATION SHARES

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 2.7972      | —            | 2.7972                | 3.4253                |
| Group 2 | 2.7972      | 0.0000       | 2.7972                | 3.4253                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 1.6829      | —            | 1.6829                 | 2.0874                |
| Group 2 | 1.6829      | 0.0000       | 1.6829                 | 2.0874                |

#### 'B' ACCUMULATION SHARES

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 4.3827      | —            | 4.3827                | 4.5924                |
| Group 2 | 1.4809      | 2.9018       | 4.3827                | 4.5924                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 3.1792      | —            | 3.1792                 | 3.6918                |
| Group 2 | 1.1533      | 2.0259       | 3.1792                 | 3.6918                |

## **LF MAJEDIE TORTOISE FUND**

### **ACD'S REPORT**

for the year ended 31 December 2019

#### **Important Information**

Refer to the 'Important Information' section on pages 5 and 6.

#### **Investment Objective and Policy**

The LF Majedie Tortoise Fund ('the Fund') aims to achieve positive absolute returns in all market conditions over rolling three-year periods with less volatility than a conventional long-only equity fund. An absolute return over rolling three year periods or any other time period is not guaranteed and the Fund may experience periods of negative return. The capital of investors is at risk and there is no guarantee of a return of capital originally invested.

The Fund will primarily seek to achieve its objective by investment in a concentrated portfolio of long positions in equities and using derivatives to take synthetic short positions. The Fund will invest primarily in equity securities listed on eligible markets located in EEA Member States, Australia, Canada, Hong Kong, Japan, New Zealand, Switzerland or the United States of America. However, the Fund may invest in equity securities of companies incorporated anywhere in the world.

The Fund will hold a maximum of 60 long positions, representing an overall net position of up to 100% of NAV (where "net position" means the position once synthetic short positions have been subtracted from long positions). The long positions will be achieved by direct purchases of securities. The maximum number of synthetic short positions is 60, which may represent up to 100% of the Fund's NAV, and each synthetic short position will not exceed 10% of the Fund's NAV. The synthetic short positions will ordinarily be achieved by the use of CFDs placed with approved counterparties, but other derivatives may also be used to achieve synthetic short positions. Where index derivatives are used for efficient portfolio management, those derivatives positions will not be counted towards the maximum of long positions nor the maximum of synthetic short positions.

The total exposure of the Fund will not exceed 200% of NAV and will be monitored on a daily basis to ensure that the total exposure does not exceed this stated maximum.

There is no policy to restrict investment to particular industry or economic sectors. There will be no borrowing for investment purposes.

No more than 10% of the Fund Property may be invested in other collective investment schemes.



## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

for the year ended 31 December 2019

The Fund may also hold and invest up to 100% of its NAV in near cash assets, which includes government and public securities. The situations in which near cash assets will be held may include: (i) where the Investment Manager considers that there are not sufficient suitable investment opportunities; (ii) to protect the value of the Fund and maintain liquidity at times in falling or volatile markets; (iii) to facilitate the Fund's ability to meet redemption requests; and (iv) where the Fund has received subscriptions that are awaiting investment. Subject to the ongoing need to provide adequate liquidity to meet the foreseeable level of redemptions at all times, there is no minimum level of liquidity that the Fund may hold at any one time.

#### Benchmark

The Fund does not have a benchmark.

The investment strategy does not use a target benchmark, constraining benchmark or comparator benchmark in the way it is managed as it aims to achieve positive returns over rolling three-year periods. The Fund, as an absolute return fund, measures its performance based on the appreciation or depreciation of its share price over a certain period of time independent of any benchmarks. Investors can assess the performance of the Fund by reference to any increase in the Fund's share price achieved over a three year rolling period (for example, if £100 invested has a value greater than £100 over a 3 year period it will be considered a positive return).

LINK FUND SOLUTIONS LIMITED

*ACD of LF Majedie Tortoise Fund*

*30 April 2020*

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

#### Performance and Financial Review

This report covers the period 1 January 2019 to 31 December 2019. During the period the Fund returned -6.0% (Class C Accumulation shares, gross of fees, GBP); the long book contributed +4.3%, the short book -10.0%, and the currency hedge +1.1%, reflecting a strengthening of GBP in the latter part of the year.

We were surprised in 2019 by the ongoing domination of growth versus value, with value underperforming growth by more than 10% over the year, making it the most extreme year in the 12 year run of underperformance since 2007. Value's relative performance is now back to where it was in 1975. While the Fund's positive performance towards the year end demonstrates that we can make headway even in these conditions, clearly a bit of a tailwind from value outperformance would be helpful.

Taking a view of the year as a whole, in retrospect it was an error in positioning to run a long book with high sector concentrations in Q2, alongside a high gross, by our standards, which exacerbated the Fund's decline in April and May. We are heartened by the fact that performance began to pick up at the end of the year, as we increased the gross back up to 90%.

On a positive tack, it has been gratifying to see some of our long-held positions deliver in 2019, most notably our sizeable long position in Gold Miners, along with Tesco. The top contributor for the year, the precious metal miner Sibanye-Stillwater, added almost double what we lost on the worst detractor, Tullow Oil. The overall disappointing performance of the Fund was less to do with individual stocks and more a result of the market's strong re-rating and persistent quality-growth bias, which hurt the short book, and left many of our inexpensive longs rather friendless.

The main drag on the Fund's performance over the last couple of years has been the short book in a rising market; this trend continued in 2019, with the mostly US-listed short book being the chief detractor. Along with longs in Tullow Oil, which suffered from news of two significant discoveries containing heavy oil – prompting warnings that the projects would be difficult to commercialise; Valaris, where the low oil price raised concerns over its ability to service its debt and Mosaic which was hit by demand for fertilisers being hindered by the US/China trade war and terrible conditions for farmers during the growing season.

We think that the macro backdrop is turning more positive, with the business cycle likely to receive a boost over the next 12 months from the lagged effects of a lower oil price, lower rates, and somewhat reduced trade uncertainty. Additionally, many cyclical companies are trading on low valuations, with share prices 30-50% lower than when leading indicators peaked in 2017. This has prompted us, over the last few months, to selectively add more cyclical longs to the portfolio, particularly in Europe.

Since early January 2020, global financial markets have been monitoring and reacting to the coronavirus (COVID-19). Since 19 February 2020, global stock markets have fallen sharply in response to the spread of the new novel coronavirus (Covid-19). The World Health Organisation's classification of the virus as a pandemic on 12 March resulted in a step change in economic activity across developed economies as the highly infectious nature of the virus

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

prompted aggressive lockdown measures to flatten peak infection rates and consequently the strain on healthcare systems. As of 9 April 2020, the virus has negatively impacted the health of more than 1.4 million individuals globally, with most confirmed cases in Europe and the US. The seizure in the economy has been particularly severe as four major negatives have occurred together; a medical emergency, a lockdown of economic activity, an oil price crash and extreme liquidity pressures in credit and fixed income markets – each of these would be a shock but they have happened simultaneously. The long-term impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. The Investment management team continues to monitor this situation closely and has put in place measures to safeguard its ability to provide services to the Fund and all its clients.

We have not seen significantly different investor dealing as a result of the market turbulence. We have no liquidity concerns within the Fund. There have been no significant redemptions in the Fund.

Please note that recent market volatility and related increase in trading has led to a notable improvement in liquidity. It is expected liquidity will revert to historic levels once this period passes.

The audited risk figures for March 2020 have also increased in comparison to historic levels – this is due to a change in the risk model (Barra) in relation to the recent market volatility rather than a fundamental change in the Fund.

There have been no breaches of regulatory or investment restrictions.

Year to date as at 7 April 2020 the Fund's NAV has declined by approximately 14% (Class C Accumulation shares, GBP).

The Fund Managers expect continued market volatility and NAV impact, however, see this as an opportunity for investment. Majedie Asset Management is financially stable and is able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future.

There has been no material change in the cash weightings of the Fund.

MAJEDIE ASSET MANAGEMENT LIMITED

Investment Manager

15 April 2020

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



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

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

The indicator is based on historical data and may not be a reliable indication for the future.

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

**Market Risk:** the investments of the Fund are subject to normal market fluctuations and the risk inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur.

**Equity Risk:** the value of equities may fall as well as rise and as a class of investment, equities are typically more volatile than other common investment types such as bonds or cash.

**Currency Risk:** the Fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the Fund's volatility and losses.

**Counterparty Risk:** counterparty risk occurs when a party to a contract fails to honour and defaults on its obligations thereunder. Funds which are party to these risks can incur considerable losses.

**Derivative Risk:** the use of derivatives (complex instruments) by the Fund will result in it being leveraged. This could increase volatility and reduce liquidity. Leverage occurs when the economic exposure is greater than the amount invested, resulting in the Fund being exposed to a greater loss (or gain) than the original investment. Risk factors associated with using derivatives may cause the Fund not to achieve its investment objectives, but their use is supported by a risk management process to ensure alignment with the Fund's investment objectives.

**Concentration Risk:** the Fund may at certain times, hold relatively few investments. This could therefore lead to losses if it holds a large position in a particular investment that declines in value. The ACD will regularly monitor the concentration of the Fund's exposure to related risk however, concentration in any one industry, region or country or with respect to any given counterparty may arise from time to time.

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

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'A' ACCUMULATION SHARES (STERLING)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 201.66                      | 209.54                      | 237.52                      |
| Return before operating charges*                 | (9.26)                      | (2.63)                      | (22.32)                     |
| Operating charges                                | (4.77)                      | (5.25)                      | (5.66)                      |
| Return after operating charges                   | (14.03)                     | (7.88)                      | (27.98)                     |
| Distributions                                    | —                           | —                           | —                           |
| Retained distributions on<br>accumulation shares | —                           | —                           | —                           |
| Closing net asset value per share                | 187.63                      | 201.66                      | 209.54                      |
| * after direct transaction costs of:             | 0.17                        | 0.32                        | 0.53                        |

#### PERFORMANCE

|                      |         |         |          |
|----------------------|---------|---------|----------|
| Return after charges | (6.96)% | (3.76)% | (11.78)% |
|----------------------|---------|---------|----------|

#### OTHER INFORMATION

|                                 |         |         |         |
|---------------------------------|---------|---------|---------|
| Closing net asset value (£'000) | 816     | 876     | 911     |
| Closing number of shares        | 434,685 | 434,685 | 434,685 |
| Operating charges <sup>1</sup>  | 2.52%   | 2.54%   | 2.54%   |
| Direct transaction costs        | 0.09%   | 0.15%   | 0.24%   |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 205.70 | 213.07 | 244.81 |
| Lowest share price  | 181.00 | 198.25 | 206.82 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC').

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'B' ACCUMULATION SHARES (STERLING)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 244.45                      | 247.72                      | 273.87                      |
| Return before operating charges*                 | (11.21)                     | (3.17)                      | (26.05)                     |
| Operating charges                                | (0.05)                      | (0.10)                      | (0.10)                      |
| Return after operating charges                   | (11.26)                     | (3.27)                      | (26.15)                     |
| Distributions                                    | (3.30)                      | (3.28)                      | (0.24)                      |
| Retained distributions on<br>accumulation shares | 3.30                        | 3.28                        | 0.24                        |
| Closing net asset value per share                | 233.19                      | 244.45                      | 247.72                      |
| * after direct transaction costs of:             | 0.21                        | 0.38                        | 0.62                        |

#### PERFORMANCE

|                      |         |         |         |
|----------------------|---------|---------|---------|
| Return after charges | (4.61)% | (1.32)% | (9.55)% |
|----------------------|---------|---------|---------|

#### OTHER INFORMATION

|                                 |           |           |           |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£'000) | 7,610     | 6,405     | 6,450     |
| Closing number of shares        | 3,263,579 | 2,620,222 | 2,603,665 |
| Operating charges <sup>1</sup>  | 0.02%     | 0.04%     | 0.04%     |
| Direct transaction costs        | 0.09%     | 0.15%     | 0.24%     |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 249.40 | 255.21 | 282.52 |
| Lowest share price  | 222.84 | 238.54 | 243.84 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'C' ACCUMULATION SHARES (STERLING)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 171.65                      | 176.58                      | 197.84                      |
| Return before operating charges*                 | (7.84)                      | (2.23)                      | (18.38)                     |
| Operating charges                                | (2.48)                      | (2.70)                      | (2.88)                      |
| Return after operating charges                   | (10.32)                     | (4.93)                      | (21.26)                     |
| Distributions                                    | (0.08)                      | —                           | —                           |
| Retained distributions on<br>accumulation shares | 0.08                        | —                           | —                           |
| Closing net asset value per share                | 161.33                      | 171.65                      | 176.58                      |
| * after direct transaction costs of:             | 0.14                        | 0.27                        | 0.44                        |

#### PERFORMANCE

|                      |         |         |          |
|----------------------|---------|---------|----------|
| Return after charges | (6.01)% | (2.79)% | (10.75)% |
|----------------------|---------|---------|----------|

#### OTHER INFORMATION

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 17,018     | 62,212     | 66,881     |
| Closing number of shares        | 10,548,415 | 36,243,335 | 37,875,993 |
| Operating charges <sup>1</sup>  | 1.53%      | 1.54%      | 1.54%      |
| Direct transaction costs        | 0.09%      | 0.15%      | 0.24%      |
| Performance fee <sup>2</sup>    | —          | —          | 0.15%      |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 175.10 | 180.24 | 203.37 |
| Lowest share price  | 155.05 | 168.25 | 174.13 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC').

<sup>2</sup> A performance fee is applied to this share class. The performance fee is calculated as 20% of the outperformance, when the rate of growth over the performance period exceeds the benchmark of the Fund. A high watermark was introduced effective 30 April 2014. The performance fee % disclosed is calculated as the performance fee charged to the share class, divided by the average net asset value of the share class over the year.

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 December 2019 (%)

|                          | 1 year | 3 years | 5 years |
|--------------------------|--------|---------|---------|
| LF Majedie Tortoise Fund | (6.01) | (18.49) | (6.04)  |

The performance of the Fund is based on the published price per 'C' 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 page 153.

#### 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 MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 31 December 2019

| Holding    | Portfolio of Investments   | Market Value<br>£'000 | 31.12.19<br>% |
|------------|--|-----------------------|---------------|
|            | BONDS - 29.45% (31.12.18 - 23.01%)                                   |                       |               |
|            | GOVERNMENT BONDS - 29.45% (31.12.18 - 23.01%)                        |                       |               |
| £2,000,000 | UK Treasury 0% 13/1/2020   | 1,999                 | 7.86          |
| £500,000   | UK Treasury 0% 20/1/2020   | 500                   | 1.96          |
| £1,000,000 | UK Treasury 0% 10/2/2020   | 999                   | 3.93          |
| £500,000   | UK Treasury 0% 17/2/2020   | 500                   | 1.97          |
| £500,000   | UK Treasury 0% 24/2/2020   | 499                   | 1.96          |
| £2,500,000 | UK Treasury 0% 2/3/2020  | 2,497                 | 9.81          |
| £500,000   | UK Treasury 0% 16/3/2020   | 499                   | 1.96          |
|            | TOTAL GOVERNMENT BONDS   | 7,493                 | 29.45         |
|            | EQUITIES - 62.73% (31.12.18 - 67.93%)                                |                       |               |
|            | OIL & GAS - 9.54% (31.12.18 - 7.41%)                                 |                       |               |
|            | OIL & GAS PRODUCERS - 8.08% (31.12.18 - 6.25%)                       |                       |               |
| 41,944     | Equinor ADRs   | 630                   | 2.48          |
| 15,911     | Exxon Mobil  | 838                   | 3.30          |
| 47,237     | Transocean   | 245                   | 0.96          |
| 357,258    | Tullow Oil   | 227                   | 0.89          |
| 23,308     | Valaris  | 115                   | 0.45          |
|            |  | 2,055                 | 8.08          |
|            | OIL EQUIPMENT, SERVICES & DISTRIBUTION - 1.46%<br>(31.12.18 - 1.16%) |                       |               |
| 25,737     | Diamond Offshore Drilling  | 139                   | 0.55          |
| 20,630     | Oceaneering International  | 232                   | 0.91          |
|            |  | 371                   | 1.46          |
|            | TOTAL OIL & GAS  | 2,426                 | 9.54          |

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments                              | Market Value<br>£'000 | 31.12.19<br>% |
|---------|---|-----------------------|---------------|
|         | BASIC MATERIALS - 15.33% (31.12.18 - 15.60%)          |                       |               |
|         | CHEMICALS - 0.84% (31.12.18 - 2.38%)                  |                       |               |
| 13,017  | Mosaic  | 213                   | 0.84          |
|         | INDUSTRIAL METALS & MINING - 2.83% (31.12.18 - 1.71%) |                       |               |
| 37,287  | Cameco  | 250                   | 0.98          |
| 47,643  | Freeport McMoRan                                      | 472                   | 1.85          |
|         |   | 722                   | 2.83          |
|         | MINING - 11.66% (31.12.18 - 11.51%)                   |                       |               |
| 47,540  | Barrick Gold  | 666                   | 2.62          |
| 129,682 | Gold Fields ADRs                                      | 646                   | 2.54          |
| 31,030  | Newmont Goldcorp                                      | 1,018                 | 4.00          |
| 84,986  | Sibanye Gold ADRs                                     | 636                   | 2.50          |
|         |   | 2,966                 | 11.66         |
|         | TOTAL BASIC MATERIALS                                 | 3,901                 | 15.33         |
|         | INDUSTRIALS - 3.23% (31.12.18 - 0.00%)                |                       |               |
|         | CONSTRUCTION & MATERIALS - 1.94% (31.12.18 - 0.00%)   |                       |               |
| 4,480   | HeidelbergCement                                      | 246                   | 0.97          |
| 8,000   | Saint-Gobain  | 247                   | 0.97          |
|         |   | 493                   | 1.94          |
|         | INDUSTRIAL TRANSPORTATION - 1.29% (31.12.18 - 0.00%)  |                       |               |
| 300     | AP Moeller-Maersk 'B'                                 | 328                   | 1.29          |
|         | TOTAL INDUSTRIALS                                     | 821                   | 3.23          |

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments                                       | Market Value<br>£'000 | 31.12.19<br>% |
|---------|--|-----------------------|---------------|
|         | CONSUMER GOODS - 1.16% (31.12.18 - 0.00%)                      |                       |               |
|         | AUTOMOBILES & PARTS - 1.16% (31.12.18 - 0.00%)                 |                       |               |
| 1,977   | Volkswagen non-voting <i>preference shares</i>                 | 296                   | 1.16          |
|         | TOTAL CONSUMER GOODS   | 296                   | 1.16          |
|         | HEALTH CARE - 4.96% (31.12.18 - 10.14%)                        |                       |               |
|         | PHARMACEUTICALS & BIOTECHNOLOGY - 4.96%<br>(31.12.18 - 10.14%) |                       |               |
| 14,381  | GlaxoSmithKline <i>ADRs</i>                                    | 510                   | 2.00          |
| 9,916   | Sanofi   | 753                   | 2.96          |
|         | TOTAL HEALTH CARE  | 1,263                 | 4.96          |
|         | CONSUMER SERVICES - 11.72% (31.12.18 - 14.78%)                 |                       |               |
|         | FOOD & DRUG RETAILERS - 5.54% (31.12.18 - 8.13%)               |                       |               |
| 224,026 | Sainsburys   | 515                   | 2.03          |
| 350,414 | Tesco  | 894                   | 3.51          |
|         |  | 1,409                 | 5.54          |
|         | GENERAL RETAILERS - 3.07% (31.12.18 - 4.57%)                   |                       |               |
| 211,276 | Kingfisher   | 458                   | 1.80          |
| 150,792 | Marks & Spencer  | 322                   | 1.27          |
|         |  | 780                   | 3.07          |
|         | MEDIA - 1.12% (31.12.18 - 1.55%)                               |                       |               |
| 8,951   | Viacom ' <i>B</i> '  | 284                   | 1.12          |

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments                                     | Market Value<br>£'000 | 31.12.19<br>% |
|-----------|--|-----------------------|---------------|
|           | TRAVEL & LEISURE - 1.99% (31.12.18 - 0.53%)                  |                       |               |
| 15,408    | Air France-KLM   | 130                   | 0.51          |
| 27,125    | Deutsche Lufthansa   | 376                   | 1.48          |
|           |  | 506                   | 1.99          |
|           | TOTAL CONSUMER SERVICES                                      | 2,979                 | 11.72         |
|           | TELECOMMUNICATIONS - 8.58% (31.12.18 - 14.63%)               |                       |               |
|           | FIXED LINE TELECOMMUNICATIONS - 8.58%<br>(31.12.18 - 11.81%) |                       |               |
| 275,409   | BT   | 530                   | 2.08          |
| 190,357   | Koninklijke KPN  | 424                   | 1.67          |
| 63,049    | Orange   | 701                   | 2.75          |
| 1,121,461 | Telecom Italia   | 529                   | 2.08          |
|           |  | 2,184                 | 8.58          |
|           | MOBILE TELECOMMUNICATIONS - 0.00%<br>(31.12.18 - 2.82%)      | —                     | —             |
|           | TOTAL TELECOMMUNICATIONS                                     | 2,184                 | 8.58          |
|           | UTILITIES - 2.08% (31.12.18 - 1.89%)                         |                       |               |
|           | GAS, WATER & MULTIUTILITIES - 2.08% (31.12.18 - 1.89%)       |                       |               |
| 594,068   | Centrica   | 530                   | 2.08          |
|           | TOTAL UTILITIES  | 530                   | 2.08          |
|           | FINANCIALS - 4.77% (31.12.18 - 3.48%)                        |                       |               |

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments   | Nominal Value<br>£'000 | Market Value<br>£'000 | 31.12.19<br>% |
|---------|--|------------------------|-----------------------|---------------|
|         | BANKS - 4.77% (31.12.18 - 2.98%)                                 |                        |                       |               |
| 133,322 | Banco Santander  |                        | 421                   | 1.66          |
| 154,826 | Royal Bank of Scotland   |                        | 372                   | 1.46          |
| 38,092  | UniCredit  |                        | 420                   | 1.65          |
|         |  |                        | 1,213                 | 4.77          |
|         | REAL ESTATE INVESTMENT & SERVICES - 0.00%<br>(31.12.18 - 0.50%)  |                        | —                     | —             |
|         | TOTAL FINANCIALS   |                        | 1,213                 | 4.77          |
|         | TECHNOLOGY - 1.36% (31.12.18 - 0.00%)                            |                        |                       |               |
|         | TECHNOLOGY HARDWARE & EQUIPMENT - 1.36%<br>(31.12.18 - 0.00%)    |                        |                       |               |
| 18,832  | ON Semiconductor   |                        | 347                   | 1.36          |
|         | TOTAL TECHNOLOGY   |                        | 347                   | 1.36          |
|         | TOTAL EQUITIES   |                        | 15,960                | 62.73         |
|         | CONTRACTS FOR DIFFERENCE (SHORT) - (4.35)%<br>(31.12.18 - 3.27%) |                        |                       |               |
|         | INDUSTRIALS - (1.54)% (31.12.18 - 0.71%)                         |                        |                       |               |
|         | CONSTRUCTION & MATERIALS - (0.97)%<br>(31.12.18 - (0.11)%)       |                        |                       |               |
| (3,544) | Ferguson   | (243)                  | (63)                  | (0.25)        |
| (1,004) | Lennox International   | (185)                  | (20)                  | (0.08)        |

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding  | Portfolio of Investments                                  | Nominal Value<br>£'000 | Market Value<br>£'000 | 31.12.19<br>% |
|----------|---|------------------------|-----------------------|---------------|
| (698)    | Sherwin-Williams  | (307)                  | (81)                  | (0.32)        |
| (2,262)  | Sika  | (321)                  | (83)                  | (0.32)        |
|          |   | (1,056)                | (247)                 | (0.97)        |
|          | AEROSPACE & DEFENCE - 0.04%<br>(31.12.18 - 0.08%)         |                        |                       |               |
| (736)    | Boeing  | (181)                  | 10                    | 0.04          |
|          | GENERAL INDUSTRIALS - 0.00%<br>(31.12.18 - 0.30%)         | —                      | —                     | —             |
|          | INDUSTRIAL TRANSPORTATION - (0.21)%<br>(31.12.18 - 0.32%) |                        |                       |               |
| (3,002)  | Union Pacific Corporation                                 | (409)                  | (54)                  | (0.21)        |
|          | SUPPORT SERVICES - (0.40)%<br>(31.12.18 - 0.12%)          |                        |                       |               |
| (11,610) | Experian  | (296)                  | (58)                  | (0.23)        |
| (6,771)  | Fastenal  | (189)                  | (44)                  | (0.17)        |
|          |   | (485)                  | (102)                 | (0.40)        |
|          | TOTAL INDUSTRIALS   | (2,131)                | (393)                 | (1.54)        |
|          | CONSUMER GOODS - (0.13)%<br>(31.12.18 - 0.97%)            |                        |                       |               |
|          | AUTOMOBILES & PARTS - 0.00%<br>(31.12.18 - 0.17%)         | —                      | —                     | —             |

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding  | Portfolio of Investments   | Nominal Value<br>£'000 | Market Value<br>£'000 | 31.12.19<br>% |
|----------|--|------------------------|-----------------------|---------------|
|          | BEVERAGES - 0.00% (31.12.18 - 0.25%)                               | —                      | —                     | —             |
|          | HOUSEHOLD GOODS & HOME<br>CONSTRUCTION - 0.02% (31.12.18 - 0.37%)  |                        |                       |               |
| (3,564)  | Reckitt Benckiser  | (218)                  | 4                     | 0.02          |
|          | PERSONAL GOODS - (0.15)%<br>(31.12.18 - 0.18%)                     |                        |                       |               |
| (6,433)  | Inditex  | (171)                  | (27)                  | (0.11)        |
| (7,503)  | Unilever   | (326)                  | (10)                  | (0.04)        |
|          |  | (497)                  | (37)                  | (0.15)        |
|          | TOTAL CONSUMER GOODS   | (715)                  | (33)                  | (0.13)        |
|          | HEALTH CARE - (0.24)% (31.12.18 - (0.01)%)                         |                        |                       |               |
|          | HEALTH CARE EQUIPMENT &<br>SERVICES - (0.24)% (31.12.18 - (0.01)%) |                        |                       |               |
| (1,464)  | UnitedHealth   | (325)                  | (60)                  | (0.24)        |
|          | TOTAL HEALTH CARE  | (325)                  | (60)                  | (0.24)        |
|          | CONSUMER SERVICES - (2.06)%<br>(31.12.18 - 0.16%)                  |                        |                       |               |
|          | FOOD & DRUG RETAILERS - (0.17)%<br>(31.12.18 - (0.17)%)            |                        |                       |               |
| (14,109) | Alimentation Couch-Tard  | (337)                  | (43)                  | (0.17)        |

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding  | Portfolio of Investments                          | Nominal Value<br>£'000 | Market Value<br>£'000 | 31.12.19<br>% |
|----------|---|------------------------|-----------------------|---------------|
|          | GENERAL RETAILERS - (0.61)%<br>(31.12.18 - 0.09%) |                        |                       |               |
| (167)    | Amazon.com  | (233)                  | (19)                  | (0.07)        |
| (3,167)  | Carmax  | (210)                  | (58)                  | (0.23)        |
| (2,049)  | Home Depot  | (338)                  | (43)                  | (0.17)        |
| (5,111)  | Service Corporation International                 | (178)                  | (35)                  | (0.14)        |
|          |   | (959)                  | (155)                 | (0.61)        |
|          | MEDIA - (0.27)% (31.12.18 - (0.04)%)              |                        |                       |               |
| (3,893)  | Walt Disney                                       | (425)                  | (68)                  | (0.27)        |
|          |   | (425)                  | (68)                  | (0.27)        |
|          | TRAVEL & LEISURE - (1.01)% (31.12.18 - 0.28%)     |                        |                       |               |
| (22,402) | Compass   | (423)                  | (55)                  | (0.21)        |
| (3,295)  | Hilton Worldwide                                  | (276)                  | (45)                  | (0.18)        |
| (2,771)  | Marriot International                             | (317)                  | (40)                  | (0.16)        |
| (6,271)  | Starbucks   | (416)                  | (117)                 | (0.46)        |
|          |   | (1,432)                | (257)                 | (1.01)        |
|          | TOTAL CONSUMER SERVICES                           | (3,153)                | (523)                 | (2.06)        |
|          | FINANCIALS - (0.02)% (31.12.18 - 0.81%)           |                        |                       |               |
|          | BANKS - 0.15% (31.12.18 - 0.46%)                  |                        |                       |               |
| (3,559)  | Bank of Nova Scotia                               | (152)                  | 10                    | 0.04          |
| (5,349)  | Commonwealth Bank of Australia                    | (227)                  | 9                     | 0.04          |
| (8,334)  | Westpac Banking                                   | (107)                  | 19                    | 0.07          |
|          |   | (486)                  | 38                    | 0.15          |



## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments  | Nominal Value<br>£'000 | Market Value<br>£'000 | 31.12.19<br>% |
|---------|---|------------------------|-----------------------|---------------|
|         | REAL ESTATE INVESTMENT &<br>SERVICES - 0.00% (31.12.18 - 0.13%) | —                      | —                     | —             |
|         | REAL ESTATE INVESTMENT TRUSTS - (0.10)%<br>(31.12.18 - (0.07)%) |                        |                       |               |
| (2,156) | Crown Castle International                                      | (231)                  | (62)                  | (0.24)        |
| (1,516) | Simon Property  | (170)                  | 35                    | 0.14          |
|         |   | (401)                  | (27)                  | (0.10)        |
|         | FINANCIAL SERVICES - (0.07)%<br>(31.12.18 - 0.29%)              |                        |                       |               |
| (644)   | BlackRock   | (244)                  | (17)                  | (0.07)        |
|         | TOTAL FINANCIALS  | (1,131)                | (6)                   | (0.02)        |
|         | TECHNOLOGY - (0.36)% (31.12.18 - 0.63%)                         |                        |                       |               |
|         | TECHNOLOGY HARDWARE &<br>EQUIPMENT - (0.36)% (31.12.18 - 0.63%) |                        |                       |               |
| (2,556) | Analog Devices  | (229)                  | (41)                  | (0.16)        |
| (3,044) | Texas Instrument  | (295)                  | (51)                  | (0.20)        |
|         | TOTAL TECHNOLOGY  | (524)                  | (92)                  | (0.36)        |
|         | TOTAL CONTRACTS FOR DIFFERENCE<br>(SHORT)                       | (7,979)                | (1,107)               | (4.35)        |

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding         | Portfolio of Investments                                 | Market Value<br>£'000 | 31.12.19<br>% |
|-----------------|--|-----------------------|---------------|
|                 | FORWARD CURRENCY CONTRACTS - 0.05%<br>(31.12.18 - 0.59%) |                       |               |
| DKK(2,999,200)  | Vs £338,097 (expiry 15/1/2020)                           | (2)                   | (0.01)        |
| €(5,274,781)    | Vs £4,449,272 (expiry 15/1/2020)                         | (22)                  | (0.09)        |
| £(14,871)       | Vs DKK131,200 (expiry 15/1/2020)                         | —                     | —             |
| US\$(9,572,924) | Vs £7,261,368 (expiry 15/1/2020)                         | 38                    | 0.15          |
|                 | TOTAL FORWARD CURRENCY CONTRACTS                         | 14                    | 0.05          |
|                 | Portfolio of investments <sup>1</sup>                    | 22,360                | 87.88         |
|                 | Net other assets   | 3,084                 | 12.12         |
|                 | Net assets   | 25,444                | 100.00        |

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

<sup>1</sup> Includes investment liabilities.

*Definitions:*

ADRs – American Depositary Receipts.

## LF MAJEDIE TORTOISE FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2019

|  |        |  |          |
|--|--------|--|----------|
| Total purchases for the year £'000 (note 16) | 13,695 | Total sales for the year £'000 (note 16) | 46,754   |
|  | Cost   |  | Proceeds |
| Major purchases                              | £'000  | Major sales                              | £'000    |
| Newmont Goldcorp                             | 1,730  | Novartis ADRs                            | 2,452    |
| Royal Bank of Scotland                       | 729    | Newmont Goldcorp                         | 2,286    |
| Equinor ADRs                                 | 629    | Tesco                                    | 2,254    |
| Kingfisher                                   | 619    | Sanofi                                   | 2,116    |
| Oceaneering International                    | 519    | Exxon Mobil                              | 2,062    |
| Viacom 'B'                                   | 504    | Barrick Gold                             | 2,031    |
| Freeport McMoRan                             | 478    | Deutsche Telekom                         | 1,851    |
| Exxon Mobil                                  | 445    | Orange                                   | 1,823    |
| Diamond Offshore Drilling                    | 431    | GlaxoSmithKline ADRs                     | 1,801    |
| UniCredit                                    | 412    | Koninklijke KPN                          | 1,781    |

In addition to the above, purchases totalling £51,066,000 and sales totalling £59,647,000 were made in short-term investments during the year.

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

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 December 2019

|  | Notes | £'000 | 31.12.19<br>£'000 | £'000   | 31.12.18<br>£'000 |
|--|-------|-------|-------------------|---------|-------------------|
| Income:  |       |       |                   |         |                   |
| Net capital losses   | 3     |       | (3,899)           |         | (1,959)           |
| Revenue  | 4     | 1,036 |                   | 1,980   |                   |
| Expenses   | 5     | (532) |                   | (1,060) |                   |
| Interest payable and similar charges   | 7     | (429) |                   | (921)   |                   |
| Net revenue/(expense) before taxation  | 6     | 75    |                   | (1)     |                   |
| Taxation   |       | (25)  |                   | (39)    |                   |
| Net revenue/(expense) after taxation   | 8     |       | 50                |         | (40)              |
| Total return before distributions  |       |       | (3,849)           |         | (1,999)           |
| Distributions  |       |       | (86)              |         | (82)              |
| Change in net assets attributable to shareholders from investment activities |       |       | (3,935)           |         | (2,081)           |

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

for the year ended 31 December 2019

|  | Notes | £'000    | 31.12.19<br>£'000 | £'000   | 31.12.18<br>£'000 |
|--|-------|----------|-------------------|---------|-------------------|
| Opening net assets attributable to shareholders                              |       |          | 69,493            |         | 74,242            |
| Amounts receivable on issue of shares  |       | 2,640    |                   | 5,939   |                   |
| Amounts payable on redemption of shares                                      |       | (42,908) |                   | (8,700) |                   |
|  |       |          | (40,268)          |         | (2,761)           |
| Dilution adjustment  | 1(H)  |          | 34                |         | 7                 |
| Change in net assets attributable to shareholders from investment activities |       |          | (3,935)           |         | (2,081)           |
| Retained distribution on accumulation shares                                 | 8     |          | 120               |         | 86                |
| Closing net assets attributable to shareholders                              |       |          | 25,444            |         | 69,493            |

# **LF MAJEDIE TORTOISE FUND** **FINANCIAL STATEMENTS** *continued* **BALANCE SHEET**

as at 31 December 2019

|  | Notes | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>                                  |       |                   |                   |
| Fixed assets                                   |       |                   |                   |
| Investments                                    |       | 23,578            | 66,780            |
| Current assets                                 |       |                   |                   |
| Debtors  | 9     | 46                | 155               |
| Cash and bank balances                         | 10    | 3,136             | 3,722             |
| <b>Total assets</b>                            |       | <b>26,760</b>     | <b>70,657</b>     |
| <b>LIABILITIES</b>                             |       |                   |                   |
| Investment liabilities                         |       | (1,218)           | (902)             |
| Creditors                                      |       |                   |                   |
| Bank overdraft                                 | 10    | —                 | (21)              |
| Other creditors                                | 11    | (98)              | (241)             |
| <b>Total liabilities</b>                       |       | <b>(1,316)</b>    | <b>(1,164)</b>    |
| <b>Net assets attributable to shareholders</b> |       | <b>25,444</b>     | <b>69,493</b>     |

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

#### 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 18 have been applied to the financial statements of the Fund in the current and prior year.

#### 3. Net Capital losses

The net capital losses during the year comprise:

|                            | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------|-------------------|-------------------|
| Non-derivative securities  | 1,840             | (3,672)           |
| Derivative contracts       | (6,211)           | 2,882             |
| Forward currency contracts | 1,164             | (622)             |
| Transaction charges        | —                 | (1)               |
| Currency losses            | (692)             | (546)             |
| Net capital losses         | (3,899)           | (1,959)           |

#### 4. Revenue

|                                   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|-----------------------------------|-------------------|-------------------|
| Non-taxable dividends             | 691               | 1,474             |
| Taxable dividends                 | —                 | (14)              |
| Interest on debt securities       | 83                | 90                |
| Revenue from derivative contracts | 239               | —                 |
| Bank interest                     | 23                | 413               |
| Stock dividends                   | —                 | 17                |
| Total revenue                     | 1,036             | 1,980             |

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 5. Expenses

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Payable to the ACD, associates of the<br>ACD and agents of either of them:               |                   |                   |
| Annual Management Charge   | 520               | 1,031             |
| Payable to the Depositary, associates of the<br>Depositary and agents of either of them: |                   |                   |
| Depositary's fees  | 6                 | 18                |
| Other expenses:  |                   |                   |
| Audit fees*  | 6                 | 11                |
| Total expenses   | 532               | 1,060             |

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

Effective 1 July 2019, the Fund is no longer charged expenses other than the Annual Management Charge.

\* The audit fee for the year, excluding VAT, was £9,400 (2018: £9,000).

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 6. Taxation

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| (a) Analysis of charge for the year                                     |                   |                   |
| Corporation tax at 20%  | —                 | —                 |
| Overseas tax  | 25                | 39                |
| Current tax charge  | 25                | 39                |
| Deferred tax - origination and reversal of timing differences (note 6c) | —                 | —                 |
| Total taxation (note 6b)  | 25                | 39                |

#### 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%) (31.12.18: 20%). The differences are explained below:

|                                       | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---------------------------------------|-------------------|-------------------|
| Net revenue/(expense) before taxation | 75                | (1)               |
| Corporation tax at 20%                | 15                | —                 |
| Effects of:                           |                   |                   |
| Non-taxable dividends                 | (138)             | (298)             |
| Unutilised excess management expenses | 123               | 306               |
| Prior year adjustment                 | —                 | (8)               |
| Corporation tax charge                | —                 | —                 |
| Overseas tax                          | 25                | 39                |
| Total tax charge (note 6a)            | 25                | 39                |

#### c) Deferred tax

At the year end there is a potential deferred tax asset of £1,603,000 (31.12.18: £1,480,000) 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.



## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 7. Interest Payable and Similar Charges

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Dividend payable on short positions        | 429               | 889               |
| Interest payable                           | —                 | 32                |
| Total interest payable and similar charges | 429               | 921               |

#### 8. Distributions

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

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Interim                                       | 74                | 48                |
| Final   | 46                | 38                |
|   | 120               | 86                |
| Add: Revenue deducted on redemption of shares | (34)              | (9)               |
| Deduct: Revenue received on issue of shares   | —                 | 5                 |
| Net distributions for the year                | 86                | 82                |

Details of the distribution per share are set out in the table on page 153.

|                                      | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--------------------------------------|-------------------|-------------------|
| Distributions represented by:        |                   |                   |
| Net revenue/(expense) after taxation | 50                | (40)              |
| Revenue deficit – 'A' Accumulation   | 9                 | 11                |
| – 'C' Accumulation                   | 27                | 111               |
|                                      | 36                | 122               |
| Net distributions for the year       | 86                | 82                |

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 9. Debtors

|                                   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|-----------------------------------|-------------------|-------------------|
| Accrued revenue:                  |                   |                   |
| Non-taxable dividends             | 25                | 129               |
| Bank interest                     | —                 | 3                 |
| Revenue from derivative contracts | 1                 | —                 |
|                                   | 26                | 132               |
| Taxation recoverable:             |                   |                   |
| Overseas withholding tax          | 20                | 23                |
| Total debtors                     | 46                | 155               |

#### 10. Cash and Bank Balances

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Amounts due from clearing houses and brokers | 1,683             | 189               |
| Bank balances                                | 1,453             | 3,533             |
| Total cash and bank balances                 | 3,136             | 3,722             |
| Bank overdraft                               | —                 | 21                |
| Total bank overdraft                         | —                 | 21                |

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 11. Other Creditors

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Purchase awaiting settlement   | 60                | —                 |
| Amounts payable for redemption of shares   | —                 | 47                |
| Accrued expenses:  |                   |                   |
| Amounts payable to the ACD, associates of<br>the ACD and agents of either of them:               |                   |                   |
| Annual Management Charge   | 29                | 170               |
| Amounts payable to the Depositary, associates of<br>the Depositary and agents of either of them: |                   |                   |
| Depositary's fees  | —                 | 3                 |
| Other expenses   | 6                 | 10                |
| Amounts due to futures clearing houses and brokers   | —                 | 9                 |
| Interest payable on CFD contracts  | —                 | 2                 |
| Revenue payable on CFD contracts   | 3                 | —                 |
| Total other creditors  | 98                | 241               |

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 12. Related party transactions

The Annual Management Charge payable to Link Fund Solutions Limited ('the ACD'), is disclosed in note 5 and the amount due at the year end is disclosed in note 11.

On 1 July 2019, the ACD of the Company changed from Majedie Asset Management Limited to Link Fund Solutions Limited ('LFSL'). The amount in note 5 includes £156,000 charged to Link Fund Solutions Limited and £364,000 charged to Majedie Asset Management Limited.

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 137 and amounts due at the year end are disclosed in note 11.

Majedie Asset Management Limited, which is the Investment Manager, held 661,691 (31.12.18: 18,334) of the Fund's shares at the balance sheet date.

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

|                            |                          |
|----------------------------|--------------------------|
| Another Shareholder        | 23.68% <sup>1</sup>      |
| R C Greig Nominees Limited | 8.87% (31.12.18: 38.13%) |
| Zeban Nominees Limited     | 1.12% (31.12.18: 29.08%) |

#### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.12.18: none).

#### 14. Shares in Issue

|                          | 'A' Accumulation<br>(Sterling) | 'B' Accumulation<br>(Sterling) | 'C' Accumulation<br>(Sterling) |
|--------------------------|--------------------------------|--------------------------------|--------------------------------|
| Annual Management Charge | 2.50%                          | 0.00%                          | 1.50%                          |
| Opening shares in issue  | 434,685                        | 2,620,222                      | 36,243,335                     |
| Issues                   | —                              | 643,357                        | 661,540                        |
| Redemptions              | —                              | —                              | (26,356,460)                   |
| Closing shares in issue  | 434,685                        | 3,263,579                      | 10,548,415                     |

<sup>1</sup> As at 31 December 2018, this shareholder did not have a significant holding, and as such was not deemed to be a related party.

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 15. Risk Management Policies

The Fund may invest in derivatives as an alternative to, or in addition to investment in securities. These may typically include equity swaps (often referred to as contracts for differences or CFDs).

Derivatives may be used for both investment purposes and for the purposes of hedging. Hedging may be carried out with the aim of reducing the risk profile of a fund in accordance with Efficient Portfolio Management. Using derivatives may increase the volatility of a fund and alter the risk profile of a fund. To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to a fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

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.

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. The ACD monitors the credit rating of bond holdings. All bonds in which the Fund invests are government securities which are lower risk.

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

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

| 31.12.19      |                               | Notional<br>Value<br>£'000 | Market<br>Value<br>£'000 |
|---------------|-------------------------------|----------------------------|--------------------------|
| Counterparty  | Instrument                    |                            |                          |
| Goldman Sachs | CFDs (Short)                  | (4,962)                    | (719)                    |
| HSBC Bank     | CFDs (Short)                  | (3,017)                    | (388)                    |
| BNY Mellon    | Forward currency<br>contracts | —                          | 14                       |

| 31.12.18      |                               | Notional<br>Value<br>£'000 | Market<br>Value<br>£'000 |
|---------------|-------------------------------|----------------------------|--------------------------|
| Counterparty  | Instrument                    |                            |                          |
| Goldman Sachs | CFDs (Short)                  | (19,518)                   | 874                      |
| HSBC Bank     | CFDs (Short)                  | (12,572)                   | 1,395                    |
| BNY Mellon    | Forward currency<br>contracts | —                          | 407                      |

At 31 December 2019, cash collateral of £838,000 (31.12.18: £4,000) was held with Goldman Sachs International and £845,000 (31.12.18: £185,000) was held with HSBC Bank plc. These amounts are included in amounts due from brokers in note 9.

#### (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. 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 takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 31 December 2019, a one basis point change in the yield would have an impact of £75 on the direct net assets of the Fund.

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

The table below shows the direct interest rate risk profile:

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Fixed rate investments                               | 7,493             | 15,992            |
| Investments on which interest is not paid            | 16,085            | 50,788            |
| Investment liabilities on which interest is not paid | (1,218)           | (902)             |
| Total investments                                    | 22,360            | 65,878            |

Investments on which interest is not paid include equities, contracts for differences and forward currency contracts.

#### (C) FOREIGN CURRENCY RISK

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

The table below shows the direct foreign currency risk profile:

|                    | 31.12.19<br>Gross<br>£'000 | 31.12.19<br>Hedged<br>£'000 | 31.12.19<br>Net<br>£'000 |
|--------------------|----------------------------|-----------------------------|--------------------------|
| Currency:          |                            |                             |                          |
| Australian dollars | 28                         | —                           | 28                       |
| Canadian dollars   | (32)                       | —                           | (32)                     |
| Danish krone       | 328                        | (325)                       | 3                        |
| Euros              | 4,524                      | (4,471)                     | 53                       |
| Swiss francs       | (84)                       | —                           | (84)                     |
| US dollars         | 6,445                      | (7,224)                     | (779)                    |
|                    | 11,209                     | (12,020)                    | (811)                    |
| Pounds sterling    | 14,221                     | 12,034                      | 26,255                   |
| Net assets         | 25,430                     | 14                          | 25,444                   |

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

|                    | 31.12.18<br>Gross<br>£'000 | 31.12.18<br>Hedged<br>£'000 | 31.12.18<br>Net<br>£'000 |
|--------------------|----------------------------|-----------------------------|--------------------------|
| Currency:          |                            |                             |                          |
| Australian dollars | 171                        | —                           | 171                      |
| Canadian dollars   | 12                         | —                           | 12                       |
| Danish krone       | (7)                        | —                           | (7)                      |
| Euros              | 10,925                     | (10,296)                    | 629                      |
| Hong Kong dollars  | 93                         | —                           | 93                       |
| South African rand | 2                          | —                           | 2                        |
| Swiss francs       | (11)                       | —                           | (11)                     |
| US dollars         | 22,458                     | (20,197)                    | 2,261                    |
|                    | 33,643                     | (30,493)                    | 3,150                    |
| Pounds sterling    | 35,443                     | 30,900                      | 66,343                   |
| Net assets         | 69,086                     | 407                         | 69,493                   |

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £41,000 on the net assets of the Fund (31.12.18: £158,000).

#### (D) LEVERAGE

The Fund employed leverage of 31.61% at the year end as measured by the commitment method.

#### (E) LIQUIDITY RISK

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

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 100.00% of the portfolio can be liquidated 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 MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio excluding forward foreign currency contracts would have the effect of increasing the return and net assets by £1,117,000 (31.12.18: £3,274,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

The Fund is exposed to derivatives through Contracts For Difference and Forward Currency Contracts. Refer to note 3 for the impact of derivatives in the year and to the Portfolio Statement for the impact of derivatives held at the year end.

#### 16. Portfolio Transaction Costs

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.19</b>                              |   |                      |                |   |
| Ordinary shares                              | 13,670  | 4                    | 21             | 13,695                                    |
| Purchases total                              | 13,670  | 4                    | 21             | 13,695                                    |
| <i>Transaction cost % of purchases total</i> |   | 0.03%                | 0.15%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.01%                | 0.05%          |   |
| Ordinary shares                              | 46,766  | (11)                 | (1)            | 46,754                                    |
| Sales total                                  | 46,766  | (11)                 | (1)            | 46,754                                    |
| <i>Transaction cost % of sales total</i>     |   | 0.02%                | —              |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.03%                | —              |   |

Average portfolio dealing spread at 31.12.19 is 0.06% (31.12.18: 0.07%).

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.18</b>                              |   |                      |                |   |
| Ordinary shares                              | 44,054  | 12                   | 95             | 44,161                                    |
| Purchases total                              | 44,054  | 12                   | 95             | 44,161                                    |
| <i>Transaction cost % of purchases total</i> |   | 0.03%                | 0.22%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.01%                | 0.13%          |   |
| Ordinary shares                              | 25,063  | (7)                  | (1)            | 25,055                                    |
| Sales total                                  | 25,063  | (7)                  | (1)            | 25,055                                    |
| <i>Transaction cost % of sales total</i>     |   | 0.03%                | —              |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.01%                | —              |   |

### 17. Fair Value Hierarchy

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

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

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

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

|                             | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|-----------------------------|------------------|------------------|------------------|----------------|
| <b>31.12.19</b>             |                  |                  |                  |                |
| Investment assets           | 23,453           | 125              | —                | 23,578         |
| Investment liabilities      | —                | (1,218)          | —                | (1,218)        |
| <b>31.12.18<sup>1</sup></b> |                  |                  |                  |                |
| Investment assets           | 63,202           | 3,578            | —                | 66,780         |
| Investment liabilities      | —                | (902)            | —                | (902)          |

<sup>1</sup> The comparatives have been restated in line with the current year disclosure. Government bonds have been shown in level 1. Contracts for differences have been shown in level 2.

**LF MAJEDIE TORTOISE FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**18. Subsequent Events**

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a pandemic. As a result, global markets have experienced a period of volatility which has impacted the performance of the Fund since the balance sheet date. The length of time the volatility remains will largely depend on the scale and duration of the outbreak. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period.

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

| Share class    | Balance Sheet Date | 28.04.2020 | Movement |
|----------------|--------------------|------------|----------|
| A Accumulation | 187.66             | 167.66     | (10.66)% |
| B Accumulation | 233.23             | 210.09     | (9.92)%  |
| C Accumulation | 161.36             | 144.64     | (10.36)% |

## LF MAJEDIE TORTOISE FUND

### FINANCIAL STATEMENTS *continued*

#### DISTRIBUTION TABLE

for the year ended 31 December 2019 – 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 | Interim  | Final    |
|---------|----------|----------|
| From    | 01.01.19 | 01.07.19 |
| To      | 30.06.19 | 31.12.19 |

#### 'A' ACCUMULATION SHARES (STERLING)

There have been no distributions made on this class in the current and prior year.

#### 'B' ACCUMULATION SHARES (STERLING)

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 1.9011      | —            | 1.9011                | 1.8282                |
| Group 2 | 1.8469      | 0.0542       | 1.9011                | 1.8282                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 1.3942      | —            | 1.3942                 | 1.4532                |
| Group 2 | 1.3942      | 0.0000       | 1.3942                 | 1.4532                |

#### 'C' ACCUMULATION SHARES (STERLING)

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 0.0762      | —            | 0.0762                | —                     |
| Group 2 | 0.0762      | 0.0000       | 0.0762                | —                     |

There was no final distributions made on this class in the current and prior year.

## **LF MAJEDIE UK INCOME FUND ACD'S REPORT**

for the year ended 31 December 2019

### **Important Information**

Refer to the 'Important Information' section on pages 5 and 6.

### **Investment Objective and Policy**

The LF Majedie UK Income Fund ('the Fund') aims to maintain an attractive yield, whilst outperforming the FTSE All-Share Total Return Index over the long term.

The Managers intend to pursue this objective by holding a high conviction portfolio of equity investments, selected by the Managers on the basis of detailed fundamental and macroeconomic analysis.

Particular attention may be placed on investment opportunities where the Managers believe:

- (a) the economic prospects for the company, especially return on invested capital and potential for growth, may generally improve in the future;
- (b) the company is pursuing a strategy that could in the opinion of the Managers significantly improve its competitive position versus peers;
- (c) balance sheet analysis and management actions generally support the hypothesis that a steady income for shareholders can be expected without placing undue strain on the future prospects of the company; and
- (d) the current valuation does not, in the opinion of the Managers, reflect (a), (b) and (c) above.

At least 80% of the NAV of the Fund will be invested in UK equities. It is intended that the Fund will be invested predominantly in equities which, or the underlying securities of which, are listed or traded on one or more eligible markets. These securities will mainly be incorporated in the UK, with the balance invested internationally. In pursuing the objective, the Managers may consider other investments that they consider appropriate, in accordance with the Company's investment powers. These may include equity-related securities (such as convertible bonds and warrants), preference shares, collective investment schemes, fixed interest securities, cash and cash equivalents. Otherwise there are no specific restrictions in choice of investments, either by company size, industry or geography.

No more than 10% of the Fund Property may be invested in other collective investment schemes.

There will be no borrowing for investment purposes.

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

for the year ended 31 December 2019

#### Benchmark

The Fund's target benchmark is the FTSE All-Share Total Return Index.

The FTSE All-Share Total Return Index has been selected as the Fund's target benchmark as the Fund has the discretion to invest across the broadest spectrum of UK companies. We have chosen the FTSE All-Share Total Return Index as the target benchmark as it is considered to be the broadest price performance measure for UK companies. The index is used as a target and the Fund is not constrained in how far its holdings can deviate from the weightings of the index.

#### LINK FUND SOLUTIONS LIMITED

*ACD of LF Majedie UK Income Fund*

*30 April 2020*

## **LF MAJEDIE UK INCOME FUND**

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

### **INVESTMENT MANAGER'S REPORT**

for the year ended 31 December 2019

#### **Performance and Financial Review**

This report covers the period 1 January 2019 to 31 December 2019. During the period the Fund returned 15.6% (Class X Income shares, net of fees, GBP) against the FTSE All-Share Total Return Index return of 19.2%.

The final quarter of 2019 is likely to be seen in the future as an important marker for both the domestic economy and UK stockmarket. After three years of a debilitating political environment, the UK now has a Government with a clear mandate, and we believe the ability to pass legislation to deal with the underlying challenges within the economy. There is still the scope for short-term turbulence as new trading relationships are established post exit from the European Union, but there is now room for an effective Government. This does not mean a sudden acceleration in the domestic economy, rather a welcome return to an environment where domestic businesses, consumers and international equity investors can make investment decisions with more confidence than hitherto.

The Fund's return was behind the Index over the year, reflecting two particular stock-specific headwinds: Pearson and Centrica. Both of these stocks were large positions at the start of the year. Pearson detracted following weakness in its legacy textbook business. We are more interested in the continued transition to a digital and subscription led business. Centrica continues to evolve its corporate strategy to deal with regulatory challenges. It has been a tough period for the business and we have sold our position.

On the positive ledger, we took satisfaction from the performance of a number of holdings which were added this year, as part of the Fund's transition from the previous manager. Companies with a domestic bias were the main drivers, with Legal & General, Travis Perkins and Hays among the largest contributors to relative performance. The Fund also benefitted from its modest exposure to HSBC, which was weak for reasons including the political difficulties in Hong Kong and an unexpected change of chief executive.

The Fund continues to focus on companies with high free cash flow yields and improvement potential versus those companies where growth and high return on equity are more than reflected in valuation multiples. Consequently, the Fund has a modest bias towards sterling. This is more a view on the asymmetry in the medium-term risk/reward in these companies rather than a strong view on the longer-term outlook for the domestic economy. The Election was interesting for lots of reasons, but notably it is the first election in a generation where both main parties committed to material increases in government spending, significantly financed by increased borrowing. Such initiatives are part of a wider trend; the pendulum across the world is swinging towards more populist policies, whether it be the off-cycle increase in the US Federal Budget or the recent politicisation of the US Federal Reserve. This is also a trend we are likely to see in Europe given recent European Central Bank and EU leadership changes.

The Fund has a free cash flow yield of c.6.5% with growth potential, a running dividend yield of 4.7% (X Income Share Class) and we feel strong total return potential over the medium term. To us, this is an attractive risk/reward combination, particularly relative to other asset class choice.

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

Since early January 2020, global financial markets have been monitoring and reacting to the coronavirus (COVID-19). Since 19 February 2020, global stock markets have fallen sharply in response to the spread of the new novel coronavirus (Covid-19). The World Health Organisation's classification of the virus as a pandemic on 12 March resulted in a step change in economic activity across developed economies as the highly infectious nature of the virus prompted aggressive lockdown measures to flatten peak infection rates and consequently the strain on healthcare systems. As of 9 April 2020, the virus has negatively impacted the health of more than 1.4 million individuals globally, with most confirmed cases in Europe and the US. The seizure in the economy has been particularly severe as four major negatives have occurred together; a medical emergency, a lockdown of economic activity, an oil price crash and extreme liquidity pressures in credit and fixed income markets – each of these would be a shock but they have happened simultaneously. The long-term impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. The Investment management team continues to monitor this situation closely and has put in place measures to safeguard its ability to provide services to the Fund and all its clients.

We have not seen significantly different investor dealing as a result of the market turbulence. We have no liquidity concerns within the Fund. There have been no significant redemptions in the Fund.

Please note that recent market volatility and related increase in trading has led to a notable improvement in liquidity. It is expected liquidity will revert to historic levels once this period passes.

The audited risk figures for March 2020 have also increased in comparison to historic levels – this is due to a change in the risk model (Barra) in relation to the recent market volatility rather than a fundamental change in the Fund.

There have been no breaches of regulatory or investment restrictions.

Year to date as at 7 April 2020 the Fund's NAV has declined by approximately 27% (Class X Income shares, GBP).

The Fund Managers expect continued market volatility and NAV impact, however, see this as an opportunity for investment. Majedie Asset Management is financially stable and is able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future.

There has been no material change in the cash weightings of the Fund.

MAJEDIE ASSET MANAGEMENT LIMITED

Investment Manager

15 April 2020



## LF MAJEDIE UK 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. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains. The lowest number on the scale does not mean that a fund is risk free.

The Fund has been classed as 5 because its volatility has been measured as above average to high.

The indicator is based on historical data and may not be a reliable indication for the future.

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

**Market Risk:** the investments of the Fund are subject to normal market fluctuations and the risk inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur.

**Equity Risk:** the value of equities may fall as well as rise and as a class of investment, equities are typically more volatile than other common investment types such as bonds or cash.

**Currency Risk:** the Fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the Fund's volatility and losses.

**Concentration Risk:** the Fund may at certain times, hold relatively few investments. This could therefore lead to losses if it holds a large position in a particular investment that declines in value. The ACD will regularly monitor the concentration of the Fund's exposure to related risk however, concentration in any one industry, region or country or with respect to any given counterparty may arise from time to time.

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

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'X' INCOME SHARES

| CHANGE IN NET ASSETS PER SHARE       | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share    | 140.87                      | 160.88                      | 151.55                      |
| Return before operating charges*     | 22.49                       | (10.75)                     | 18.15                       |
| Operating charges                    | (1.11)                      | (1.24)                      | (1.21)                      |
| Return after operating charges       | 21.38                       | (11.99)                     | 16.94                       |
| Distributions                        | (7.42)                      | (8.02)                      | (7.61)                      |
| Closing net asset value per share    | 154.83                      | 140.87                      | 160.88                      |
| * after direct transaction costs of: | 0.30                        | 0.41                        | 0.46                        |

##### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 15.18% | (7.45)% | 11.18% |
|----------------------|--------|---------|--------|

##### OTHER INFORMATION

|                                 |             |             |             |
|---------------------------------|-------------|-------------|-------------|
| Closing net asset value (£'000) | 376,576     | 626,433     | 849,501     |
| Closing number of shares        | 243,225,402 | 444,695,574 | 528,046,778 |
| Operating charges <sup>1</sup>  | 0.74%       | 0.77%       | 0.77%       |
| Direct transaction costs        | 0.20%       | 0.25%       | 0.29%       |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 160.38 | 178.90 | 164.43 |
| Lowest share price  | 138.53 | 141.66 | 148.93 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.10% to 0.65%.

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' ACCUMULATION SHARES

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 187.64                      | 203.60                      | 182.87                      |
| Return before operating charges*                 | 30.26                       | (14.37)                     | 22.22                       |
| Operating charges                                | (1.51)                      | (1.59)                      | (1.49)                      |
| Return after operating charges                   | 28.75                       | (15.96)                     | 20.73                       |
| Distributions                                    | (10.00)                     | (10.27)                     | (9.29)                      |
| Retained distributions on<br>accumulation shares | 10.00                       | 10.27                       | 9.29                        |
| Closing net asset value per share                | 216.39                      | 187.64                      | 203.60                      |
| * after direct transaction costs of:             | 0.41                        | 0.53                        | 0.56                        |

##### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 15.32% | (7.84)% | 11.34% |
|----------------------|--------|---------|--------|

##### OTHER INFORMATION

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 46,943     | 75,410     | 115,840    |
| Closing number of shares        | 21,694,174 | 40,188,522 | 56,896,858 |
| Operating charges <sup>1</sup>  | 0.74%      | 0.77%      | 0.77%      |
| Direct transaction costs        | 0.20%      | 0.25%      | 0.29%      |

##### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 219.97 | 226.41 | 204.29 |
| Lowest share price  | 186.91 | 184.59 | 179.70 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.10% to 0.65%.

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 December 2019 (%)

|  | 1 year | 3 years | 5 years |
|--|--------|---------|---------|
| LF Majedie UK Income                           | 15.58  | 18.74   | 32.91   |
| FTSE All-Share Total Return Index <sup>1</sup> | 19.17  | 22.01   | 43.84   |

<sup>1</sup> Source: Bloomberg, closing price.

The performance of the Fund is based on the published price per 'X' 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 (at 12.00 p.m.) prior to the year end, rather than the year end return after operating charges.

Details of the distributions per share for the year are shown in the Distribution Table on page 182.

#### 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 MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 31 December 2019

| Holding   | Portfolio of Investments                            | Value<br>£'000 | 31.12.19<br>% |
|-----------|---|----------------|---------------|
|           | EQUITIES - 96.35% (31.12.18 - 97.54%)               |                |               |
|           | OIL & GAS - 16.14% (31.12.18 - 21.09%)              |                |               |
|           | OIL & GAS PRODUCERS - 16.14% (31.12.18 - 21.09%)    |                |               |
| 7,320,593 | BP  | 34,524         | 8.15          |
| 1,510,669 | Royal Dutch Shell 'B'                               | 33,831         | 7.99          |
|           | TOTAL OIL & GAS                                     | 68,355         | 16.14         |
|           | BASIC MATERIALS - 5.89% (31.12.18 - 5.53%)          |                |               |
|           | FORESTRY & PAPER - 2.45% (31.12.18 - 1.78%)         |                |               |
| 585,364   | Mondi   | 10,376         | 2.45          |
|           | MINING - 3.44% (31.12.18 - 3.75%)                   |                |               |
| 672,183   | BHP   | 11,943         | 2.82          |
| 1,213,857 | Central Asia Metals                                 | 2,646          | 0.62          |
|           |   | 14,589         | 3.44          |
|           | TOTAL BASIC MATERIALS                               | 24,965         | 5.89          |
|           | INDUSTRIALS - 18.60% (31.12.18 - 8.42%)             |                |               |
|           | CONSTRUCTION & MATERIALS - 0.00% (31.12.18 - 1.17%) | —              | —             |
|           | AEROSPACE & DEFENCE - 6.97% (31.12.18 - 3.64%)      |                |               |
| 3,259,296 | BAE Systems   | 18,409         | 4.35          |
| 1,698,954 | Meggitt   | 11,118         | 2.62          |
|           |   | 29,527         | 6.97          |

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments                                      | Value<br>£'000 | 31.12.19<br>% |
|-----------|---|----------------|---------------|
|           | SUPPORT SERVICES - 11.63% (31.12.18 - 3.61%)                  |                |               |
| 1,691,510 | Electrocomponents   | 11,394         | 2.69          |
| 2,387,288 | Essentra  | 10,394         | 2.45          |
| 4,770,189 | Hays  | 8,663          | 2.05          |
| 2,809,482 | Serco   | 4,549          | 1.07          |
| 890,082   | Travis Perkins  | 14,259         | 3.37          |
|           |   | 49,259         | 11.63         |
|           | TOTAL INDUSTRIALS   | 78,786         | 18.60         |
|           | CONSUMER GOODS - 4.33% (31.12.18 - 4.32%)                     |                |               |
|           | FOOD PRODUCERS - 3.07% (31.12.18 - 4.32%)                     |                |               |
| 238,232   | Associated British Foods                                      | 6,187          | 1.46          |
| 2,556,347 | Greencore   | 6,820          | 1.61          |
|           |   | 13,007         | 3.07          |
|           | PERSONAL GOODS - 1.26% (31.12.18 - 0.00%)                     |                |               |
| 2,562,748 | PZ Cussons  | 5,343          | 1.26          |
|           | TOTAL CONSUMER GOODS  | 18,350         | 4.33          |
|           | HEALTH CARE - 8.19% (31.12.18 - 7.17%)                        |                |               |
|           | PHARMACEUTICALS & BIOTECHNOLOGY - 8.19%<br>(31.12.18 - 7.17%) |                |               |
| 1,332,449 | GlaxoSmithKline   | 23,699         | 5.60          |
| 44,835    | Roche   | 10,974         | 2.59          |
|           | TOTAL HEALTHCARE  | 34,673         | 8.19          |

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments                                | Value<br>£'000 | 31.12.19<br>% |
|-----------|---|----------------|---------------|
|           | CONSUMER SERVICES - 18.34% (31.12.18 - 12.96%)          |                |               |
|           | FOOD & DRUG RETAILERS - 6.07% (31.12.18 - 3.08%)        |                |               |
| 5,445,365 | Morrison (Wm.) Supermarkets                             | 10,880         | 2.57          |
| 5,804,865 | Tesco   | 14,802         | 3.50          |
|           |   | <u>25,682</u>  | <u>6.07</u>   |
|           | GENERAL RETAILERS - 2.31% (31.12.18 - 0.00%)            |                |               |
| 2,388,291 | B&M European Value Retail                               | <u>9,782</u>   | <u>2.31</u>   |
|           | MEDIA - 6.65% (31.12.18 - 7.57%)                        |                |               |
| 863,324   | Daily Mail & General Trust                              | 7,157          | 1.69          |
| 653,922   | Euromoney Institutional Investor                        | 8,514          | 2.01          |
| 1,963,745 | Pearson   | <u>12,509</u>  | <u>2.95</u>   |
|           |   | <u>28,180</u>  | <u>6.65</u>   |
|           | TRAVEL & LEISURE - 3.31% (31.12.18 - 2.31%)             |                |               |
| 2,410,635 | Domino's Pizza  | 7,714          | 1.82          |
| 1,008,565 | International Consolidated Airlines                     | <u>6,304</u>   | <u>1.49</u>   |
|           |   | <u>14,018</u>  | <u>3.31</u>   |
|           | TOTAL CONSUMER SERVICES                                 | <u>77,662</u>  | <u>18.34</u>  |
|           | TELECOMMUNICATIONS - 0.00% (31.12.18 - 4.20%)           | <u>—</u>       | <u>—</u>      |
|           | MOBILE TELECOMMUNICATIONS - 0.00%<br>(31.12.18 - 4.20%) | <u>—</u>       | <u>—</u>      |
|           | UTILITIES - 0.00% (31.12.18 - 7.58%)                    | <u>—</u>       | <u>—</u>      |

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments                                    | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
|            | ELECTRICITY - 0.00% (31.12.18 - 2.39%)                      | —              | —             |
|            | GAS, WATER & MULTIUTILITIES - 0.00%<br>(31.12.18 - 5.19%)   | —              | —             |
|            | FINANCIALS - 24.86% (31.12.18 - 26.27%)                     |                |               |
|            | BANKS - 7.93% (31.12.18 - 8.46%)                            |                |               |
| 1,176,271  | Barclays  | 2,113          | 0.50          |
| 1,116,601  | HSBC  | 6,609          | 1.56          |
| 39,771,067 | Lloyds Banking  | 24,857         | 5.87          |
|            |   | 33,579         | 7.93          |
|            | NON-LIFE INSURANCE - 6.22% (31.12.18 - 0.00%)               |                |               |
| 5,807,706  | Direct Line   | 18,149         | 4.29          |
| 247,846    | Sampo series 'A' shares                                     | 8,180          | 1.93          |
|            |   | 26,329         | 6.22          |
|            | LIFE INSURANCE - 9.27% (31.12.18 - 14.67%)                  |                |               |
| 871,651    | Aviva   | 3,650          | 0.86          |
| 9,209,324  | Legal & General   | 27,904         | 6.59          |
| 661,575    | St. James's Place   | 7,688          | 1.82          |
|            |   | 39,242         | 9.27          |
|            | REAL ESTATE INVESTMENT TRUSTS - 0.00%<br>(31.12.18 - 3.14%) | —              | —             |



## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding    | Portfolio of Investments  | Value<br>£'000 | 31.12.19<br>% |
|------------|---|----------------|---------------|
|            | FINANCIAL SERVICES - 1.44% (31.12.18 - 0.00%)                   |                |               |
| 1,606,389  | John Laing  | 6,104          | 1.44          |
|            | TOTAL FINANCIALS  | 105,254        | 24.86         |
|            | TOTAL EQUITIES  | 408,045        | 96.35         |
|            | NON-EQUITY INVESTMENT INSTRUMENTS - 5.18%<br>(31.12.18 - 4.26%) |                |               |
| 21,943,446 | Goldman Sachs Sterling Liquid Reserves <sup>1</sup>             | 21,943         | 5.18          |
|            | Portfolio of investments  | 429,988        | 101.53        |
|            | Net other liabilities   | (6,469)        | (1.53)        |
|            | Net assets  | 423,519        | 100.00        |

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

<sup>1</sup> Collective investment scheme.

## LF MAJEDIE UK INCOME FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2019

|  |         |  |          |
|--|---------|--|----------|
| Total purchases for the year £'000 (note 16) | 206,702 | Total sales for the year £'000 (note 16) | 542,910  |
|  | Cost    |  | Proceeds |
| Major purchases                              | £'000   | Major sales                              | £'000    |
| Direct Line                                  | 24,955  | Legal & General                          | 43,233   |
| Morrison (Wm.) Supermarkets                  | 16,976  | Centrica                                 | 29,287   |
| Lloyds Banking                               | 16,571  | Aviva                                    | 29,273   |
| Meggitt                                      | 14,326  | Vodafone                                 | 25,502   |
| Electrocomponents                            | 13,291  | Royal Dutch Shell 'B'                    | 25,359   |
| Domino's Pizza                               | 10,612  | Mowi                                     | 19,185   |
| B&M European Value Retail                    | 9,455   | HSBC                                     | 18,852   |
| Serco  | 9,260   | Phoenix                                  | 17,761   |
| Hays   | 7,938   | SSE                                      | 17,310   |
| Sampo series 'A' shares                      | 7,913   | GlaxoSmithKline                          | 16,844   |

In addition to the above, purchases totalling £226,234,000 and sales totalling £234,140,000 were made in short term investments during the year.

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

## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 December 2019

|  | Notes | £'000   | 31.12.19<br>£'000 | £'000   | 31.12.18<br>£'000 |
|--|-------|---------|-------------------|---------|-------------------|
| Income:  |       |         |                   |         |                   |
| Net capital gains/(losses)   | 3     |         | 60,117            |         | (85,726)          |
| Revenue  | 4     | 32,473  |                   | 46,035  |                   |
| Expenses   | 5     | (4,548) |                   | (6,872) |                   |
| Interest payable and similar charges   | 7     | —       |                   | (1)     |                   |
| Net revenue before taxation  |       | 27,925  |                   | 39,162  |                   |
| Taxation   | 6     | (560)   |                   | (143)   |                   |
| Net revenue after taxation   |       |         | 27,365            |         | 39,019            |
| Total return before distributions  |       |         | 87,482            |         | (46,707)          |
| Distributions  | 8     |         | (31,753)          |         | (45,630)          |
| Change in net assets attributable to shareholders from investment activities |       |         | 55,729            |         | (92,337)          |

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

for the year ended 31 December 2019

|  | Note | £'000     | 31.12.19<br>£'000 | £'000     | 31.12.18<br>£'000 |
|--|------|-----------|-------------------|-----------|-------------------|
| Opening net assets attributable to shareholders                              |      |           | 701,843           |           | 968,411           |
| Amounts receivable on issue of shares  |      | 12,562    |                   | 88,619    |                   |
| Amounts payable on redemption of shares                                      |      | (349,638) |                   | (268,675) |                   |
|  |      |           | (337,076)         |           | (180,056)         |
| Dilution adjustment  | 1(H) |           | 528               |           | 759               |
| Change in net assets attributable to shareholders from investment activities |      |           | 55,729            |           | (92,337)          |
| Retained distribution on accumulation shares                                 |      |           | 2,495             |           | 5,066             |
| Closing net assets attributable to shareholders                              |      |           | 423,519           |           | 701,843           |

## **LF MAJEDIE UK INCOME FUND** **FINANCIAL STATEMENTS** *continued* **BALANCE SHEET**

as at 31 December 2019

|  | Notes | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>                                  |       |                   |                   |
| Fixed assets                                   |       |                   |                   |
| Investments                                    |       | 429,988           | 714,503           |
| Current assets                                 |       |                   |                   |
| Debtors  | 9     | 1,267             | 2,350             |
| Cash and bank balances                         | 10    | —                 | —                 |
| <b>Total assets</b>                            |       | <b>431,255</b>    | <b>716,853</b>    |
| <b>LIABILITIES</b>                             |       |                   |                   |
| Creditors                                      |       |                   |                   |
| Distribution payable                           | 11    | (7,150)           | (13,940)          |
| Other creditors                                | 11    | (586)             | (1,070)           |
| <b>Total liabilities</b>                       |       | <b>(7,736)</b>    | <b>(15,010)</b>   |
| <b>Net assets attributable to shareholders</b> |       | <b>423,519</b>    | <b>701,843</b>    |

## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

#### 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 18 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:

|                            | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------|-------------------|-------------------|
| Non-derivative securities  | 60,119            | (85,562)          |
| Transaction charges        | —                 | (14)              |
| Currency losses            | (2)               | (150)             |
| Net capital gains/(losses) | 60,117            | (85,726)          |

#### 4. Revenue

|                                  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|----------------------------------|-------------------|-------------------|
| Non-taxable dividends            | 31,669            | 43,495            |
| Taxable dividends                | 152               | 133               |
| UK property income distributions | 651               | 1,019             |
| Bank interest                    | 1                 | —                 |
| Stock dividends                  | —                 | 1,388             |
| Total revenue                    | 32,473            | 46,035            |

**LF MAJEDIE UK INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**5. Expenses**

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Payable to the ACD, associates of the ACD and agents of either of them:               |                   |                   |
| Annual Management Charge  | 4,477             | 6,709             |
| Payable to the Depositary, associates of the Depositary and agents of either of them: |                   |                   |
| Depositary's fees   | 66                | 152               |
| Other expenses:   |                   |                   |
| Audit fee*  | 5                 | 11                |
| Total expenses  | 4,548             | 6,872             |

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

Effective 1 July 2019, the Fund is no longer charged expenses other than the Annual Management Charge.

\* The audit fee for the year, excluding VAT, was £9,400 (31.12.18: £9,000).

**LF MAJEDIE UK INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**6. Taxation**

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| (a) Analysis of charge for the year                                     |                   |                   |
| Corporation tax at 20%  | —                 | —                 |
| Overseas tax  | 560               | 143               |
| Current tax charge  | 560               | 143               |
| Deferred tax – origination and reversal of timing differences (note 6c) | —                 | —                 |
| Total taxation (see note 6b)  | 560               | 143               |

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%) (31.12.18: 20%). The differences are explained below:

|                                       | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---------------------------------------|-------------------|-------------------|
| Net revenue before taxation           | 27,925            | 39,162            |
| Corporation tax at 20%                | 5,585             | 7,832             |
| Effects of:                           |                   |                   |
| Non-taxable dividends                 | (6,334)           | (8,946)           |
| Unutilised excess management expenses | 749               | 1,114             |
| Corporation tax charge                | —                 | —                 |
| Overseas tax                          | 560               | 143               |
| Total tax charge (note 6a)            | 560               | 143               |

c) Deferred tax

At the year end there is a potential deferred tax asset of £7,392,000 (31.12.18: £6,643,000) 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.

**LF MAJEDIE UK INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**7. Interest Payable and Similar Charges**

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Interest payable                           | —                 | 1                 |
| Total interest payable and similar charges | —                 | 1                 |

**8. Distributions**

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

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Interim                                       | 16,623            | 26,471            |
| Final   | 8,026             | 15,582            |
|   | 24,649            | 42,053            |
| Add: Revenue deducted on redemption of shares | 7,197             | 4,847             |
| Deduct: Revenue received on issue of shares   | (93)              | (1,270)           |
| Net distributions for the year                | 31,753            | 45,630            |

Details of the distributions per share are set out in the table on page 182.

|                               | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|-------------------------------|-------------------|-------------------|
| Distributions represented by: |                   |                   |
| Net revenue after taxation    | 27,365            | 39,019            |
| Allocations to capital:       |                   |                   |
| Expenses, net of tax relief   | 4,388             | 6,611             |
| Net distribution for the year | 31,753            | 45,630            |



**LF MAJEDIE UK INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**9. Debtors**

|  | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|--|-------------------|-------------------|
| Amounts receivable for issue of shares | 11                | 75                |
| Accrued revenue:                       |                   |                   |
| Non-taxable dividends                  | 809               | 1,567             |
| Taxable dividends                      | 9                 | 17                |
|  | 818               | 1,584             |
| Taxation recoverable:                  |                   |                   |
| Overseas withholding tax               | 438               | 691               |
| Total debtors                          | 1,267             | 2,350             |

**10. Cash and Bank Balances**

|                              | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|------------------------------|-------------------|-------------------|
| Bank balances                | —                 | —                 |
| Total cash and bank balances | —                 | —                 |

**11. Creditors**

|   | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|---|-------------------|-------------------|
| Distribution payable  | 7,150             | 13,940            |
| <b>Other creditors</b>  |                   |                   |
| Amounts payable for redemption of shares  | 344               | 102               |
| Accrued expenses:   |                   |                   |
| Amounts payable to the ACD, associates of the ACD and agents of either of them:               |                   |                   |
| Annual Management Charge  | 237               | 935               |
| Amounts payable to the Depositary, associates of the Depositary and agents of either of them: |                   |                   |
| Depositary's fees   | —                 | 23                |
| Other expenses  | 5                 | 10                |
| Total other creditors   | 586               | 1,070             |

## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 12. Related party transactions

The Annual Management Charge payable to Link Fund Solutions Limited ('the ACD'), are disclosed in note 5 and amounts due at the year end is disclosed in note 11.

On 1 July 2019, the ACD of the Company changed from Majedie Asset Management Limited to Link Fund Solutions Limited ('LFSL'). The amount in note 5 includes £1,778,000 charged to Link Fund Solutions Limited and £2,699,000 charged to Majedie Asset Management Limited.

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 168 and amounts due at the year end are disclosed in notes 9 and 11.

Majedie Asset Management Limited, which is the Investment Manager held 41,379 (31.12.18: 25,182) of the Fund's shares at the balance sheet date.

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

|                                |   |
|--------------------------------|---|
| Clearstream Banking Luxembourg | 22.73% (31.12.18: 48.10% <sup>1</sup> ) |
| State Street Nominees          | 26.89% <sup>2</sup>                     |

#### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.12.18: none).

#### 14. Shares in Issue

|                          | 'X'<br>Income | 'X'<br>Accumulation |
|--------------------------|---------------|---------------------|
| Annual Management Charge | 0.65%         | 0.65%               |
| Opening shares in issue  | 444,695,574   | 40,188,522          |
| Issues                   | 8,130,717     | 194,748             |
| Redemptions              | (209,640,023) | (18,659,776)        |
| Conversions              | 39,134        | (29,320)            |
| Closing shares in issue  | 243,225,402   | 21,694,174          |

<sup>1</sup> The comparative figure has been restated in line with current year presentation.

<sup>2</sup> As at 31 December 2018, State Street Nominees did not have a significant holding, and as such was not deemed a related party.

**LF MAJEDIE UK INCOME FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**15. Risk Management Policies**

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

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

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

**(A) CREDIT RISK**

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

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

**(B) INTEREST RATE RISK**

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

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

## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (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. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Where the Fund invests in non-Sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

The table below shows the direct foreign currency risk profile:

|                 | 31.12.19<br>£'000 | 31.12.18<br>£'000 |
|-----------------|-------------------|-------------------|
| Currency:       |                   |                   |
| Canadian dollar | —                 | 3                 |
| Euros           | 8,218             | 13,028            |
| Norwegian krone | 288               | 17,554            |
| Swiss francs    | 10,974            | 14,908            |
| US dollars      | —                 | 18,891            |
|                 | <u>19,480</u>     | <u>64,384</u>     |
| Pounds sterling | 404,039           | 637,459           |
| Net assets      | <u>423,519</u>    | <u>701,843</u>    |

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £974,000 on the net assets of the Fund (31.12.18: £3,219,000).

#### (D) LEVERAGE

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

#### (E) LIQUIDITY RISK

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

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

## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 90.64% of the portfolio can be liquidated within 5-days and 94.92% within 30-days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £21,499,000 (31.12.18: £35,725,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

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

## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 16. Portfolio Transaction Costs

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.19</b>                              |   |                      |                |   |
| Ordinary shares                              | 205,700   | 91                   | 911            | 206,702                                   |
| Purchases total                              | 205,700   | 91                   | 911            | 206,702                                   |
| <i>Transaction cost % of purchases total</i> |   | 0.04%                | 0.44%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.01%                | 0.15%          |   |
| Ordinary shares                              | 543,135   | (224)                | (1)            | 542,910                                   |
| Sales total                                  | 543,135   | (224)                | (1)            | 542,910                                   |
| <i>Transaction cost % of sales total</i>     |   | 0.04%                | 0.00%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.04%                | 0.00%          |   |

Average portfolio dealing spread at 31.12.19 is 0.17% (31.12.18: 0.28%).

## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

|  | Purchases/<br>sales before<br>transaction<br>costs<br>£'000 | Commissions<br>£'000 | Taxes<br>£'000 | Gross<br>purchases/<br>net sales<br>£'000 |
|--|---|----------------------|----------------|---|
| <b>31.12.18</b>                              |   |                      |                |   |
| Ordinary shares                              | 405,062   | 170                  | 1,791          | 407,023                                   |
| Purchases total                              | 405,062   | 170                  | 1,791          | 407,023                                   |
| <i>Transaction cost % of purchases total</i> |   | 0.04%                | 0.44%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.02%                | 0.20%          |   |
| Ordinary shares                              | 592,747   | (305)                | (3)            | 592,439                                   |
| Sales total                                  | 592,747   | (305)                | (3)            | 592,439                                   |
| <i>Transaction cost % of sales total</i>     |   | 0.05%                | 0.00%          |   |
| <i>Transaction cost % of average NAV</i>     |   | 0.03%                | 0.00%          |   |

## 17. Fair Value Hierarchy

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

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

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

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

|                   | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|-------------------|------------------|------------------|------------------|----------------|
| <b>31.12.19</b>   |                  |                  |                  |                |
| Investment assets | 408,045          | 21,943           | —                | 429,988        |
| <b>31.12.18</b>   |                  |                  |                  |                |
| Investment assets | 684,607          | 29,896           | —                | 714,503        |

## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 18. Subsequent Events

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a pandemic. As a result, global markets have experienced a period of volatility which has impacted the performance of the Fund since the balance sheet date. The length of time the volatility remains will largely depend on the scale and duration of the outbreak. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period.

Since the balance sheet date, the Fund's target benchmark has moved by (20.99)%. The price of each of the Fund's share classes has moved as follows:

| Share class    | Balance Sheet Date | 28.04.2020 | Movement |
|----------------|--------------------|------------|----------|
| X Income       | 158.08             | 116.14     | (26.53)% |
| X Accumulation | 216.81             | 162.29     | (25.15)% |



## LF MAJEDIE UK INCOME FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE

for the year ended 31 December 2019 – 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 | Interim  | Final    |
|---------|----------|----------|
| From    | 01.01.19 | 01.07.19 |
| To      | 30.06.19 | 31.12.19 |

#### 'X' INCOME SHARES

| Interim | Net Revenue | Equalisation | Paid<br>31.08.19 | Paid<br>31.08.18 |
|---------|-------------|--------------|------------------|------------------|
| Group 1 | 4.4802      | —            | 4.4802           | 4.8892           |
| Group 2 | 3.0844      | 1.3958       | 4.4802           | 4.8892           |

| Final   | Net Revenue | Equalisation | Payable<br>28.02.20 | Paid<br>28.02.19 |
|---------|-------------|--------------|---------------------|------------------|
| Group 1 | 2.9398      | —            | 2.9398              | 3.1347           |
| Group 2 | 1.0963      | 1.8435       | 2.9398              | 3.1347           |

#### 'X' ACCUMULATION SHARES

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 5.9692      | —            | 5.9692                | 6.1873                |
| Group 2 | 3.4385      | 2.5307       | 5.9692                | 6.1873                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 4.0314      | —            | 4.0314                 | 4.0847                |
| Group 2 | 2.1113      | 1.9201       | 4.0314                 | 4.0847                |

## **LF MAJEDIE GLOBAL EQUITY FUND ACD'S REPORT**

for the year ended 31 December 2019

### **Important Information**

Refer to the 'Important Information' section on pages 5 and 6.

### **Investment Objective and Policy**

The LF Majedie Global Equity Fund ('the Fund') aims to produce a total return in excess of the MSCI All Country World Net Total Return Index over the long term through investment in a diversified portfolio of primarily global equity securities. "Total return" means the combined return of capital and income and a consistently positive return is not guaranteed. The Fund may also invest in other transferable securities, money market instruments, cash and near cash.

The Fund will invest in equity securities of companies which are listed or traded on one or more eligible markets. Equity securities includes any equity-related securities such as preference shares, warrants, convertibles and depositary receipts.

There are no restrictions on the choice of investments, whether by company size, industry or geography.

No more than 10% of the Fund Property may be invested in other collective investment schemes.

Up to 20% of the Fund Property may be held in near cash (as defined in the FCA Glossary).

There will be no borrowing for investment purposes.

### **Benchmark**

The Fund's target benchmark is the MSCI All Country World Net Total Return Index.

The MSCI All Country World Net Total Return Index has been selected as the Fund's target benchmark as the Fund has the discretion to invest across the broadest spectrum of global companies. We have chosen the MSCI All Country World Net Total Return Index as the target benchmark as it is a broad price performance measure for global companies of all sizes. The index is used as a target and the Fund is not constrained in how far its holdings can deviate from the weightings of the index.

**LINK FUND SOLUTIONS LIMITED**

*ACD of LF Majedie Global Equity Fund*

*30 April 2020*

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

### Performance and Financial Review

This report covers the period 1 January 2019 to 31 December 2019. During the period the Fund returned 22.3% (Class X Accumulation, GBP, net of fees), compared to 21.7% for the MSCI All Country World Net Total Return Index, with a disappointing fourth quarter return reversing the previous outperformance.

A very strong year for equities, despite geopolitical events leading to ongoing uncertainty and volatility throughout. The year started with a sharp rise in the first quarter as markets shrugged off the worries that had rattled them at the end of last year, supported by generally respectable corporate results and seemingly helpful news on both the US/China trade talks. Over the course of the second quarter, the general investment theme remained one of 'risk on' with all the major global economic regions producing positive equity returns in sterling terms. The second half of the year told a different story to the first, with an election in the UK, political unrest in Hong Kong and geopolitical tensions intensifying.

In terms of relative performance, Consumer Discretionary names were the main contributors and Energy names the largest detractors but the majority can be attributed to stock specifics. On a positive tack, New Oriental, the leading 'after school' education business in China, added to performance by standardising its content, developing its online offering and improving its certification process to deal with regulation better. MercadoLibre, the Latin American ecommerce group, continued to see accelerating growth across both its payments business and ecommerce sites. M3, the Japanese medical technology platform, continued to execute well and make small bolt on acquisitions to its attractive internet-based platforms.

In terms of negative contributors to relative performance, the shares of Tullow Oil suffered from news of two significant discoveries containing heavy oil – prompting warnings that the projects would be difficult to commercialise. Not holding the shares of Apple was a detractor from relative performance. Orange disappointed with guidance announced for 2020-23 suggesting lower profits and cash generation than previously expected.

We continue to hold a cautious view of global economies and markets but have recently been adding to the cyclicality of the portfolio as the chances of the global economy strengthening in the second half of 2020 increase. Our caution reflects the length of the economic and market upswings that most Developed Markets have experienced. However, we are optimistic about the Fund's potential returns over the years ahead. The Fund is brimming with exciting companies across a diverse range of industries and geographies. Caution for us means placing more emphasis on balance sheet strength, sustainability of business models and ensuring that the Fund is stocked with individual stock specific opportunity and risk, not broad macro exposure. This has been the driver of the Fund's long-term performance and we believe it gives us the best chance of outperforming in the future, whatever market conditions we may face.

Since early January 2020, global financial markets have been monitoring and reacting to the coronavirus (COVID-19). Since 19 February 2020, global stock markets have fallen sharply in response to the spread of the new novel coronavirus (Covid-19). The World Health Organisation's classification of the virus as a pandemic on 12 March resulted in a step change in economic activity across developed economies as the highly infectious nature of the virus

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

prompted aggressive lockdown measures to flatten peak infection rates and consequently the strain on healthcare systems. As of 9 April 2020, the virus has negatively impacted the health of more than 1.4 million individuals globally, with most confirmed cases in Europe and the US. The seizure in the economy has been particularly severe as four major negatives have occurred together; a medical emergency, a lockdown of economic activity, an oil price crash and extreme liquidity pressures in credit and fixed income markets – each of these would be a shock but they have happened simultaneously. The long-term impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. The Investment management team continues to monitor this situation closely and has put in place measures to safeguard its ability to provide services to the Fund and all its clients.

We have not seen significantly different investor dealing as a result of the market turbulence. We have no liquidity concerns within the Fund. There have been no significant redemptions in the Fund.

Please note that recent market volatility and related increase in trading has led to a notable improvement in liquidity. It is expected liquidity will revert to historic levels once this period passes.

The audited risk figures for March 2020 have also increased in comparison to historic levels – this is due to a change in the risk model (Barra) in relation to the recent market volatility rather than a fundamental change in the Fund.

There have been no breaches of regulatory or investment restrictions.

Year to date as at 7 April 2020 the Fund's NAV has declined by approximately 8% (Class X Accumulation shares, GBP).

The Fund Managers expect continued market volatility and NAV impact, however, see this as an opportunity for investment. Majedie Asset Management is financially stable and is able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future.

There has been no material change in the cash weightings of the Fund.

MAJEDIE ASSET MANAGEMENT LIMITED

Investment Manager

15 April 2020

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



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

The Fund has been classed as 5 because its volatility has been measured as above average to high.

The indicator is based on historical data and may not be a reliable indication for the future.

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

**Market Risk:** the investments of the Fund are subject to normal market fluctuations and the risk inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur.

**Equity Risk:** the value of equities may fall as well as rise and as a class of investment, equities are typically more volatile than other common investment types such as bonds or cash.

**Currency Risk:** the Fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the Fund's volatility and losses.

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

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'B' ACCUMULATION SHARES (STERLING)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 161.42                      | 166.39                      | 146.11                      |
| Return before operating charges*                 | 35.49                       | (4.90)                      | 20.36                       |
| Operating charges                                | (0.04)                      | (0.07)                      | (0.08)                      |
| Return after operating charges                   | 35.45                       | (4.97)                      | 20.28                       |
| Distributions                                    | (2.85)                      | (2.56)                      | (2.10)                      |
| Retained distributions on<br>accumulation shares | 2.85                        | 2.56                        | 2.10                        |
| Closing net asset value per share                | 196.87                      | 161.42                      | 166.39                      |
| * after direct transaction costs of:             | 0.06                        | 0.05                        | 0.11                        |

#### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 21.96% | (2.99)% | 13.88% |
|----------------------|--------|---------|--------|

#### OTHER INFORMATION

|                                 |           |           |           |
|---------------------------------|-----------|-----------|-----------|
| Closing net asset value (£'000) | 13,023    | 15,203    | 15,626    |
| Closing number of shares        | 6,614,637 | 9,418,436 | 9,391,314 |
| Operating charges <sup>1</sup>  | 0.03%     | 0.04%     | 0.05%     |
| Direct transaction costs        | 0.03%     | 0.03%     | 0.07%     |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 204.80 | 181.79 | 167.82 |
| Lowest share price  | 160.80 | 156.13 | 147.17 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'B' ACCUMULATION SHARES (US DOLLARS)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>cents per share | 31.12.18<br>cents per share | 31.12.17<br>cents per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 120.68                      | 132.13                      | 105.98                      |
| Return before operating charges*                 | 32.45                       | (11.38)                     | 26.21                       |
| Operating charges                                | (0.04)                      | (0.07)                      | (0.06)                      |
| Return after operating charges                   | 32.41                       | (11.45)                     | 26.15                       |
| Distributions                                    | (2.09)                      | (1.95)                      | (1.63)                      |
| Retained distributions on<br>accumulation shares | 2.09                        | 1.95                        | 1.63                        |
| Closing net asset value per share                | 153.09                      | 120.68                      | 132.13                      |
| * after direct transaction costs of:             | 0.04                        | 0.04                        | 0.08                        |

#### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 26.86% | (8.67)% | 24.67% |
|----------------------|--------|---------|--------|

#### OTHER INFORMATION

|                                  |        |        |        |
|----------------------------------|--------|--------|--------|
| Closing net asset value (\$'000) | 15     | 12     | 13     |
| Closing number of shares         | 10,000 | 10,000 | 10,000 |
| Operating charges <sup>1</sup>   | 0.03%  | 0.05%  | 0.05%  |
| Direct transaction costs         | 0.03%  | 0.03%  | 0.07%  |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 153.85 | 142.10 | 132.39 |
| Lowest share price  | 119.55 | 116.96 | 106.17 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' ACCUMULATION SHARES (STERLING)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 156.06                      | 162.08                      | 143.41                      |
| Return before operating charges*                 | 34.28                       | (4.72)                      | 19.90                       |
| Operating charges                                | (1.36)                      | (1.30)                      | (1.23)                      |
| Return after operating charges                   | 32.92                       | (6.02)                      | 18.67                       |
| Distributions                                    | (1.36)                      | (1.21)                      | (0.93)                      |
| Retained distributions on<br>accumulation shares | 1.36                        | 1.21                        | 0.93                        |
| Closing net asset value per share                | 188.98                      | 156.06                      | 162.08                      |
| * after direct transaction costs of:             | 0.06                        | 0.05                        | 0.11                        |

#### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 21.09% | (3.71)% | 13.02% |
|----------------------|--------|---------|--------|

#### OTHER INFORMATION

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 33,615     | 28,105     | 33,588     |
| Closing number of shares        | 17,788,233 | 18,008,350 | 20,722,376 |
| Operating charges <sup>1</sup>  | 0.75%      | 0.79%      | 0.80%      |
| Direct transaction costs        | 0.03%      | 0.03%      | 0.07%      |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 197.16 | 176.28 | 163.66 |
| Lowest share price  | 155.45 | 151.83 | 144.31 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.10% to 0.65%.



## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' ACCUMULATION SHARES (US DOLLARS)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>cents per share | 31.12.18<br>cents per share | 31.12.17<br>cents per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 116.67                      | 128.71                      | 104.01                      |
| Return before operating charges*                 | 31.30                       | (11.01)                     | 25.63                       |
| Operating charges                                | (1.02)                      | (1.03)                      | (0.93)                      |
| Return after operating charges                   | 30.28                       | (12.04)                     | 24.70                       |
| Distributions                                    | (1.03)                      | (0.92)                      | (0.72)                      |
| Retained distributions on<br>accumulation shares | 1.03                        | 0.92                        | 0.72                        |
| Closing net asset value per share                | 146.95                      | 116.67                      | 128.71                      |
| * after direct transaction costs of:             | 0.04                        | 0.04                        | 0.08                        |

#### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 25.95% | (9.35)% | 23.75% |
|----------------------|--------|---------|--------|

#### OTHER INFORMATION

|                                  |        |        |        |
|----------------------------------|--------|--------|--------|
| Closing net asset value (\$'000) | 15     | 12     | 13     |
| Closing number of shares         | 10,000 | 10,000 | 10,000 |
| Operating charges <sup>1</sup>   | 0.75%  | 0.80%  | 0.80%  |
| Direct transaction costs         | 0.03%  | 0.03%  | 0.07%  |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 147.68 | 138.34 | 128.97 |
| Lowest share price  | 115.58 | 113.10 | 104.19 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.10% to 0.65%.

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 December 2019 (%)

|   | 1 year | 3 years | 5 years |
|---|--------|---------|---------|
| LF Majedie Global Equity Fund                         | 22.29  | 31.29   | 76.06   |
| MSCI AC World Net Total Return Index GBP <sup>1</sup> | 21.71  | 32.61   | 76.23   |

<sup>1</sup> Source: Bloomberg, closing price.

The performance of the Fund is based on the published price per 'X' Accumulation (Sterling) 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 (at 12.00 p.m.) 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 213 and 214.

#### 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 MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 31 December 2019

| Holding | Portfolio of Investments                        | Value<br>\$'000 | 31.12.19<br>% |
|---------|---|-----------------|---------------|
|         | EQUITY - 98.45% (31.12.18 - 99.23%)             |                 |               |
|         | ARGENTINA - 0.20% (31.12.18 - 0.27%)            |                 |               |
| 3,408   | Banco Macro <i>ADRs</i>                         | 123             | 0.20          |
|         | CANADA - 2.32% (31.12.18 - 2.17%)               |                 |               |
| 77,105  | Barrick Gold                                    | 1,432           | 2.32          |
|         | CHILE - 0.64% (31.12.18 - 1.21%)                |                 |               |
| 14,901  | Sociedad Quimica y Minera de Chile <i>ADRs</i>  | 398             | 0.64          |
|         | CHINA - 4.69% (31.12.18 - 3.82%)                |                 |               |
| 110,500 | BAIC Motor                                      | 63              | 0.10          |
| 3,023   | Baidu <i>ADRs</i>                               | 382             | 0.62          |
| 9,526   | New Oriental Education & Technology <i>ADRs</i> | 1,155           | 1.87          |
| 3,336   | TAL Education                                   | 161             | 0.26          |
| 11,300  | Tencent   | 545             | 0.88          |
| 17,782  | Trip.com <i>ADSs</i>                            | 596             | 0.96          |
|         | TOTAL CHINA                                     | 2,902           | 4.69          |
|         | DENMARK - 2.76% (31.12.18 - 1.17%)              |                 |               |
| 23,059  | Ambu  | 385             | 0.62          |
| 199     | AP Moeller-Maersk ' <i>B</i> '                  | 289             | 0.47          |
| 12,078  | Novo Nordisk ' <i>B</i> '                       | 703             | 1.14          |
| 6,650   | Novozymes                                       | 326             | 0.53          |
|         | TOTAL DENMARK                                   | 1,703           | 2.76          |

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments               | Value<br>\$'000 | 31.12.19<br>% |
|---------|--|-----------------|---------------|
|         | FRANCE - 3.49% (31.12.18 - 4.71%)      |                 |               |
| 812     | Kering                                 | 533             | 0.86          |
| 82,258  | Orange                                 | 1,211           | 1.96          |
| 2,518   | Sartorius Stedim Biotech               | 414             | 0.67          |
|         | TOTAL FRANCE                           | 2,158           | 3.49          |
|         | HONG KONG - 1.14% (31.12.18 - 1.17%)   |                 |               |
| 67,000  | AIA                                    | 703             | 1.14          |
|         | INDIA - 0.28% (31.12.18 - 0.40%)       |                 |               |
| 7,688   | Makemytrip                             | 176             | 0.28          |
|         | INDONESIA - 0.55% (31.12.18 - 0.83%)   |                 |               |
| 683,900 | PT Astra                               | 339             | 0.55          |
|         | JAPAN - 6.55% (31.12.18 - 6.33%)       |                 |               |
| 1,500   | FANUC                                  | 281             | 0.46          |
| 15,500  | Kao                                    | 1,287           | 2.08          |
| 24,900  | M3                                     | 756             | 1.22          |
| 1,100   | Nintendo                               | 445             | 0.72          |
| 29,200  | SoftBank                               | 1,278           | 2.07          |
|         | TOTAL JAPAN                            | 4,047           | 6.55          |
|         | NETHERLANDS - 2.22% (31.12.18 - 2.68%) |                 |               |
| 464,647 | Koninklijke KPN                        | 1,372           | 2.22          |
|         | PANAMA - 0.79% (31.12.18 - 0.75%)      |                 |               |
| 4,506   | Copa 'A'                               | 486             | 0.79          |

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments                | Value<br>\$'000 | 31.12.19<br>% |
|---------|---|-----------------|---------------|
|         | PERU - 1.74% (31.12.18 - 2.41%)         |                 |               |
| 3,035   | Credicorp                               | 647             | 1.04          |
| 28,616  | Minas Buenaventura sponsored ADRs       | 432             | 0.70          |
|         | TOTAL PERU                              | 1,079           | 1.74          |
|         | RUSSIA - 0.62% (31.12.18 - 0.54%)       |                 |               |
| 23,306  | Sberbank of Russia ADRs                 | 383             | 0.62          |
|         | SOUTH AFRICA - 2.02% (31.12.18 - 2.19%) |                 |               |
| 7,631   | Naspers 'N'                             | 1,250           | 2.02          |
|         | SOUTH KOREA - 2.95% (31.12.18 - 3.38%)  |                 |               |
| 3,586   | NAVER                                   | 577             | 0.93          |
| 12,538  | Samsung Electronics                     | 605             | 0.98          |
| 3,142   | Samsung SDI                             | 640             | 1.04          |
|         | TOTAL SOUTH KOREA                       | 1,822           | 2.95          |
|         | SPAIN - 0.77% (31.12.18 - 0.74%)        |                 |               |
| 13,441  | Grifols                                 | 474             | 0.77          |
|         | SWITZERLAND - 2.86% (31.12.18 - 2.00%)  |                 |               |
| 2,077   | Alcon                                   | 118             | 0.19          |
| 11,093  | Novartis                                | 1,052           | 1.70          |
| 3,296   | Vifor Pharma                            | 601             | 0.97          |
|         | TOTAL SWITZERLAND                       | 1,771           | 2.86          |
|         | TAIWAN - 1.85% (31.12.18 - 1.65%)       |                 |               |
| 19,631  | Taiwan Semiconductor Manufacturing ADSs | 1,141           | 1.85          |

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments                   | Value<br>\$'000 | 31.12.19<br>% |
|---------|--|-----------------|---------------|
|         | UNITED KINGDOM - 5.51% (31.12.18 - 9.32%)  |                 |               |
| 26,228  | Anglo American                             | 755             | 1.22          |
| 80,240  | BP   | 501             | 0.81          |
| 25,396  | Royal Dutch Shell 'B'                      | 753             | 1.22          |
| 335,949 | Tesco                                      | 1,135           | 1.84          |
| 311,313 | Tullow Oil                                 | 263             | 0.42          |
|         | TOTAL UNITED KINGDOM                       | 3,407           | 5.51          |
|         | UNITED STATES - 54.50% (31.12.18 - 51.49%) |                 |               |
| 5,481   | Alaska Air                                 | 371             | 0.60          |
| 1,322   | Alphabet 'A'                               | 1,769           | 2.86          |
| 579     | Amazon.com                                 | 1,069           | 1.73          |
| 6,516   | Amdocs                                     | 470             | 0.76          |
| 2,170   | Anthem                                     | 655             | 1.06          |
| 3,426   | AO Smith                                   | 163             | 0.26          |
| 3,423   | Aon 'A'                                    | 713             | 1.15          |
| 2,132   | Becton Dickinson                           | 580             | 0.94          |
| 273     | Booking.com                                | 561             | 0.91          |
| 9,681   | BWX Technologies                           | 601             | 0.97          |
| 4,208   | Cabot Microelectronics                     | 607             | 0.98          |
| 1,903   | CACI International                         | 476             | 0.77          |
| 4,947   | Cboe                                       | 593             | 0.96          |
| 5,802   | CDK Global                                 | 317             | 0.51          |
| 6,258   | Cognizant Technology Solutions             | 388             | 0.63          |
| 2,249   | Coherent                                   | 374             | 0.61          |
| 1,803   | Dollar General                             | 281             | 0.45          |
| 10,214  | eBay                                       | 369             | 0.60          |
| 8,173   | Electronic Arts                            | 878             | 1.42          |
| 2,837   | Equifax                                    | 397             | 0.64          |
| 1,595   | Everest Re                                 | 442             | 0.72          |

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments       | Value<br>\$'000 | 31.12.19<br>% |
|---------|--------------------------------|-----------------|---------------|
| 7,389   | Exxon Mobil                    | 515             | 0.83          |
| 9,231   | Facebook                       | 1,893           | 3.06          |
| 6,285   | First Republic Bank            | 738             | 1.19          |
| 12,696  | Fiserv                         | 1,467           | 2.37          |
| 4,766   | Fortune Brands Home & Security | 311             | 0.50          |
| 30,889  | Frontdoor                      | 1,464           | 2.37          |
| 1,699   | Illumina                       | 563             | 0.91          |
| 8,457   | Intercontinental Exchange      | 783             | 1.27          |
| 13,123  | Ionis Pharmaceuticals          | 792             | 1.28          |
| 1,820   | IPG Photonics                  | 264             | 0.43          |
| 7,692   | Kroger                         | 223             | 0.36          |
| 865     | Lockheed Martin                | 337             | 0.55          |
| 4,138   | Marsh & McLennan               | 461             | 0.75          |
| 10,922  | Marvell Technology             | 290             | 0.47          |
| 13,399  | Masco                          | 643             | 1.04          |
| 1,483   | MercadoLibre                   | 848             | 1.37          |
| 6,604   | Micron Technology              | 355             | 0.57          |
| 10,472  | Microsoft                      | 1,649           | 2.67          |
| 3,227   | Mohawk Industries              | 440             | 0.71          |
| 17,142  | Mosaic                         | 371             | 0.60          |
| 9,206   | Newmont Goldcorp               | 400             | 0.65          |
| 36,634  | ON Semiconductor               | 893             | 1.45          |
| 21,460  | Parsley Energy                 | 406             | 0.66          |
| 14,272  | Pfizer                         | 559             | 0.90          |
| 4,015   | Seattle Genetics               | 459             | 0.74          |
| 6,007   | Take-Two Interactive Software  | 735             | 1.19          |
| 10,020  | T-Mobile                       | 785             | 1.27          |
| 2,569   | United Rentals                 | 428             | 0.69          |
| 17,702  | US Foods                       | 741             | 1.20          |
| 4,047   | Viacom 'B'                     | 170             | 0.28          |
| 8,179   | Wells Fargo                    | 440             | 0.71          |

## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments                                       | Value<br>\$'000 | 31.12.19<br>% |
|---------|--|-----------------|---------------|
| 2,662   | Willis Towers Watson   | 537             | 0.87          |
| 4,379   | Zimmer   | 655             | 1.06          |
|         | TOTAL UNITED STATES  | 33,689          | 54.50         |
|         | TOTAL EQUITIES   | 60,855          | 98.45         |
|         | NON-EQUITY INVESTMENT INSTRUMENT - 1.43%<br>(31.12.18 - 1.48%) |                 |               |
| 52,487  | Goldman Sachs Sterling Liquid Reserves <sup>1</sup>            | 70              | 0.11          |
| 813,426 | Goldman Sachs US\$ Liquid Reserves <sup>1</sup>                | 813             | 1.32          |
|         | TOTAL NON-EQUITY INVESTMENT INSTRUMENT                         | 883             | 1.43          |
|         | Portfolio of investments                                       | 61,738          | 99.88         |
|         | Net other assets   | 76              | 0.12          |
|         | Net assets   | 61,814          | 100.00        |

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

<sup>1</sup> Collective investment scheme.

*Definitions:*

*ADRs – American Depositary Receipts.*

*ADSs – American Depositary Shares.*



## LF MAJEDIE GLOBAL EQUITY FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2019

|   |  |        |   |  |          |
|---|--|--------|---|--|----------|
| Total purchases for the year \$'000 (note 15) |  | 16,999 | Total sales for the year \$'000 (note 15) |  | 24,350   |
|   |  | Cost   |   |  | Proceeds |
| Major purchases                               |  | \$'000 | Major sales                               |  | \$'000   |
| Fiserv  |  | 1,285  | Dollar General                            |  | 1,076    |
| Electronic Arts                               |  | 811    | JPMorgan Chase & Co.                      |  | 981      |
| ON Semiconductor                              |  | 795    | American Electric Power                   |  | 980      |
| Zimmer  |  | 677    | Royal Dutch Shell 'B'                     |  | 759      |
| Aon 'A'                                       |  | 673    | Booz Allen Hamilton 'A'                   |  | 694      |
| Frontdoor                                     |  | 641    | Chevron                                   |  | 662      |
| Cabot Microelectronics                        |  | 595    | Chubb                                     |  | 591      |
| Equifax                                       |  | 590    | Pfizer                                    |  | 544      |
| Becton Dickinson                              |  | 575    | Anthem                                    |  | 506      |
| Masco   |  | 551    | Gilead Sciences                           |  | 505      |

In addition to the above, purchases totalling \$11,754,000 and sales totalling \$11,690,000 were made in short term investments during the year.

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

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 December 2019

|  | Notes | \$'000 | 31.12.19<br>\$'000 | \$'000 | 31.12.18<br>\$'000 |
|--|-------|--------|--------------------|--------|--------------------|
| Income:  |       |        |                    |        |                    |
| Net capital gains/(losses)   | 3     |        | 13,455             |        | (6,215)            |
| Revenue  | 4     | 1,065  |                    | 1,086  |                    |
| Expenses   | 5     | (314)  |                    | (357)  |                    |
| Net revenue before taxation  |       | 751    |                    | 729    |                    |
| Taxation   | 6     | (106)  |                    | (100)  |                    |
| Net revenue after taxation   |       |        | 645                |        | 629                |
| Total return before distributions  |       |        | 14,100             |        | (5,586)            |
| Distributions  | 7     |        | (645)              |        | (629)              |
| Change in net assets<br>attributable to shareholders<br>from investment activities |       |        | 13,455             |        | (6,215)            |

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

for the year ended 31 December 2019

|  | Notes | \$'000  | 31.12.19<br>\$'000 | \$'000  | 31.12.18<br>\$'000 |
|--|-------|---------|--------------------|---------|--------------------|
| Opening net assets attributable<br>to shareholders                                 |       |         | 55,180             |         | 66,635             |
| Amounts receivable on<br>issue of shares   |       | 410     |                    | 886     |                    |
| Amounts payable on<br>redemption of shares   |       | (7,849) |                    | (6,753) |                    |
|  |       |         | (7,439)            |         | (5,867)            |
| Dilution adjustment  | 1(H)  |         | 4                  |         | 6                  |
| Change in net assets<br>attributable to shareholders<br>from investment activities |       |         | 13,455             |         | (6,215)            |
| Retained distribution on<br>accumulation shares                                    | 7     |         | 614                |         | 621                |
| Closing net assets attributable<br>to shareholders                                 |       |         | 61,814             |         | 55,180             |

# **LF MAJEDIE GLOBAL EQUITY FUND** **FINANCIAL STATEMENTS** *continued* **BALANCE SHEET**

as at 31 December 2019

|  | Notes | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--|-------|--------------------|--------------------|
| <b>ASSETS</b>                                  |       |                    |                    |
| Fixed assets                                   |       |                    |                    |
| Investments                                    |       | 61,738             | 55,575             |
| Current assets                                 |       |                    |                    |
| Debtors  | 8     | 296                | 237                |
| Cash and bank balances                         | 9     | —                  | —                  |
| <b>Total assets</b>                            |       | <b>62,034</b>      | <b>55,812</b>      |
| <b>LIABILITIES</b>                             |       |                    |                    |
| Creditors                                      |       |                    |                    |
| Other creditors                                | 10    | (220)              | (632)              |
| <b>Total liabilities</b>                       |       | <b>(220)</b>       | <b>(632)</b>       |
| <b>Net assets attributable to shareholders</b> |       | <b>61,814</b>      | <b>55,180</b>      |

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

#### 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 18 have been applied to the financial statements of the Fund in the current and prior year.

#### 3. Net Capital gains/(losses)

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

|                            | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|----------------------------|--------------------|--------------------|
| Non-derivative securities  | 13,452             | (6,192)            |
| Forward currency contracts | (2)                | —                  |
| Currency gains/(losses)    | 5                  | (23)               |
| Net capital gains/(losses) | 13,455             | (6,215)            |

#### 4. Revenue

|                       | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|-----------------------|--------------------|--------------------|
| Non-taxable dividends | 1,016              | 1,066              |
| Taxable dividends     | 49                 | 19                 |
| Bank interest         | —                  | 1                  |
| Total revenue         | 1,065              | 1,086              |

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 5. Expenses

|  | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--|--------------------|--------------------|
| Payable to the ACD, associates of the<br>ACD and agents of either of them:               |                    |                    |
| Annual Management Charge   | 299                | 328                |
| Payable to the Depositary, associates of the<br>Depositary and agents of either of them: |                    |                    |
| Depositary's fees  | 7                  | 15                 |
| Other expenses:  |                    |                    |
| Audit fees*  | 8                  | 14                 |
| Total expenses   | 314                | 357                |

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

Effective 1 July 2019, the Fund is no longer charged expenses other than the Annual Management Charge.

\* The audit fee for the year, excluding VAT, was \$12,453 (31.12.18: \$12,015).

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 6. Taxation

|   | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|---|--------------------|--------------------|
| (a) Analysis of charge for the year                                     |                    |                    |
| Corporation tax at 20%  | —                  | —                  |
| Overseas tax  | 106                | 100                |
| Current tax charge  | 106                | 100                |
| Deferred tax – origination and reversal of timing differences (note 6c) | —                  | —                  |
| Total taxation (see note 6b)  | 106                | 100                |

#### 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%) (31.12.18: 20%). The difference is explained below:

|                                       | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|---------------------------------------|--------------------|--------------------|
| Net revenue before taxation           | 751                | 729                |
| Corporation tax at 20%                | 150                | 146                |
| Effects of:                           |                    |                    |
| Non-taxable dividends                 | (203)              | (213)              |
| Unutilised excess management expenses | 53                 | 67                 |
| Corporation tax charge                | —                  | —                  |
| Overseas tax                          | 106                | 100                |
| Total tax charge (note 6a)            | 106                | 100                |

#### c) Deferred tax

At the year end there is a potential deferred tax asset of \$293,000 (31.12.18: \$240,000) 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.

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 7. Distributions

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

|   | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|---|--------------------|--------------------|
| Interim                                       | 407                | 382                |
| Final   | 207                | 239                |
|   | <u>614</u>         | <u>621</u>         |
| Add: Revenue deducted on redemption of shares | 32                 | 8                  |
| Deduct: Revenue received on issue of shares   | (1)                | —                  |
| Net distributions for the year                | <u>645</u>         | <u>629</u>         |

Details of the distributions per share are set out in the table on pages 213 and 214.

#### 8. Debtors

|                           | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|---------------------------|--------------------|--------------------|
| Sales awaiting settlement | 238                | 167                |
| Accrued revenue:          |                    |                    |
| Non-taxable dividends     | 28                 | 35                 |
| Taxable dividends         | 2                  | 2                  |
|                           | <u>30</u>          | <u>37</u>          |
| Taxation recoverable:     |                    |                    |
| Overseas withholding tax  | 28                 | 33                 |
| Total debtors             | <u>296</u>         | <u>237</u>         |

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 9. Cash and Bank Balances

|                              | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|------------------------------|--------------------|--------------------|
| Bank balances                | —                  | —                  |
| Total cash and bank balances | —                  | —                  |

#### 10. Other Creditors

|  | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--|--------------------|--------------------|
| Purchases awaiting settlement  | 189                | 569                |
| Accrued expenses:  |                    |                    |
| Amounts payable to the ACD, associates of<br>the ACD and agents of either of them:               |                    |                    |
| Annual Management Charge   | 24                 | 48                 |
| Amounts payable to the Depositary, associates of<br>the Depositary and agents of either of them: |                    |                    |
| Depositary's fees  | —                  | 2                  |
| Other expenses   | 7                  | 13                 |
| Total other creditors  | 220                | 632                |



**LF MAJEDIE GLOBAL EQUITY FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**11. Related party transactions**

The Annual Management Charge payable to Link Fund Solutions Limited ('the ACD') is disclosed in note 5 and amounts due at the year end are disclosed in note 10.

On 1 July 2019, the ACD of the Company changed from Majedie Asset Management Limited to Link Fund Solutions Limited ('LFSL'). The amount in note 5 includes \$150,000 charged to Link Fund Solutions Limited and \$149,000 charged to Majedie Asset Management Limited.

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 199.

Majedie Asset Management Limited, which is the Investment Manager held 2,398,310 (31.12.18: 5,099,353) 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:

|                                    |   |
|------------------------------------|---|
| BNY (OCS) Nominees Limited         | 51.10% (31.12.18: 46.71% <sup>1</sup> ) |
| Fuller Smith & Turner Pension Plan | 24.71% (31.12.18: 21.99%)               |

**12. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.12.18: none).

<sup>1</sup> The comparative figure has been restated in line with current year presentation.

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 13. Shares in Issue

|                          | 'B'<br>Accumulation<br>(Sterling) | 'B'<br>Accumulation<br>(US Dollars) | 'X'<br>Accumulation<br>(Sterling) | 'X'<br>Accumulation<br>(US Dollars) |
|--------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Annual Management Charge | 0.00%                             | 0.00%                               | 0.65%                             | 0.65%                               |
| Opening shares in issue  | 9,418,436                         | 10,000                              | 18,008,350                        | 10,000                              |
| Issues                   | 12,212                            | —                                   | 163,938                           | —                                   |
| Redemptions              | (2,816,011)                       | —                                   | (384,055)                         | —                                   |
| Closing shares in issue  | 6,614,637                         | 10,000                              | 17,788,233                        | 10,000                              |

#### 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 MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (B) INTEREST RATE RISK

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

As the Fund seeks to obtain its return from investing mainly in equities and has no significant 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 US dollar value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than US dollars will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the US dollar equivalent value.

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to risk and does not seek to hedge this risk.

The table below shows the direct foreign currency risk profile:

|                    | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--------------------|--------------------|--------------------|
| Currency:          |                    |                    |
| Danish krone       | 1,714              | 653                |
| Euros              | 4,022              | 4,288              |
| Hong Kong dollars  | 1,311              | 1,057              |
| Indonesian rupiah  | 339                | 457                |
| Japanese yen       | 4,055              | 3,504              |
| Korean won         | 1,827              | 1,875              |
| Pounds sterling    | 3,469              | 5,194              |
| South African rand | 1,250              | 1,208              |
| Swiss francs       | 1,771              | 1,105              |
|                    | <u>19,758</u>      | <u>19,341</u>      |
| US dollars         | <u>42,056</u>      | <u>35,839</u>      |
| Net assets         | <u>61,814</u>      | <u>55,180</u>      |

A 5% change in the US dollar exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of \$988,000 on the net assets of the Fund (31.12.18: \$967,000).

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (D) LEVERAGE

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

#### (E) LIQUIDITY RISK

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

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 98.38% of the portfolio can be liquidated within 5-days and 98.38% within 30-days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by \$3,087,000 (31.12.18: \$2,779,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

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

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 15. Portfolio Transaction Costs

|  | Purchases/<br>sales before<br>transaction<br>costs<br>\$'000 | Commissions<br>\$'000 | Taxes<br>\$'000 | Gross<br>purchases/<br>net sales<br>\$'000 |
|--|--|-----------------------|-----------------|--|
| <b>31.12.19</b>                              |  |                       |                 |  |
| Ordinary shares                              | 16,990   | 7                     | 2               | 16,999                                     |
| Purchases total                              | 16,990   | 7                     | 2               | 16,999                                     |
| <i>Transaction cost % of purchases total</i> |  | 0.04%                 | 0.01%           |  |
| <i>Transaction cost % of average NAV</i>     |  | 0.01%                 | 0.00%           |  |
| Ordinary shares                              | 24,361   | (9)                   | (2)             | 24,350                                     |
| Sales total                                  | 24,361   | (9)                   | (2)             | 24,350                                     |
| <i>Transaction cost % of sales total</i>     |  | 0.04%                 | 0.01%           |  |
| <i>Transaction cost % of average NAV</i>     |  | 0.02%                 | 0.00%           |  |

Average portfolio dealing spread at 31.12.19 is 0.08% (31.12.18: 0.08%).

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

|  | Purchases/<br>sales before<br>transaction<br>costs<br>\$'000 | Commissions<br>\$'000 | Taxes<br>\$'000 | Gross<br>purchases/<br>net sales<br>\$'000 |
|--|--|-----------------------|-----------------|--|
| <b>31.12.18</b>                              |  |                       |                 |  |
| Ordinary shares                              | 15,359   | 6                     | 4               | 15,369                                     |
| Purchases total                              | 15,359   | 6                     | 4               | 15,369                                     |
| <i>Transaction cost % of purchases total</i> |  | 0.04%                 | 0.03%           |  |
| <i>Transaction cost % of average NAV</i>     |  | 0.01%                 | 0.01%           |  |
| Ordinary shares                              | 20,150   | (8)                   | —               | 20,142                                     |
| Sales total                                  | 20,150   | (8)                   | —               | 20,142                                     |
| <i>Transaction cost % of sales total</i>     |  | 0.04%                 | 0.00%           |  |
| <i>Transaction cost % of average NAV</i>     |  | 0.01%                 | 0.00%           |  |

### 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<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|-------------------|-------------------|-------------------|-------------------|-----------------|
| <b>31.12.19</b>   |                   |                   |                   |                 |
| Investment assets | 60,855            | 883               | —                 | 61,738          |
| <b>31.12.18</b>   |                   |                   |                   |                 |
| Investment assets | 54,758            | 817               | —                 | 55,575          |

**LF MAJEDIE GLOBAL EQUITY FUND****FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**17. Subsequent Events**

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a pandemic. As a result, global markets have experienced a period of volatility which has impacted the performance of the Fund since the balance sheet date. The length of time the volatility remains will largely depend on the scale and duration of the outbreak. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period.

Since the balance sheet date, the Fund's target benchmark has moved by (8.72)%. The price of each of the Fund's share classes has moved as follows:

| Share class                 | Balance Sheet Date | 28.04.2020 | Movement |
|-----------------------------|--------------------|------------|----------|
| B Accumulation (Sterling)   | 197.43             | 192.14     | (2.68)%  |
| B Accumulation (US Dollars) | 153.08             | 140.90     | (7.96)%  |
| X Accumulation (Sterling)   | 189.51             | 184.04     | (2.89)%  |
| X Accumulation (US Dollars) | 146.93             | 134.96     | (8.15)%  |

## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

#### DISTRIBUTION TABLE

for the year ended 31 December 2019 – 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 | Interim  | Final    |
|---------|----------|----------|
| From    | 01.01.19 | 01.07.19 |
| To      | 30.06.19 | 31.12.19 |

#### 'B' ACCUMULATION (STERLING) SHARES (PENCE)

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 1.6449      | —            | 1.6449                | 1.4296                |
| Group 2 | 1.6449      | 0.0000       | 1.6449                | 1.4296                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 1.2015      | —            | 1.2015                 | 1.1315                |
| Group 2 | 0.6872      | 0.5143       | 1.2015                 | 1.1315                |

#### 'B' ACCUMULATION (US DOLLAR) SHARES (US\$ (CENTS))

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 1.2279      | —            | 1.2279                | 1.1061                |
| Group 2 | 1.2279      | 0.0000       | 1.2279                | 1.1061                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 0.8611      | —            | 0.8611                 | 0.8448                |
| Group 2 | 0.8611      | 0.0000       | 0.8611                 | 0.8448                |



## LF MAJEDIE GLOBAL EQUITY FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE *continued*

for the year ended 31 December 2019 – per share

#### 'X' ACCUMULATION (STERLING) SHARES (PENCE)

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19  | Allocated<br>31.08.18 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 0.9346      | —            | 0.9346                 | 0.7603                |
| Group 2 | 0.5710      | 0.3636       | 0.9346                 | 0.7603                |
| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
| Group 1 | 0.4302      | —            | 0.4302                 | 0.4526                |
| Group 2 | 0.3139      | 0.1163       | 0.4302                 | 0.4526                |

#### 'X' ACCUMULATION (US DOLLAR) SHARES (US\$ (CENTS))

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19  | Allocated<br>31.08.18 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 0.6963      | —            | 0.6963                 | 0.5867                |
| Group 2 | 0.6963      | 0.0000       | 0.6963                 | 0.5867                |
| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
| Group 1 | 0.3357      | —            | 0.3357                 | 0.3380                |
| Group 2 | 0.3357      | 0.0000       | 0.3357                 | 0.3380                |

## **LF MAJEDIE GLOBAL FOCUS FUND ACD'S REPORT**

for the year ended 31 December 2019

### **Important Information**

Refer to the 'Important Information' section on pages 5 and 6.

### **Investment Objective and Policy**

The LF Majedie Global Focus Fund ('the Fund') aims to maximise total return and to outperform the MSCI All Country World Net Total Return Index over the long term through investment in a concentrated portfolio of primarily global equity securities. "Total return" means the combined return of capital and income and a consistently positive return is not guaranteed. The Fund may also invest in other transferable securities, money market instruments, cash and near cash.

The Fund will invest in equity securities of companies which are listed or traded on one or more eligible markets. Equity securities includes any equity-related securities such as preference shares, warrants, convertibles and depositary receipts.

There are no restrictions on the choice of investments, whether by company size, industry or geography.

No more than 10% of the Fund Property may be invested in other collective investment schemes.

Up to 20% of the Fund Property may be held in near cash (as defined in the FCA Glossary).

There will be no borrowing for investment purposes.

### **Benchmark**

The Fund's target benchmark is the MSCI All Country World Net Total Return Index.

The MSCI All Country World Net Total Return Index has been selected as the Fund's target benchmark as the Fund has the discretion to invest across the broadest spectrum of global companies. We have chosen the MSCI All Country World Net Total Return Index as the target benchmark as it is a broad price performance measure for global companies of all sizes. The index is used as a target and the Fund is not constrained in how far its holdings can deviate from the weightings of the index.

**LINK FUND SOLUTIONS LIMITED**

*ACD of LF Majedie Global Focus Fund*

*30 April 2020*

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

### Performance and Financial Review

This report covers the period 1 January 2019 to 31 December 2019. During the period the Fund returned 19.0% (Class X Accumulation, GBP, net of fees), compared to 21.7% for the MSCI All Country World Net Total Return Index GBP, with a disappointing fourth quarter return reversing the previous outperformance.

A very strong year for equities, despite geopolitical events leading to ongoing uncertainty and volatility throughout. The year started with a sharp rise in the first quarter as markets shrugged off the worries that had rattled them at the end of last year, supported by generally respectable corporate results and seemingly helpful news on both the US/China trade talks. Over the course of the second quarter, the general investment theme remained one of 'risk on' with all the major global economic regions producing positive equity returns in sterling terms. The second half of the year told a different story to the first, with an election in the UK, political unrest in Hong Kong and geopolitical tensions intensifying.

In terms of relative performance, Consumer Discretionary names were the main contributors and Energy names the largest detractors but the majority can be associated with stock specifics. On a positive tack, New Oriental, the leading 'after school' education business in China, added to performance by standardising its content, developing its online offering and improving its certification process to deal with regulation better. The US home maintenance insurance company frontdoor contributed positively to performance, beating profits on the back of some cost improvement programmes. Taiwan Semiconductor Manufacturing Company reported results ahead of consensus during the period.

In terms of negative contributors to relative performance, the shares of Tullow Oil suffered from news of two significant discoveries containing heavy oil – prompting warnings that the projects would be difficult to commercialise. Orange disappointed with guidance announced for 2020-23 suggesting lower profits and cash generation than previously expected. The US/China trade war and adverse weather conditions hindered agricultural demand, depressing the shares of Mosaic.

We continue to hold a cautious view of global economies and markets but have recently been adding to the cyclicity of the portfolio as the chances of the global economy strengthening in the second half of 2020 increase. Our caution reflects the length of the economic and market upswings that most Developed Markets have experienced. However, we are optimistic about the Fund's potential returns over the years ahead. The Fund is brimming with exciting companies across a diverse range of industries and geographies. Caution for us means placing more emphasis on balance sheet strength, sustainability of business models and ensuring that the Fund is stocked with individual stock specific opportunity and risk, not broad macro exposure. This has been the driver of the Fund's long-term performance and we believe it gives us the best chance of outperforming in the future, whatever market conditions we may face.

Since early January 2020, global financial markets have been monitoring and reacting to the coronavirus (COVID-19). Since 19 February 2020, global stock markets have fallen sharply in response to the spread of the new novel coronavirus (Covid-19). The World Health Organisation's classification of the virus as a pandemic on 12 March resulted

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

## INVESTMENT MANAGER'S REPORT

for the year ended 31 December 2019

in a step change in economic activity across developed economies as the highly infectious nature of the virus prompted aggressive lockdown measures to flatten peak infection rates and consequently the strain on healthcare systems. As of 9 April 2020, the virus has negatively impacted the health of more than 1.4 million individuals globally, with most confirmed cases in Europe and the US. The seizure in the economy has been particularly severe as four major negatives have occurred together; a medical emergency, a lockdown of economic activity, an oil price crash and extreme liquidity pressures in credit and fixed income markets – each of these would be a shock but they have happened simultaneously. The long-term impact on the global economy and markets will largely depend upon the scale and the duration of the outbreak which at this point is not fully known. The Investment management team continues to monitor this situation closely and has put in place measures to safeguard its ability to provide services to the Fund and all its clients.

We have not seen significantly different investor dealing as a result of the market turbulence. We have no liquidity concerns within the Fund. There have been no significant redemptions in the Fund.

Please note that recent market volatility and related increase in trading has led to a notable improvement in liquidity. It is expected liquidity will revert to historic levels once this period passes.

The audited risk figures for March 2020 have also increased in comparison to historic levels – this is due to a change in the risk model (Barra) in relation to the recent market volatility rather than a fundamental change in the Fund.

There have been no breaches of regulatory or investment restrictions.

Year to date as at 7 April 2020 the Fund's NAV has declined by approximately 10% (Class X Accumulation shares, GBP).

The Fund Managers expect continued market volatility and NAV impact, however, see this as an opportunity for investment. Majedie Asset Management is financially stable and is able to meet its obligations to shareholders and continue its business and investment strategy for the foreseeable future.

There has been no material change in the cash weightings of the Fund.

MAJEDIE ASSET MANAGEMENT LIMITED

Investment Manager

15 April 2020

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



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

The Fund has been classed as 5 because its volatility has been measured as above average to high.

The indicator is based on historical data and may not be a reliable indication for the future.

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

**Market Risk:** the investments of the Fund are subject to normal market fluctuations and the risk inherent in investment in equity securities and similar instruments and there can be no assurances that appreciation will occur.

**Equity Risk:** the value of equities may fall as well as rise and as a class of investment, equities are typically more volatile than other common investment types such as bonds or cash.

**Currency Risk:** the Fund invests in international securities which are denominated in foreign currencies whose fluctuations may increase the Fund's volatility and losses.

**Concentration Risk:** the Fund may at certain times, hold relatively few investments. This could therefore lead to losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected.

The ACD will regularly monitor the concentration of the Fund's exposure to related risk however, concentration in any one industry, region or country or with respect to any given counterparty may arise from time to time.

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

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'B' ACCUMULATION SHARES (STERLING)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 160.07                      | 165.31                      | 144.37                      |
| Return before operating charges*                 | 30.83                       | (5.19)                      | 20.99                       |
| Operating charges                                | (0.02)                      | (0.05)                      | (0.05)                      |
| Return after operating charges                   | 30.81                       | (5.24)                      | 20.94                       |
| Distributions                                    | (3.39)                      | (3.21)                      | (2.50)                      |
| Retained distributions on<br>accumulation shares | 3.39                        | 3.21                        | 2.50                        |
| Closing net asset value per share                | 190.88                      | 160.07                      | 165.31                      |
| * after direct transaction costs of:             | 0.08                        | 0.09                        | 0.13                        |

#### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 19.25% | (3.17)% | 14.50% |
|----------------------|--------|---------|--------|

#### OTHER INFORMATION

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 136,792    | 144,632    | 149,318    |
| Closing number of shares        | 71,663,541 | 90,355,702 | 90,328,385 |
| Operating charges <sup>1</sup>  | 0.01%      | 0.03%      | 0.03%      |
| Direct transaction costs        | 0.05%      | 0.05%      | 0.08%      |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 200.46 | 177.36 | 166.12 |
| Lowest share price  | 159.93 | 153.00 | 144.69 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'B' ACCUMULATION SHARES (US DOLLARS)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>cents per share | 31.12.18<br>cents per share | 31.12.17<br>cents per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 119.66                      | 131.26                      | 104.72                      |
| Return before operating charges*                 | 28.78                       | (11.56)                     | 26.58                       |
| Operating charges                                | (0.01)                      | (0.04)                      | (0.04)                      |
| Return after operating charges                   | 28.77                       | (11.60)                     | 26.54                       |
| Distributions                                    | (2.57)                      | (2.45)                      | (1.94)                      |
| Retained distributions on<br>accumulation shares | 2.57                        | 2.45                        | 1.94                        |
| Closing net asset value per share                | 148.43                      | 119.66                      | 131.26                      |
| * after direct transaction costs of:             | 0.06                        | 0.07                        | 0.10                        |

#### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 24.04% | (8.84)% | 25.34% |
|----------------------|--------|---------|--------|

#### OTHER INFORMATION

|                                  |        |        |        |
|----------------------------------|--------|--------|--------|
| Closing net asset value (\$'000) | 15     | 12     | 13     |
| Closing number of shares         | 10,000 | 10,000 | 10,000 |
| Operating charges <sup>1</sup>   | 0.01%  | 0.03%  | 0.03%  |
| Direct transaction costs         | 0.05%  | 0.05%  | 0.08%  |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 149.24 | 140.32 | 131.29 |
| Lowest share price  | 118.90 | 116.81 | 104.97 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses.

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' ACCUMULATION SHARES (STERLING)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>pence per share | 31.12.18<br>pence per share | 31.12.17<br>pence per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 153.04                      | 159.63                      | 140.82                      |
| Return before operating charges*                 | 29.47                       | (4.94)                      | 20.36                       |
| Operating charges                                | (1.72)                      | (1.65)                      | (1.55)                      |
| Return after operating charges                   | 27.75                       | (6.59)                      | 18.81                       |
| Distributions                                    | (1.60)                      | (1.43)                      | (0.96)                      |
| Retained distributions on<br>accumulation shares | 1.60                        | 1.43                        | 0.96                        |
| Closing net asset value per share                | 180.79                      | 153.04                      | 159.63                      |
| * after direct transaction costs of:             | 0.08                        | 0.09                        | 0.12                        |

#### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 18.13% | (4.13)% | 13.36% |
|----------------------|--------|---------|--------|

#### OTHER INFORMATION

|                                 |            |            |            |
|---------------------------------|------------|------------|------------|
| Closing net asset value (£'000) | 43,760     | 42,206     | 24,128     |
| Closing number of shares        | 24,204,769 | 27,579,288 | 15,114,860 |
| Operating charges <sup>1</sup>  | 0.98%      | 1.03%      | 1.03%      |
| Direct transaction costs        | 0.05%      | 0.05%      | 0.08%      |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 190.57 | 170.25 | 160.64 |
| Lowest share price  | 152.88 | 147.41 | 140.71 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.15% to 0.85%.



## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'X' ACCUMULATION SHARES (US DOLLARS)

| CHANGE IN NET ASSETS PER SHARE                   | 31.12.19<br>cents per share | 31.12.18<br>cents per share | 31.12.17<br>cents per share |
|--|-----------------------------|-----------------------------|-----------------------------|
| Opening net asset value per share                | 114.46                      | 126.74                      | 102.13                      |
| Return before operating charges*                 | 27.45                       | (10.99)                     | 25.80                       |
| Operating charges                                | (1.29)                      | (1.29)                      | (1.19)                      |
| Return after operating charges                   | 26.16                       | (12.28)                     | 24.61                       |
| Distributions                                    | (1.19)                      | (1.16)                      | (0.74)                      |
| Retained distributions on<br>accumulation shares | 1.19                        | 1.16                        | 0.74                        |
| Closing net asset value per share                | 140.62                      | 114.46                      | 126.74                      |
| * after direct transaction costs of:             | 0.06                        | 0.07                        | 0.09                        |

#### PERFORMANCE

|                      |        |         |        |
|----------------------|--------|---------|--------|
| Return after charges | 22.86% | (9.69)% | 24.10% |
|----------------------|--------|---------|--------|

#### OTHER INFORMATION

|                                  |        |        |        |
|----------------------------------|--------|--------|--------|
| Closing net asset value (\$'000) | 14     | 11     | 13     |
| Closing number of shares         | 10,000 | 10,000 | 10,000 |
| Operating charges <sup>1</sup>   | 0.98%  | 1.03%  | 1.04%  |
| Direct transaction costs         | 0.05%  | 0.05%  | 0.08%  |

#### PRICES

|                     |        |        |        |
|---------------------|--------|--------|--------|
| Highest share price | 141.41 | 135.39 | 126.78 |
| Lowest share price  | 113.71 | 111.75 | 102.37 |

<sup>1</sup> Effective 1 July 2019, this share class is no longer charged expenses other than the Annual Management Charge ('AMC'). With effect from 1 October 2019, the AMC applied to this share class reduced by 0.15% to 0.85%.

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Fund Performance to 31 December 2019 (%)

|  | 1 year | 3 years | 5 years |
|--|--------|---------|---------|
| LF Majedie Global Focus Fund                                   | 19.03  | 28.15   | 71.03   |
| MSCI All Country World Net Total Return Index GBP <sup>1</sup> | 21.71  | 32.61   | 76.23   |

<sup>1</sup> Source: Bloomberg

The performance of the Fund is based on the published price per 'X' Accumulation (Sterling) 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 (at 12.00 p.m.) 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 243 and 244.

#### 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 MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 31 December 2019

| Holding   | Portfolio of Investments                        | Value<br>\$'000 | 31.12.19<br>% |
|-----------|---|-----------------|---------------|
|           | EQUITIES - 99.15%; (31.12.18 - 98.34%)          |                 |               |
|           | CANADA - 3.75%; (31.12.18 - 3.05%)              |                 |               |
| 483,627   | Barrick Gold                                    | 8,981           | 3.75          |
|           | CHILE - 1.16%; (31.12.18 - 0.92%)               |                 |               |
| 104,324   | Sociedad Quimica y Minera de Chile <i>ADRs</i>  | 2,785           | 1.16          |
|           | CHINA - 3.57%; (31.12.18 - 2.42%)               |                 |               |
| 44,677    | New Oriental Education & Technology <i>ADRs</i> | 5,418           | 2.26          |
| 93,258    | Trip.com <i>ADSs</i>                            | 3,128           | 1.31          |
|           | TOTAL CHINA                                     | 8,546           | 3.57          |
|           | DENMARK - 3.23%; (31.12.18 - 2.08%)             |                 |               |
| 1,335     | AP Moeller-Maersk ' <i>B</i> '                  | 1,933           | 0.81          |
| 99,229    | Novo Nordisk ' <i>B</i> '                       | 5,778           | 2.42          |
|           |   | 7,711           | 3.23          |
|           | FRANCE - 3.37%; (31.12.18 - 5.01%)              |                 |               |
| 547,637   | Orange  | 8,065           | 3.37          |
|           | JAPAN - 8.23%; (31.12.18 - 8.46%)               |                 |               |
| 142,048   | Kao   | 11,796          | 4.93          |
| 180,400   | SoftBank  | 7,893           | 3.30          |
|           | TOTAL JAPAN                                     | 19,689          | 8.23          |
|           | NETHERLANDS - 4.43%; (31.12.18 - 4.82%)         |                 |               |
| 3,586,372 | Koninklijke KPN                                 | 10,591          | 4.43          |

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments  | Value<br>\$'000 | 31.12.19<br>% |
|-----------|---|-----------------|---------------|
| 17,693    | PERU - 1.58%; (31.12.18 - 1.81%)<br>Credicorp                                 | 3,774           | 1.58          |
| 57,504    | SOUTH AFRICA - 3.94%; (31.12.18 - 3.41%)<br>Naspers 'N'                       | 9,420           | 3.94          |
| 129,336   | SOUTH KOREA - 2.61%; (31.12.18 - 2.14%)<br>Samsung Electronics                | 6,241           | 2.61          |
| 18,502    | SWITZERLAND - 4.04%; (31.12.18 - 3.51%)<br>Alcon                              | 1,047           | 0.44          |
| 90,843    | Novartis  | 8,620           | 3.60          |
|           | TOTAL SWITZERLAND   | 9,667           | 4.04          |
| 142,477   | TAIWAN - 3.46%; (31.12.18 - 2.99%)<br>Taiwan Semiconductor Manufacturing ADSs | 8,278           | 3.46          |
| 147,193   | UNITED KINGDOM - 10.16%; (31.12.18 - 16.16%)<br>Anglo American                | 4,235           | 1.77          |
| 832,387   | BP  | 5,200           | 2.17          |
| 176,820   | Royal Dutch Shell 'B'   | 5,246           | 2.19          |
| 2,525,637 | Tesco   | 8,532           | 3.57          |
| 1,304,584 | Tullow Oil  | 1,101           | 0.46          |
|           | TOTAL UNITED KINGDOM  | 24,314          | 10.16         |
| 3,903     | UNITED STATES - 45.62%; (31.12.18 - 41.56%)<br>Alphabet 'A'                   | 5,221           | 2.18          |
| 22,198    | Amdocs  | 1,602           | 0.67          |
| 11,806    | Anthem  | 3,563           | 1.49          |

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding | Portfolio of Investments       | Value<br>\$'000 | 31.12.19<br>% |
|---------|--------------------------------|-----------------|---------------|
| 23,521  | Aon 'A'                        | 4,897           | 2.05          |
| 1,626   | Booking.com                    | 3,339           | 1.40          |
| 51,139  | BWX Technologies               | 3,174           | 1.33          |
| 22,457  | Cabot Microelectronics         | 3,239           | 1.35          |
| 31,166  | Cognizant Technology Solutions | 1,933           | 0.81          |
| 54,801  | eBay                           | 1,979           | 0.83          |
| 53,616  | Exxon Mobil                    | 3,740           | 1.56          |
| 24,055  | Facebook                       | 4,933           | 2.06          |
| 71,759  | Fiserv                         | 8,292           | 3.47          |
| 184,362 | Frontdoor                      | 8,739           | 3.65          |
| 56,344  | Intercontinental Exchange      | 5,214           | 2.18          |
| 48,681  | Ionis Pharmaceuticals          | 2,938           | 1.23          |
| 100,317 | Masco                          | 4,814           | 2.01          |
| 7,158   | MercadoLibre                   | 4,094           | 1.71          |
| 42,968  | Microsoft                      | 6,767           | 2.83          |
| 68,206  | Mosaic                         | 1,475           | 0.62          |
| 146,322 | ON Semiconductor               | 3,567           | 1.49          |
| 103,271 | Parsley Energy                 | 1,952           | 0.82          |
| 49,450  | Take-Two Interactive Software  | 6,050           | 2.53          |
| 62,295  | T-Mobile                       | 4,882           | 2.04          |
| 16,644  | United Rentals                 | 2,775           | 1.16          |
| 117,573 | US Foods                       | 4,924           | 2.06          |
| 33,475  | Zimmer                         | 5,009           | 2.09          |
|         | TOTAL UNITED STATES            | 109,112         | 45.62         |
|         | TOTAL EQUITIES                 | 237,174         | 99.15         |

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 31 December 2019

| Holding   | Portfolio of Investments   | Value<br>\$'000 | 31.12.19<br>% |
|-----------|--|-----------------|---------------|
|           | NON-EQUITY INVESTMENT INSTRUMENTS - 0.72%;<br>(31.12.18 - 1.36%) |                 |               |
| 61,666    | Goldman Sachs Sterling Liquid Reserves <sup>1</sup>              | 82              | 0.03          |
| 1,653,091 | Goldman Sachs US\$ Liquid Reserves <sup>1</sup>                  | 1,653           | 0.69          |
|           | TOTAL  | 1,735           | 0.72          |
|           | Portfolio of investments   | 238,909         | 99.87         |
|           | Net other assets   | 307             | 0.13          |
|           | Total net assets   | 239,216         | 100.00        |

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

<sup>1</sup> Collective investment scheme.

*Definitions:*

*ADRs – American Depositary Receipts.*

*ADSs - American Depositary Shares.*

## LF MAJEDIE GLOBAL FOCUS FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2019

|   |        |   |          |
|---|--------|---|----------|
| Total purchases for the year \$'000 (note 16) | 85,917 | Total sales for the year \$'000 (note 16) | 133,364  |
|   | Cost   |   | Proceeds |
| Major purchases                               | \$'000 | Major sales                               | \$'000   |
| Fiserv  | 8,510  | Everest Re                                | 6,333    |
| Microsoft                                     | 6,286  | Royal Dutch Shell 'B'                     | 6,076    |
| Aon 'A'                                       | 5,705  | Dollar General                            | 6,038    |
| Masco   | 5,301  | JPMorgan Chase & Co.                      | 5,755    |
| Frontdoor                                     | 5,064  | Willis Towers Watson                      | 5,513    |
| Zimmer  | 4,941  | American Electric Power                   | 5,207    |
| Booking.com                                   | 4,783  | Booz Allen Hamilton 'A'                   | 5,190    |
| Exxon Mobil                                   | 4,508  | Lockheed Martin                           | 5,045    |
| Naspers 'N'                                   | 3,321  | Orange                                    | 4,500    |
| Cabot Microelectronics                        | 3,231  | Chevron                                   | 4,405    |

In addition to the above, purchases totalling \$27,457,000 and sales totalling \$28,961,000 were made in short term investments during the year.

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

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS

### STATEMENT OF TOTAL RETURN

for the year ended 31 December 2019

|  | Notes | \$'000 | 31.12.19<br>\$'000 | \$'000 | 31.12.18<br>\$'000 |
|--|-------|--------|--------------------|--------|--------------------|
| Income:  |       |        |                    |        |                    |
| Net capital gains/(losses)   | 3     |        | 50,633             |        | (28,606)           |
| Revenue  | 4     | 5,341  |                    | 5,608  |                    |
| Expenses   | 5     | (628)  |                    | (753)  |                    |
| Interest payable and similar charges   | 7     | (5)    |                    | (2)    |                    |
| Net revenue before taxation  |       | 4,708  |                    | 4,853  |                    |
| Taxation   | 6     | (494)  |                    | (418)  |                    |
| Net revenue after taxation   |       |        | 4,214              |        | 4,435              |
| Total return before distributions  |       |        | 54,847             |        | (24,171)           |
| Distributions  | 8     |        | (4,214)            |        | (4,435)            |
| Change in net assets attributable to shareholders from investment activities |       |        | 50,633             |        | (28,606)           |

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

for the year ended 31 December 2019

|  | Notes | \$'000   | 31.12.19<br>\$'000 | \$'000   | 31.12.18<br>\$'000 |
|--|-------|----------|--------------------|----------|--------------------|
| Opening net assets attributable to shareholders                              |       |          | 237,981            |          | 234,689            |
| Amounts receivable on issue of shares  |       | 682      |                    | 43,150   |                    |
| Amounts payable on redemption of shares                                      |       | (54,285) |                    | (15,699) |                    |
|  |       |          | (53,603)           |          | 27,451             |
| Dilution adjustment  | 1(H)  |          | 42                 |          | 77                 |
| Change in net assets attributable to shareholders from investment activities |       |          | 50,633             |          | (28,606)           |
| Retained distribution on accumulation shares                                 | 8     |          | 4,163              |          | 4,370              |
| Closing net assets attributable to shareholders                              |       |          | 239,216            |          | 237,981            |



# **LF MAJEDIE GLOBAL FOCUS FUND** **FINANCIAL STATEMENTS** *continued* **BALANCE SHEET**

as at 31 December 2019

|  | Notes | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--|-------|--------------------|--------------------|
| <b>ASSETS</b>                                  |       |                    |                    |
| Fixed assets                                   |       |                    |                    |
| Investments                                    |       | 238,909            | 237,266            |
| Current assets                                 |       |                    |                    |
| Debtors  | 9     | 1,890              | 844                |
| Cash and bank balances                         | 10    | —                  | 1                  |
| <b>Total assets</b>                            |       | <b>240,799</b>     | <b>238,111</b>     |
| <b>LIABILITIES</b>                             |       |                    |                    |
| Creditors                                      |       |                    |                    |
| Other creditors                                | 11    | (1,583)            | (130)              |
| <b>Total liabilities</b>                       |       | <b>(1,583)</b>     | <b>(130)</b>       |
| <b>Net assets attributable to shareholders</b> |       | <b>239,216</b>     | <b>237,981</b>     |

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

#### 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 18 have been applied to the financial statements of the Fund in the current and prior year.

#### 3. Net Capital gains/(losses)

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

|                            | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|----------------------------|--------------------|--------------------|
| Non-derivative securities  | 50,593             | (28,587)           |
| Forward currency contracts | (13)               | —                  |
| Currency gains/(losses)    | 53                 | (19)               |
| Net capital gains/(losses) | 50,633             | (28,606)           |

#### 4. Revenue

|                       | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|-----------------------|--------------------|--------------------|
| Non-taxable dividends | 5,238              | 5,446              |
| Taxable dividends     | 103                | 159                |
| Bank interest         | —                  | 3                  |
| Total revenue         | 5,341              | 5,608              |

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 5. Expenses

|  | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--|--------------------|--------------------|
| Payable to the ACD, associates of the<br>ACD and agents of either of them:               |                    |                    |
| Annual Management Charge   | 591                | 682                |
| Payable to the Depositary, associates of the<br>Depositary and agents of either of them: |                    |                    |
| Depositary's fees  | 29                 | 57                 |
| Other expenses:  |                    |                    |
| Audit fees*  | 8                  | 14                 |
| Total expenses   | 628                | 753                |

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

Effective 1 July 2019, the Fund is no longer charged expenses other than from the Annual Management Charge.

\* The audit fee for the year, excluding VAT, was \$12,453 (31.12.18: \$12,015).

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 6. Taxation

|   | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|---|--------------------|--------------------|
| (a) Analysis of charge for the year                                     |                    |                    |
| Corporation tax at 20%  | —                  | —                  |
| Overseas tax  | 494                | 418                |
| Current tax charge  | 494                | 418                |
| Deferred tax – origination and reversal of timing differences (note 6c) | —                  | —                  |
| Total taxation (see note 6b)  | 494                | 418                |

#### 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%) (31.12.18: 20%). The differences are explained below:

|  | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--|--------------------|--------------------|
| Net revenue before taxation                          | 4,708              | 4,853              |
| Corporation tax at 20%                               | 942                | 971                |
| Effects of:  |                    |                    |
| Non-taxable dividends                                | (1,048)            | (1,089)            |
| Unutilised excess management expenses                | 104                | 121                |
| Prior year adjustment for excess management expenses | 2                  | (3)                |
| Corporation tax charge                               | —                  | —                  |
| Overseas tax   | 494                | 418                |
| Total tax charge (note 6a)                           | 494                | 418                |

#### c) Deferred tax

At the year end there is a potential deferred tax asset of \$349,000 (31.12.18: \$245,000) 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.

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 7. Interest Payable and Similar Charges

|  | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--|--------------------|--------------------|
| Interest payable                           | 5                  | 2                  |
| Total interest payable and similar charges | 5                  | 2                  |

#### 8. Distributions

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

|   | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|---|--------------------|--------------------|
| Interim                                       | 2,641              | 2,570              |
| Final   | 1,522              | 1,800              |
|   | 4,163              | 4,370              |
| Add: Revenue deducted on redemption of shares | 52                 | 35                 |
| Add: Revenue received on issue of shares      | —                  | 30                 |
| Deduct: Revenue received on issue of shares   | (1)                | —                  |
| Net distribution for the year                 | 4,214              | 4,435              |

Details of the distributions per share are set out in the table on pages 243 and 244.

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 9. Debtors

|                           | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|---------------------------|--------------------|--------------------|
| Sales awaiting settlement | 1,621              | 577                |
| Accrued revenue:          |                    |                    |
| Non-taxable dividends     | 173                | 178                |
| Taxable dividends         | 8                  | 5                  |
|                           | 181                | 183                |
| Taxation recoverable:     |                    |                    |
| Overseas withholding tax  | 88                 | 84                 |
| Total debtors             | 1,890              | 844                |

#### 10. Cash and Bank Balances

|                              | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|------------------------------|--------------------|--------------------|
| Bank balances                | —                  | 1                  |
| Total cash and bank balances | —                  | 1                  |

#### 11. Other Creditors

|  | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--|--------------------|--------------------|
| Purchases awaiting settlement  | 1,532              | —                  |
| Accrued expenses:  |                    |                    |
| Amounts payable to the ACD, associates of<br>the ACD and agents of either of them:               |                    |                    |
| Annual Management Charge   | 44                 | 102                |
| Amounts payable to the Depositary, associates of<br>the Depositary and agents of either of them: |                    |                    |
| Depositary's fees  | —                  | 9                  |
| Other expenses   | 7                  | 19                 |
| Total other creditors  | 1,583              | 130                |

**LF MAJEDIE GLOBAL FOCUS FUND**  
**FINANCIAL STATEMENTS** *continued*  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 31 December 2019

**12. Related party transactions**

The Annual Management Charge payable to Link Fund Solutions Limited ('the ACD') are disclosed in note 5 and amounts due at the year end are disclosed in note 11.

On 1 July 2019, the ACD of the Company changed from Majedie Asset Management Limited to Link Fund Solutions Limited ('LFSL'). The amount in note 5 includes \$293,000 charged to Link Fund Solutions Limited and \$298,000 charged to Majedie Asset Management Limited.

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 229.

Majedie Asset Management Limited, which is the Investment Manager, held 47,317 (31.12.18: 120,193) of the Fund's shares at the balance sheet date.

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

|  |                           |
|--|---------------------------|
| Berkeley Square Common Investment Fund | 74.71% (31.12.18: 75.53%) |
| Nortrust Nominees Limited              | 20.46% <sup>1</sup>       |

**13. Contingent Liabilities and Commitments**

There are no contingent liabilities or unrecorded outstanding commitments (31.12.18: none).

<sup>1</sup> As at 31 December 2018, Nortrust Nominees Limited did not have a significant holding, and as such was not deemed a related party.

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 14. Shares in Issue

|                          | 'B'<br>Accumulation<br>(Sterling) | 'B'<br>Accumulation<br>(US Dollars) | 'X'<br>Accumulation<br>(Sterling) | 'X'<br>Accumulation<br>(US Dollars) |
|--------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Annual Management Charge | 0.00%                             | 0.00%                               | 0.85%                             | 0.85%                               |
| Opening shares in issue  | 90,355,702                        | 10,000                              | 27,579,288                        | 10,000                              |
| Issues                   | —                                 | —                                   | 305,585                           | —                                   |
| Redemptions              | (18,692,161)                      | —                                   | (3,680,104)                       | —                                   |
| Closing shares in issue  | 71,663,541                        | 10,000                              | 24,204,769                        | 10,000                              |

#### 15. Risk Management Policies

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

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

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

##### (A) CREDIT RISK

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

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



## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (B) INTEREST RATE RISK

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

As the Fund seeks to obtain its return from investing mainly in equities and has no significant 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 US dollar value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than US dollars will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the US dollar equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

Where the Fund invests in non-sterling assets, the Investment Manager allows for the foreign currency risk when considering whether to invest and does not seek to hedge this risk.

The table below shows the direct foreign currency risk profile:

|                    | 31.12.19<br>\$'000 | 31.12.18<br>\$'000 |
|--------------------|--------------------|--------------------|
| Currency:          |                    |                    |
| Danish krone       | 7,773              | 5,005              |
| Euros              | 18,678             | 23,431             |
| Japanese yen       | 19,766             | 20,220             |
| Korean won         | 6,271              | 5,129              |
| Pounds sterling    | 24,389             | 38,502             |
| South African rand | 9,420              | 8,117              |
| Swiss francs       | 9,667              | 8,352              |
|                    | <u>95,964</u>      | <u>108,756</u>     |
| US dollars         | <u>143,252</u>     | <u>129,225</u>     |
| Net assets         | <u>239,216</u>     | <u>237,981</u>     |

A 5% change in the pounds US dollar exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of \$4,798,000 on the net assets of the Fund (31.12.18: \$5,438,000).

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### (D) LEVERAGE

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

#### (E) LIQUIDITY RISK

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

The ACD monitors the liquidity profile of the Fund on a daily basis. In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile. In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish its significance, by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume. Based on this analysis 98.84% of the portfolio can be liquidated within 5-days and 98.84% within 30-days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

#### (F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by \$11,945,000 (31.12.18: \$11,863,000). A 5% decrease would have an equal and opposite effect.

#### (G) DERIVATIVES

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

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

#### 16. Portfolio Transaction Costs

|  | Purchases/<br>sales before<br>transaction<br>costs<br>\$'000 | Commissions<br>\$'000 | Taxes<br>\$'000 | Gross<br>purchases/<br>net sales<br>\$'000 |
|--|--|-----------------------|-----------------|--|
| <b>31.12.19</b>                              |  |                       |                 |  |
| Ordinary shares                              | 85,857   | 41                    | 19              | 85,917                                     |
| Purchases total                              | 85,857   | 41                    | 19              | 85,917                                     |
| <i>Transaction cost % of purchases total</i> |  | 0.05%                 | 0.02%           |  |
| <i>Transaction cost % of average NAV</i>     |  | 0.02%                 | 0.01%           |  |
| Ordinary shares                              | 133,419  | (51)                  | (4)             | 133,364                                    |
| Sales total                                  | 133,419  | (51)                  | (4)             | 133,364                                    |
| <i>Transaction cost % of sales total</i>     |  | 0.04%                 | 0.00%           |  |
| <i>Transaction cost % of average NAV</i>     |  | 0.02%                 | 0.00%           |  |

Average portfolio dealing spread at 31.12.19 is 0.06% (31.12.18: 0.09%).

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2019

|  | Purchases/<br>sales before<br>transaction<br>costs<br>\$'000 | Commissions<br>\$'000 | Taxes<br>\$'000 | Gross<br>purchases/<br>net sales<br>\$'000 |
|--|--|-----------------------|-----------------|--|
| <b>31.12.18</b>                              |  |                       |                 |  |
| Ordinary shares                              | 105,338  | 36                    | 75              | 105,449                                    |
| Purchases total                              | 105,338  | 36                    | 75              | 105,449                                    |
| <i>Transaction cost % of purchases total</i> |  | 0.03%                 | 0.07%           |  |
| <i>Transaction cost % of average NAV</i>     |  | 0.01%                 | 0.03%           |  |
| Ordinary shares                              | 69,178   | (30)                  | (2)             | 69,146                                     |
| Sales total                                  | 69,178   | (30)                  | (2)             | 69,146                                     |
| <i>Transaction cost % of sales total</i>     |  | 0.04%                 | 0.00%           |  |
| <i>Transaction cost % of average NAV</i>     |  | 0.01%                 | 0.00%           |  |

### 17. Fair Value Hierarchy

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

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

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

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

|                   | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|-------------------|-------------------|-------------------|-------------------|-----------------|
| <b>31.12.19</b>   |                   |                   |                   |                 |
| Investment assets | 237,174           | 1,735             | —                 | 238,909         |
| <b>31.12.18</b>   |                   |                   |                   |                 |
| Investment assets | 234,030           | 3,236             | —                 | 237,266         |

**LF MAJEDIE GLOBAL FOCUS FUND****FINANCIAL STATEMENTS** *continued***DISTRIBUTION TABLE**

for the year ended 31 December 2019 – per share

**18. Subsequent Events**

On 11 March 2020 the World Health Organisation declared the COVID-19 outbreak a pandemic. As a result, global markets have experienced a period of volatility which has impacted the performance of the Fund since the balance sheet date. The length of time the volatility remains will largely depend on the scale and duration of the outbreak. The spread and impact of COVID-19 is considered as a non-adjusting event after the reporting period.

Since the balance sheet date, the Fund's target benchmark has moved by (8.72)%. The price of each of the Fund's share classes has moved as follows:

| Share class                 | Balance Sheet Date | 28.04.2020 | Movement |
|-----------------------------|--------------------|------------|----------|
| B Accumulation (Sterling)   | 191.40             | 180.48     | (5.71)%  |
| B Accumulation (US Dollars) | 148.40             | 132.35     | (10.82)% |
| X Accumulation (Sterling)   | 181.29             | 170.48     | (5.96)%  |
| X Accumulation (US Dollars) | 140.60             | 125.05     | (11.06)% |

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

#### DISTRIBUTION TABLE

for the year ended 31 December 2019 – 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 | Interim  | Final    |
|---------|----------|----------|
| From    | 01.01.19 | 01.07.19 |
| To      | 30.06.19 | 31.12.19 |

#### 'B' ACCUMULATION (STERLING) SHARES (PENCE)

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 1.9766      | —            | 1.9766                | 1.8003                |
| Group 2 | 1.9766      | 0.0000       | 1.9766                | 1.8003                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 1.4180      | —            | 1.4180                 | 1.4077                |
| Group 2 | 1.4180      | 0.0000       | 1.4180                 | 1.4077                |

#### 'B' ACCUMULATION (US DOLLAR) SHARES (US\$ (CENTS))

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 1.4790      | —            | 1.4790                | 1.3948                |
| Group 2 | 1.4790      | 0.0000       | 1.4790                | 1.3948                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 1.0889      | —            | 1.0889                 | 1.0519                |
| Group 2 | 1.0889      | 0.0000       | 1.0889                 | 1.0519                |

## LF MAJEDIE GLOBAL FOCUS FUND

### FINANCIAL STATEMENTS *continued*

### DISTRIBUTION TABLE *continued*

for the year ended 31 December 2019 – per share

#### 'X' ACCUMULATION (STERLING) SHARES (PENCE)

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 1.0521      | —            | 1.0521                | 0.9177                |
| Group 2 | 0.7792      | 0.2729       | 1.0521                | 0.9177                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 0.5484      | —            | 0.5484                 | 0.5111                |
| Group 2 | 0.3491      | 0.1993       | 0.5484                 | 0.5111                |

#### 'X' ACCUMULATION (US DOLLAR) SHARES (US\$ (CENTS))

| Interim | Net Revenue | Equalisation | Allocated<br>31.08.19 | Allocated<br>31.08.18 |
|---------|-------------|--------------|-----------------------|-----------------------|
| Group 1 | 0.7811      | —            | 0.7811                | 0.7716                |
| Group 2 | 0.7811      | 0.0000       | 0.7811                | 0.7716                |

| Final   | Net Revenue | Equalisation | Allocation<br>28.02.20 | Allocated<br>28.02.19 |
|---------|-------------|--------------|------------------------|-----------------------|
| Group 1 | 0.4106      | —            | 0.4106                 | 0.3858                |
| Group 2 | 0.4106      | 0.0000       | 0.4106                 | 0.3858                |

## GENERAL INFORMATION

### Share Capital

The Company's base currency is Sterling. Its minimum permitted capital is £100 and its maximum permitted capital is £100,000,000,000.

### Structure of the Company

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

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

- LF Majedie UK Equity Fund
- LF Majedie UK Focus Fund
- LF Majedie UK Smaller Companies Fund
- LF Majedie Tortoise Fund
- LF Majedie UK Income Fund
- LF Majedie Global Equity Fund
- LF Majedie Global Focus Fund

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

### Valuation Point

The current valuation point of the Company is 12.00 noon (London time) on each business day, with the exception of the LF Majedie Tortoise Fund which has a Valuation Point of 5.00 p.m. EST in New York on each business day. Valuations may be made at other times under the terms contained within the Prospectus.



## GENERAL INFORMATION *continued*

### Buying/Selling Shares

The ACD will accept orders to buy and sell shares on normal business days between 8.30 a.m. and 5.30 p.m. Orders to buy shares and redemption requests may be made in writing (including by facsimile); or, if the applicant is already a Shareholder of a Fund, by telephone; or by prior arrangement with the ACD by electronic communication. Orders in writing and redemption requests should be sent to:

Link Fund Solutions Limited  
PO Box 389  
Darlington  
DL1 9UF

Orders and redemption requests by facsimile should be sent to:  
Fax: 0113 224 6001.

### Prices

The prices for all Shares are published on every dealing day on the website of the ACD ([www.linkfundsolutions.com](http://www.linkfundsolutions.com)) and on the Investment Manager's website ([www.majedie.com](http://www.majedie.com)). The prices of Shares may also be obtained by calling 0344 892 0974 during the ACD's normal business hours or by writing to:

Link Fund Solutions Limited  
PO Box 389  
Darlington  
DL1 9UF

### Other Information

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

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

Shareholder names may be added to the ACD 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. Any shareholders who do not want to receive such details should write to the ACD requesting removal from any such mailing list.



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