

# LF Gresham House UK Micro Cap Fund

INTERIM UNAUDITED REPORT AND FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2020



## AUTHORISED CORPORATE DIRECTOR ('ACD') AND ALTERNATIVE INVESTMENT FUND MANAGER ('AIFM')

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## PORTFOLIO MANAGER

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## ACD'S REPORT

for the half year ended 30 June 2020

### Authorised Status

LF Gresham House UK Micro Cap Fund ('the Fund') is an investment company with variable capital incorporated in England and Wales, under registered number IC714 and authorised by the Financial Conduct Authority ('FCA') with effect from 19 February 2009. The Fund has an unlimited duration.

The Fund is a Non-UCITS retail scheme and the base currency of the Fund is pounds sterling or such other currency as may be the lawful currency of the United Kingdom from time to time.

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

The AIFM is the legal person appointed on behalf of the Fund and which (through this appointment) is responsible for managing the Fund in accordance with the AIFM Directive and The Alternative Investment Fund Managers Regulations 2013. This role is performed by the ACD and references to the ACD in this Interim Unaudited Report and Financial Statements include the AIFM as applicable.

### ACD's Statement

#### COVID-19

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

#### Investment Objective and Policy

The objective of the Fund is to achieve long term capital growth through investment primarily in equities of UK companies. Investment in the main will be in an actively managed portfolio of equities of smaller UK companies traded on AIM and other UK markets which are considered to have potential for capital growth. The Fund may also invest directly in gilts, money market instruments, deposits, warrants, international equities, bonds, collective investment schemes and other assets permitted by the FCA Handbook.

Derivatives and forward transactions may be used for Efficient Portfolio Management. However, in addition, derivatives and forward transactions may be used for investment purposes on the giving of 60 days' notice to shareholders.

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

### **Benchmark**

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

The Fund's performance may be compared against the IA UK Smaller Companies sector. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers). The comparator benchmark has been selected as we consider it assists investors in evaluating the Fund's performance against the performance of other funds invested in similar assets.

### **Securities Financing Transactions**

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

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Gresham House UK Micro Cap Fund  
*27 August 2020*

**ACD'S REPORT** *continued*  
**PORTFOLIO MANAGER'S REPORT**  
for the half year ended 30 June 2020

### Investment Strategy

Since inception in May 2009 the Fund has maintained a consistent focus throughout its life on selecting high conviction, niche growth companies to back for the prospect of long term capital growth. The Manager seeks to avoid excessive cyclical exposure and early stage risk and instead focuses on areas of structural growth and segments where its sector expertise and private equity style proprietary fundamental research approach can uncover stocks that may be below the radar of many investors due to their size and limited research coverage.

### Movements in Net Asset Value

As at 30 June 2020 the gross NAV of the Company was £246.7m of which 83.4% was invested in a portfolio of small and micro cap equities. This compared to a NAV of £238.2m at the beginning of the period. The increase in NAV was a combination of net inflows from new holders amounting to £31.7m and a negative revaluation of the portfolio of £23.1m. The Fund delivered a negative return of 9.6% over the period, outperforming the IA UK Smaller Companies Sector which decreased by 16.6%.

### Investment Activity

Investment activity was strong during the period as £72.4m was deployed into a combination of new positions and follow on investments into existing portfolio companies; the number of portfolio companies decreased from 46 to 44. Divestment activity was also active with a number of positions fully exited, as the Manager took proactive and decisive action as the COVID-19 pandemic unfolded. In aggregate £46.8m was received from the proceeds of divestments realising an aggregate positive return of 1.7%.

The encouraging start to the year for UK equity markets was sharply reversed by extreme volatility as the COVID-19 pandemic unfolded. An initial sentiment driven market reaction evolved into a more fundamental and acute slowdown in global economic growth, which drove UK market uncertainty and a wave of reactive government support initiatives. In the early stages of the crisis the Manager focused on the existing portfolio, which was defensively positioned coming into the crisis, proactively engaging with management teams to understand the impact and outlook for each investment. The Manager took decisive action on divestments by fully exiting positions that were non-core, such as Gama Aviation (-82% return) and Brickability (-33% return), or where the Manager believed there were longer term challenges to the investment case, such as Norcros (-45% return) and Volution (-27% return). The Manager also took advantage of resilient trading through the COVID-19 lockdown and share price outperformance of certain holdings to fully exit and realise profits in stocks where conviction in the longer term investment case had reduced relative to other opportunities being seen in the market. This led to the Manager divesting CentralNic (+77% return), Ideagen (+13% return) and Venture Life Group (+55% return).

In terms of follow on investment activity within the existing portfolio and new investments, the Manager saw attractive long-term capital growth opportunities as a result of market movements as well as an increasing number of recapitalisation transactions to strengthen balance sheets or drive growth initiatives.

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

## **PORTFOLIO MANAGER'S REPORT** *continued*

Within the consumer and leisure sector, which was initially heavily impacted by COVID-19, the Manager selectively deployed capital into companies that aligned with target areas of long-term structural growth. In “low ticket” experiential leisure, and as part of equity placings, the Manager made follow on investments into Ten Entertainment Group, a UK ten pin bowling operator; Loungers, a café-bar operator; City Pub Company, an operator of independent wet-led pubs; and The Gym Group, a chain of low cost gyms. Similarly the Manager made new investments into Everyman Media Group, an independent cinema group, backed for a number of years within other Gresham House managed funds; and Accesso Technology Group, a provider of ticketing, virtual queuing and other technology solutions to theme park, event and cultural markets.

Within other sectors where companies undertook equity fundraisings, the Fund made a new investment into Costain, an infrastructure focused engineering consultancy; and a follow on investment into Diaceutics, a data analytics and services business to the pharmaceutical industry, which raised £20.5m to accelerate the launch of its proprietary data platform to capture more of the diagnostic commercialisation value chain.

The Manager leveraged sector specific insight and its wider network, relating to an existing investment in other Gresham House managed funds, to drive conviction in making a new investment into Rosslyn Data Technologies, a software analytics platform for enterprise clients. This investment was part of an equity fundraising to strengthen its balance sheet and accelerate growth. The Fund also made a new investment into Randall & Quilter, a specialist insurance business where the Manager leveraged its wider people network to build insight through independent insurance specialists with expertise in this niche area.

Market dislocations precipitated by COVID-19 uncertainty and sentiment driven selling provided attractive opportunities for the Manager to take advantage of material share price falls in otherwise sound businesses within the portfolio. As a result, follow on investments were made into Inspired Energy, Alpha Financial Markets Consulting and Filta Group amongst others.

The Manager believes it is strongly positioned amongst UK fund managers to effectively evaluate new companies being admitted to the market through an Initial Public Offering ('IPO'). Throughout the year the level of IPOs remained subdued given the uncertain environment caused by COVID-19. However, the strength of the UK equity market recovery in March and April saw a swathe of equity issuance as companies took advantage of a recovery resurgence in investors' appetite to deploy capital.

Market gyrations and divergence of performance across UK equity market sectors contributed to corporate activity during the period. The Manager believes that businesses with strong underlying long-term fundamentals, trading durably through the period, which suffered share price falls due to widespread negative sentiment were particularly susceptible to takeovers. Furthermore, the persistent and wide valuation discount across UK equities relative to the global sector and within the small cap space relative to large cap supported this theme. Within the Fund, the Manager realised two full exits from M&A during the period as the takeovers of insurance support services business, Charles Taylor, and IT managed services business, Nasstar, completed.

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

## **PORTFOLIO MANAGER'S REPORT** *continued*

### **Investment Performance**

The Fund's price per share decreased 9.6% during the period (based on 'A' Accumulation share class). This compares to the IA UK Smaller Companies Sector which decreased by 16.6% over the same period. The Fund outperformed its sector during the period, which was characterised by periods of extreme volatility. The Manager believes that the defensive positioning of the portfolio in terms of high cash weighting coming into the crisis, as well as the focus on quality fundamentals-based growth businesses in structurally attractive markets with robust earnings streams were key drivers of outperformance.

The Manager's strategy of focusing on less cyclical sectors and on established profitable niche growth businesses on sensible valuations has proven to be more resilient during periods of weaker market sentiment and volatility. The Fund may underperform some peers in a strongly rising market but overall the positioning aims to provide attractive returns through the market cycle with lower than average volatility and greater consistency.

Key contributors to absolute performance during the period were Venture Life Group, due to positive results and confirmation that its manufacturing and distribution remained operational through COVID-19; S4 Capital, after announcing a positive trading update; and Codemasters, after releasing strong results benefiting from greater demand during lockdown. Detractors were Norcros, following a profit downgrade as a result of the COVID-19 outbreak disrupting its Chinese supply chain; Ten Entertainment Group; and The Gym Group, both due to the enforced closure of all their UK sites consistent with the rest of the wider leisure sector.

### **Outlook**

Since its original launch in May 2009 the Fund has demonstrated an ability to deliver robust absolute and relative returns, particularly in more volatile market conditions. The COVID-19 pandemic has rocked the global economy with far-reaching impact across governments, businesses and asset classes including the UK equity market. We believe current positive sentiment remains fragile and is vulnerable to a second wave of COVID-19 infections as lockdown conditions are gradually relaxed, and also to the ramifications of the policy response to the virus as the impact on individual businesses and sectors becomes more apparent. The scale and speed of government support actions for businesses in the UK have undoubtedly mitigated some of the negative economic impact of the crisis but we have yet to see the full extent of the longer-term damage that could not be prevented. The heightened level of uncertainty is likely to drive further periods of market volatility and weaker sentiment as 2020 progresses.

It will also become clearer as the year progresses which sectors and companies have been fundamentally changed by the current crisis and which businesses will improve their market position and become stronger.

Equity markets have not recovered in a uniform way with the divergence in performance between sectors at elevated levels. Many companies have yet to reinstate earnings guidance increasing the level of uncertainty for investors seeking to calibrate valuations. We expect these factors to drive ongoing market volatility and greater volatility in share price performance at the individual stock level. This will create challenges and uncertainties for UK equity investors during the second half of 2020 and into 2021. However, we see significant opportunities for long term investors to back quality growth companies at attractive valuations in an environment where agile



**ACD'S REPORT** *continued*

**PORTFOLIO MANAGER'S REPORT** *continued*

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

Note: Investments carry risks. Past performance is not a guide to future performance. Investors may not get back the amount invested.

**GRESHAM HOUSE ASSET MANAGEMENT LIMITED**

Portfolio Manager

12 August 2020

## 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 a risk free investment.

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

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

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

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

**Liquidity Risk:** Smaller companies' securities are often traded less frequently than those of larger companies which means that they may be more difficult to buy and sell. Their prices may also be subject to short term swings.

**Non-UCITS Retail Scheme (NURS):** The Fund can be less diversified than UCITS schemes as it has higher investment limits for certain types of asset. It can also invest in assets which are not available to UCITS schemes. This can increase the potential rewards but can also increase risk.

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).

## ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables

Information for 30 June 2020 relates to the 6 month period ending 30 June 2020. The operating charges relate to the expenses incurred on an ex post basis over the 6 month period ending 30 June 2020, expressed as an annualised percentage of the average net asset value.

#### 'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	31.12.19 pence per share	31.12.18 pence per share	31.12.17 pence per share
Opening net asset value per share	4,906.03	4,063.74	4,020.46	3,141.02
Return before operating charges*	(477.65)	884.94	85.80	915.77
Operating charges	(22.11)	(42.65)	(42.52)	(36.33)
Return after operating charges	(499.76)	842.29	43.28	879.44
Distributions	–	(35.28)	(34.66)	(15.13)
Retained distributions on accumulation shares	–	35.28	34.66	15.13
Closing net asset value per share	4,406.27	4,906.03	4,063.74	4,020.46
* after direct transaction costs of:	4.64	6.52	6.11	6.21

#### PERFORMANCE

Return after charges	(10.19)%	20.73%	1.08%	28.00%
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#### OTHER INFORMATION

Closing net asset value (£'000)	49,393	55,019	45,573	45,109
Closing number of shares	1,120,973	1,121,465	1,121,465	1,121,984
Operating charges	0.98%	0.98%	0.98%	0.99%
Direct transaction costs	0.10%	0.15%	0.14%	0.17%

#### PRICES

Highest share price	5,230.59	4,970.99	4,670.71	4,069.89
Lowest share price	3,324.84	4,105.35	3,990.87	3,215.51

**ACD'S REPORT** *continued*

**FUND INFORMATION** *continued*

**Comparative Tables** *continued*

**'B' RETAIL INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>30.06.20</b> pence per share	<b>31.12.19</b> pence per share	<b>31.12.18</b> pence per share	<b>31.12.17</b> pence per share
Opening net asset value per share	182.87	152.76	152.46	119.83
Return before operating charges*	(17.80)	32.98	3.21	35.04
Operating charges	(1.33)	(2.57)	(2.59)	(2.22)
Return after operating charges	(19.13)	30.41	0.62	32.82
Distributions	–	(0.30)	(0.32)	(0.19)
Closing net asset value per share	163.74	182.87	152.76	152.46
* after direct transaction costs of:	0.17	0.24	0.23	0.24

**PERFORMANCE**

Return after charges	(10.46)%	19.91%	0.41%	27.39%
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**OTHER INFORMATION**

Closing net asset value (£'000)	–	–	–	–
Closing number of shares	250	250	250	250
Operating charges	1.59%	1.58%	1.58%	1.59%
Direct transaction costs	0.10%	0.15%	0.14%	0.17%

**PRICES**

Highest share price	194.82	185.29	175.94	154.34
Lowest share price	123.78	154.09	151.24	122.67

**ACD'S REPORT** *continued*

**FUND INFORMATION** *continued*

**Comparative Tables** *continued*

**'B' RETAIL ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>30.06.20</b> pence per share	<b>31.12.19</b> pence per share	<b>31.12.18</b> pence per share	<b>31.12.17</b> pence per share
Opening net asset value per share	184.19	153.53	152.84	120.14
Return before operating charges*	(17.92)	33.25	3.29	34.92
Operating charges	(1.34)	(2.59)	(2.60)	(2.22)
Return after operating charges	(19.26)	30.66	0.69	32.70
Distributions	–	(0.33)	(0.38)	–
Retained distributions on accumulation shares	–	0.33	0.38	–
Closing net asset value per share	164.93	184.19	153.53	152.84
* after direct transaction costs of:	0.17	0.25	0.23	0.24

**PERFORMANCE**

Return after charges	(10.46)%	19.97%	0.45%	27.22%
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**OTHER INFORMATION**

Closing net asset value (£'000)	4	4	3	3
Closing number of shares	2,358	2,180	1,968	1,968
Operating charges	1.59%	1.58%	1.58%	1.59%
Direct transaction costs	0.10%	0.15%	0.14%	0.17%

**PRICES**

Highest share price	196.22	186.63	176.78	154.73
Lowest share price	124.66	154.91	151.62	122.98

**ACD'S REPORT** *continued*

**FUND INFORMATION** *continued*

**Comparative Tables** *continued*

**'C' INSTITUTIONAL INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>30.06.20</b> pence per share	<b>31.12.19</b> pence per share	<b>31.12.18</b> pence per share	<b>31.12.17</b> pence per share
Opening net asset value per share	182.66	152.47	152.10	119.33
Return before operating charges*	(17.78)	33.10	3.33	34.78
Operating charges	(0.82)	(1.60)	(1.60)	(1.38)
Return after operating charges	(18.60)	31.50	1.73	33.40
Distributions	–	(1.31)	(1.36)	(0.63)
Closing net asset value per share	164.06	182.66	152.47	152.10
* after direct transaction costs of:	0.17	0.24	0.23	0.24

**PERFORMANCE**

Return after charges	(10.18)%	20.66%	1.14%	27.99%
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**OTHER INFORMATION**

Closing net asset value (£'000)	51,790	63,137	28,144	19,485
Closing number of shares	31,566,918	34,564,395	18,459,271	12,810,838
Operating charges	0.98%	0.98%	0.98%	0.99%
Direct transaction costs	0.10%	0.15%	0.14%	0.17%

**PRICES**

Highest share price	194.76	185.56	175.78	154.17
Lowest share price	123.80	154.04	150.98	122.17

**ACD'S REPORT** *continued*

**FUND INFORMATION** *continued*

**Comparative Tables** *continued*

**'C' INSTITUTIONAL ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>30.06.20</b> pence per share	<b>31.12.19</b> pence per share	<b>31.12.18</b> pence per share	<b>31.12.17</b> pence per share
Opening net asset value per share	189.73	157.15	155.48	121.47
Return before operating charges*	(18.48)	34.23	3.31	35.41
Operating charges	(0.85)	(1.65)	(1.64)	(1.40)
Return after operating charges	(19.33)	32.58	1.67	34.01
Distributions	–	(1.36)	(1.36)	(0.59)
Retained distributions on accumulation shares	–	1.36	1.36	0.59
Closing net asset value per share	170.40	189.73	157.15	155.48
* after direct transaction costs of:	0.18	0.25	0.24	0.24

**PERFORMANCE**

Return after charges	(10.19)%	20.73%	1.07%	28.00%
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**OTHER INFORMATION**

Closing net asset value (£'000)	140,711	116,293	66,530	39,995
Closing number of shares	82,577,382	61,294,758	42,333,792	25,723,597
Operating charges	0.98%	0.98%	0.98%	0.99%
Direct transaction costs	0.10%	0.15%	0.14%	0.17%

**PRICES**

Highest share price	202.28	192.24	180.63	157.39
Lowest share price	128.58	158.76	154.34	124.35

**ACD'S REPORT** *continued*

**FUND INFORMATION** *continued*

**Comparative Tables** *continued*

**'D' INCOME SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>30.06.20</b> pence per share	<b>31.12.19</b> pence per share	<b>31.12.18<sup>1</sup></b> pence per share
Opening net asset value per share	112.43	93.88	100.00
Return before operating charges*	(10.95)	20.38	(5.88)
Operating charges	(0.42)	(0.83)	(0.13)
Return after operating charges	(11.37)	19.55	(6.01)
Distributions	–	(1.00)	(0.11)
Closing net asset value per share	101.06	112.43	93.88
* after direct transaction costs of:	0.11	0.15	0.14

**PERFORMANCE**

Return after charges	(10.11)%	20.82%	(6.01)%
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**OTHER INFORMATION**

Closing net asset value (£'000)	45	335	20,317
Closing number of shares	44,783	297,867	21,641,953
Operating charges	0.82%	0.83%	0.83% <sup>2</sup>
Direct transaction costs	0.10%	0.15%	0.14%

**PRICES**

Highest share price	119.90	114.29	101.27
Lowest share price	76.22	94.87	95.13

<sup>1</sup> From 2 November 2018.

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



**ACD'S REPORT** *continued*

**FUND INFORMATION** *continued*

**Comparative Tables** *continued*

**'D' ACCUMULATION SHARES**

<b>CHANGE IN NET ASSETS PER SHARE</b>	<b>30.06.20</b> pence per share	<b>31.12.19</b> pence per share	<b>31.12.18<sup>1</sup></b> pence per share
Opening net asset value per share	113.69	94.01	100.00
Return before operating charges*	(11.07)	20.52	(5.86)
Operating charges	(0.43)	(0.84)	(0.13)
Return after operating charges	(11.50)	19.68	(5.99)
Distributions	–	(1.01)	(0.12)
Retained distributions on accumulation shares	–	1.01	0.12
Closing net asset value per share	102.19	113.69	94.01
* after direct transaction costs of:	0.11	0.15	0.14

**PERFORMANCE**

Return after charges	(10.12)%	20.93%	(5.99)%
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**OTHER INFORMATION**

Closing net asset value (£'000)	71	79	–
Closing number of shares	69,204	69,204	250
Operating charges	0.83%	0.83%	0.83% <sup>2</sup>
Direct transaction costs	0.10%	0.15%	0.14%

**PRICES**

Highest share price	121.24	115.20	101.27
Lowest share price	77.08	95.02	95.14

<sup>1</sup> From 2 November 2018.

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

**ACD'S REPORT** *continued*

**FUND INFORMATION** *continued*

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

	6 months	1 year	3 years	5 years
LF Gresham House UK Micro Cap Fund	(9.57)	2.45	22.24	58.20

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

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

**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.

**ACD'S REPORT** *continued*  
**PORTFOLIO STATEMENT**  
as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	UNITED KINGDOM – 81.24% (31.12.19 – 85.18%)		
	INDUSTRIALS – 19.53% (31.12.19 – 22.46%)		
	ELECTRONIC & ELECTRICAL EQUIPMENT – 0.14% (31.12.19 – 0.00%)		
600,000	OTAQ <sup>1</sup>	336	0.14
	CONSTRUCTION & MATERIALS – 2.05% (31.12.19 – 2.67%)		
7,018,286	Costain <sup>1</sup>	4,969	2.05
	INDUSTRIAL TRANSPORTATION – 0.00% (31.12.19 – 0.51%)	–	–
	SUPPORT SERVICES – 17.34% (31.12.19 – 19.28%)		
3,559,731	Alpha Financial Markets Consulting	6,407	2.65
4,333,333	Anexo	5,850	2.42
4,585,208	Driver	2,522	1.04
4,714,000	Filta	5,280	2.18
54,509,591	Inspired Energy	9,267	3.83
2,602,970	Knights	9,891	4.09
7,343,361	Staffline	2,732	1.13
	TOTAL INDUSTRIALS	41,949	17.34
		47,254	19.53
	CONSUMER GOODS – 0.82% (31.12.19 – 1.72%)		
	FOOD PRODUCERS – 0.36% (31.12.19 – 1.72%)		
1,463,923	Finsbury Food	864	0.36
	HOUSEHOLD GOODS & HOME CONSTRUCTION – 0.00% (31.12.19 – 0.00%)		
237,782	Mar City <sup>2</sup>	–	–

**ACD'S REPORT** *continued*

**PORTFOLIO STATEMENT** *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	PERSONAL GOODS – 0.46% (31.12.19 – 0.00%)		
1,318,352	Ted Baker <sup>1</sup>	1,107	0.46
	TOTAL CONSUMER GOODS	<u>1,971</u>	<u>0.82</u>
	CONSUMER SERVICES – 16.23% (31.12.19 – 16.77%)		
	GENERAL RETAILERS – 4.84% (31.12.19 – 3.02%)		
11,929,204	Angling Direct	6,084	2.51
5,479,878	Franchise Brands	5,644	2.33
		<u>11,728</u>	<u>4.84</u>
	MEDIA – 1.97% (31.12.19 – 2.64%)		
3,690,476	Bonhill	240	0.10
1,723,899	S4 Capital <sup>1</sup>	4,534	1.87
		<u>4,774</u>	<u>1.97</u>
	TRAVEL & LEISURE – 9.42% (31.12.19 – 11.11%)		
5,382,139	City Pub	5,274	2.18
1,522,400	Everyman Media	1,827	0.75
4,640,710	Loungers	5,894	2.44
12,403,485	Tasty	310	0.13
2,769,211	TEN Entertainment	4,431	1.83
3,337,180	The Gym <sup>1</sup>	5,066	2.09
		<u>22,802</u>	<u>9.42</u>
	TOTAL CONSUMER SERVICES	<u>39,304</u>	<u>16.23</u>
	TELECOMMUNICATIONS – 1.47% (31.12.19 – 1.09%)		
	MOBILE TELECOMMUNICATIONS – 1.47% (31.12.19 – 1.09%)		
3,703,644	Bigblu Broadband	3,555	1.47
	TOTAL TELECOMMUNICATIONS	<u>3,555</u>	<u>1.47</u>

**ACD'S REPORT** *continued*  
**PORTFOLIO STATEMENT** *continued*  
as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	FINANCIALS – 21.53% (31.12.19 – 20.93%)		
	FINANCIAL SERVICES – 21.53% (31.12.19 – 20.81% <sup>3</sup> )		
5,051,038	Argentex	7,097	2.93
2,342,000	Impax Asset Management	7,963	3.29
914,378	JTC <sup>1</sup>	4,206	1.74
1,362,592	Mattioli Woods	9,538	3.94
932,482	Mortgage Advice Bureau	5,464	2.26
2,539,651	Orchard Funding	1,854	0.77
2,481,643	Tatton Asset Management	7,098	2.93
8,013,500	XPS Pensions <sup>1</sup>	8,895	3.67
		<u>52,115</u>	<u>21.53</u>
	EQUITY INVESTMENT INSTRUMENTS – 0.00% (31.12.19 – 0.00% <sup>3</sup> )		
	NON EQUITY INVESTMENT INSTRUMENTS – 0.00% (31.12.19 – 0.12%)	–	–
	TOTAL FINANCIALS	<u>52,215</u>	<u>21.53</u>
	HEALTH CARE – 7.54% (31.12.19 – 5.43%)		
	HEALTH CARE EQUIPMENT & SERVICES – 0.00% (31.12.19 – 0.90%)	–	–
	PHARMACEUTICALS & BIOTECHNOLOGY – 7.54% (31.12.19 – 4.53%)		
5,495,500	Diaceutics	7,968	3.29
2,287,045	Ergomed	10,292	4.25
		<u>18,260</u>	<u>7.54</u>
	TOTAL HEALTH CARE	<u>18,260</u>	<u>7.54</u>

**ACD'S REPORT** *continued*  
**PORTFOLIO STATEMENT** *continued*  
as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	TECHNOLOGY – 14.12% (31.12.19 – 16.78%)		
	SOFTWARE & COMPUTER SERVICES – 14.12% (31.12.19 – 16.78%)		
898,276	Accesso Technology	2,425	1.00
2,212,447	Codemasters	7,522	3.11
1,795,625	GetBusy	1,508	0.62
810,000	GRC International	227	0.09
1,174,086	IMImobile	3,405	1.41
4,218,228	Kape Technologies	8,268	3.42
6,538,643	Netcall	2,288	0.95
4,353,707	Oxford Metrics	3,135	1.30
43,000,000	Rossllyn Data Technologies	2,279	0.94
9,135,863	SysGroup	3,106	1.28
		<u>34,163</u>	<u>14.12</u>
	TOTAL TECHNOLOGY	<u>34,163</u>	<u>14.12</u>
	TOTAL UNITED KINGDOM	<u>196,622</u>	<u>81.24</u>
	BERMUDA – 2.05% (31.12.19 – 0.00%)		
3,197,007	Randall & Quilter Investment	<u>4,955</u>	<u>2.05</u>
	Portfolio of investments	201,577	83.29
	Net other assets	<u>40,437</u>	<u>16.71</u>
	Net assets	<u>242,014</u>	<u>100.00</u>

The investments are ordinary shares quoted on the Alternative Investment Market (AIM) unless stated otherwise.

<sup>1</sup> Listed on a regulated market.

<sup>2</sup> Delisted security.

<sup>3</sup> The comparative figure has been restated to match current period presentation. Orchard Funding has been reclassified from Equity Investment Instruments to Financial Services.

**ACD'S REPORT** *continued*

**SUMMARY OF MATERIAL PORTFOLIO CHANGES**

for the half year ended 30 June 2020

Total purchases for the half year £'000	73,117	Total sales for the half year £'000	46,767
	Cost £'000		Proceeds £'000
Major purchases		Major sales	
Anexo	6,260	CentralNic	6,562
Costain	5,011	Charles Taylor Consulting	5,943
Diaceutics	5,000	S4 Capital	5,327
Randall & Quilter Investment	4,965	Restore	4,717
Alpha Financial Markets Consulting	3,361	Venture Life	4,084
Angling Direct	3,316	Nasstar	4,075
Accesso Technology	2,900	Ideagen	3,882
Mattioli Woods	2,811	Norcros	3,231
Norcros	2,607	Finsbury Food	3,105
XPS Pensions	2,523	Impax Asset Management	1,597

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

## DIRECTOR'S STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook, as applicable, as issued and amended by the Financial Conduct Authority together with the relevant provisions of the Alternative Investment Fund Manager's Directive and modified by a direction given by the Financial Conduct Authority where the ACD has opted to provide a NURS KII Document, a Key Investor Information Document for Non-UCITS Retail Schemes.

**N. BOYLING**

**LINK FUND SOLUTIONS LIMITED**

ACD of LF Gresham House UK Micro Cap Fund

*27 August 2020*



## INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### STATEMENT OF TOTAL RETURN

for the half year ended 30 June 2020

	£'000	30.06.20 £'000	£'000	30.06.19 £'000
Income:				
Net capital (losses)/gains		(24,863)		8,792
Revenue	591		1,698	
Expenses	(1,112)		(813)	
Interest payable and similar charges	–		(5)	
Net (expense)/revenue before taxation	(521)		880	
Taxation	–		–	
Net (expense)/revenue after taxation		(521)		880
<b>Total return before distributions</b>		(25,384)		9,672
Distributions		–		(880)
<b>Change in net assets attributable to shareholders from investment activities</b>		(25,384)		8,792

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

for the half year ended 30 June 2020

	£'000	30.06.20 £'000	£'000	30.06.19 £'000
<b>Opening net assets attributable to shareholders</b>		234,867		160,567
Amounts receivable on issue of shares	58,280		25,474	
Amounts payable on redemption of shares	(26,025)		(26,430)	
		32,255		(956)
Dilution levy		276		384
Change in net assets attributable to shareholders from investment activities		(25,384)		8,792
Retained distributions on Accumulation shares		–		684
<b>Closing net assets attributable to shareholders</b>		242,014		169,471

The above statement shows the comparative closing net assets at 30 June 2019 whereas the current accounting period commenced 1 January 2020.

**INTERIM FINANCIAL STATEMENTS (UNAUDITED)** *continued*

**BALANCE SHEET**

as at 30 June 2020

	30.06.20 £'000	31.12.19 £'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments	201,577	200,060
<b>Current assets</b>		
Debtors	1,172	3,660
Cash and cash equivalents	40,251	31,701
<b>Total assets</b>	<u>243,000</u>	<u>235,421</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distribution payable	—	(164)
Other creditors	(986)	(390)
<b>Total liabilities</b>	<u>(986)</u>	<u>(554)</u>
<b>Net assets attributable to shareholders</b>	<u>242,014</u>	<u>234,867</u>

## **INTERIM FINANCIAL STATEMENTS (UNAUDITED)** *continued*

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

for the half year ended 30 June 2020

#### **1. Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019 and are described in those annual financial statements.

The financial statements 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 the 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, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19.

## GENERAL INFORMATION

### Valuation Point

The current valuation point of the Fund is at 12.00 noon (London time) on each business day. Valuations may be made at other times with the Depositary's approval.

### Buying and Selling Shares

The ACD will accept orders to buy or sell shares on normal business days between 8.30am and 5.30pm (London time) and transactions will be effected at prices determined by the following valuation. Instructions to buy or sell shares may be either in writing to: PO Box 389, Darlington DL1 9UF or by telephone on 0345 922 0044.

### Prices

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

### Other Information

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

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

### Data Protection Act

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



# LINKGroup



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