



# LF Gresham House Equity Funds

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

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



## AUTHORISED CORPORATE DIRECTOR ('ACD')

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## INVESTMENT MANAGER

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## ACD'S REPORT

for the half year ended 30 June 2020

### Authorised Status

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

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

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

### ACD's Statement

#### 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.

### Cross Holdings

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

### Securities Financing Transactions

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

#### LINK FUND SOLUTIONS LIMITED

ACD of LF Gresham House Equity Funds  
28 August 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 Gresham House Equity Funds

*28 August 2020*

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

for the half year ended 30 June 2020

### **Investment Objective and Policy**

The investment objective of LF Gresham House UK Multi Cap Income Fund ('the Fund') is to deliver a return of income with a potential for capital growth.

The Fund will be invested primarily in small and mid-sized companies and the Fund will also hold larger capitalised companies. Investment will be predominantly in the shares of UK listed companies. The Fund considers UK companies to be those companies which are incorporated in the UK and/or have a significant proportion of their operations in the UK. It may also invest in unlisted UK securities, UK government and/or corporate debt securities, collective investment schemes (no more than 10% of net asset value), money market instruments and cash and cash equivalents.

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

### **Benchmark**

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

The Fund's performance may be compared against the IA UK Equity Income sector. 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.

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Gresham House UK Multi Cap Income Fund  
28 August 2020

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the half year ended 30 June 2020

#### Investment Strategy

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

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

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

#### Movements in Net Asset Value

During the period the gross NAV of the Fund increased from £48.3m to £64.9m, of which 84.8% was invested in UK equities – 78.5% in small and mid-cap and 6.3% in large cap. The NAV increased due to net inflows from unit holders amounting to £27.0m, in addition to a negative revaluation of the portfolio of £10.5m. The Fund delivered a negative return of 14.1% over the period ('C' Sterling Accumulation share class), outperforming the IA UK Equity Income Sector, which returned -20.2%.

#### Investment Activity

During the period investment activity was strong as inflows were deployed into a combination of new positions and follow on investments into portfolio companies, totaling £31.7m across both; the number of portfolio companies increased from 42 to 46.

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 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 Next Fifteen Communications (-15% return), or where the Manager believed there were longer term challenges to the investment case, such as 4Imprint (+2% return), Epwin Group (-33% return) and Norcros (-48% return).

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

The majority of the Fund's investments sat within resilient businesses, operating in structurally attractive markets with financially robust business models and generally net cash or lowly geared balance sheets. As such, the Manager saw an encouraging level of cash generation and corresponding commitment to dividends across the portfolio with limited exposure to interrupted income. Furthermore, most of the Fund's investments that experienced interrupted income, due to COVID-19, sat within structurally attractive areas underpinned by positive, long-term thematic drivers. In line with this the Fund deployed £17.1m into 28 existing portfolio companies as follow on investments during the period. Examples included B&M European Value Retail, a discount retailer operating in the UK and France; Sabre Insurance, a specialist UK motor insurance provider; and Strix Group, a global leader in manufacturing and distributing kettle controls.

The Manager was selective in making new investments during the period, deploying capital into resilient income paying companies. These included 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; Moneysupermarket, an online price comparison business, where the Manager similarly leveraged its wider network to drive conviction in the investment case; and FRP Advisory, an IPO of a UK-focused business advisory firm specialising in corporate restructuring.

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

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 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 one full exit from M&A as the takeover of insurance support services business, Charles Taylor, completed. The Manager also saw a recommended cash offer for portfolio company Cello Health by US private equity firm Arsenal Capital Partners. Cello Health is a specialist healthcare consulting firm that sits within one of the Manager's thematic investment areas benefitting from structural long-term trends in the life sciences sector. This takeover was completed post period end.

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

#### Investment Performance

The Fund achieved a total return of -14.1% during the period (based on 'C' Sterling Accumulation share class), ranking 9<sup>th</sup> out of 87 in the IA UK Equity Income Sector. 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 businesses in structurally attractive markets with robust earnings streams were key drivers of outperformance. The Fund managed to end the period as the top performing UK Equity Income Fund over the three years since its launch whilst also maintaining the third lowest level of volatility amongst its sector peer group.

Key contributors to absolute performance during the period were FRP Advisory Group, as positive sentiment given the potential for rising insolvency cases drove share price performance; Bioventix, a manufacturer of monoclonal antibodies for global diagnostic companies, after announcing a strong set of interim results; and Moneysupermarket, following a robust trading update and reconfirmation of its intention to pay its final dividend. Detractors were Ten Entertainment Group, due to the enforced closure of all their UK sites consistent with the rest of the wider leisure sector; Norcros, following a profit downgrade as a result of the COVID-19 outbreak disrupting its Chinese supply chain; and Vianet Group, following a cautious trading update as a result of uncertainty from the COVID-19 driven mandatory site closures from its pub sector client base.

#### Outlook

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

The 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. There are likely to be some very attractive long-term investment opportunities that emerge during the year both from market movements and an increasing number of recapitalisation transactions to strengthen otherwise sound businesses.

## **LF GRESHAM HOUSE UK MULTI CAP INCOME FUND**

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

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

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. Furthermore, there has been an unprecedented wave of dividend cuts across the UK equity market, which has been particularly pronounced within FTSE 100 constituents where there has historically been a high concentration of dividends across a small number of companies. We expect these factors to drive ongoing market uncertainty and greater volatility in share price performance at the individual stock level. This will create challenges and uncertainties for UK equity income investors during the second half of 2020 and into 2021. However, we see significant opportunities as long term investors with the capability and expertise to invest across the market spectrum where we can find high quality businesses providing robust and resilient income streams.

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**

Investment Manager

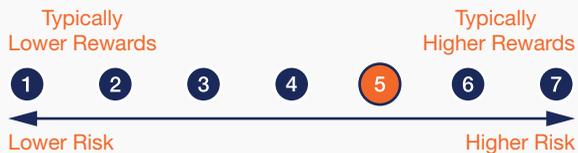
*12 August 2020*

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

#### FUND INFORMATION

##### Risk and Reward Profile



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

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.

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

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

**Concentration Risk:** In the early stages of the Fund's life, the Fund will be invested in a relatively concentrated number of stocks which in certain circumstances could increase the possibility of the Fund being more volatile in this period. As the size of the Fund grows the manager intends to progressively increase the number of holdings thereby reducing concentration risk over time. It is anticipated that the Fund may be concentrated for up to twelve months from launch.

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 GRESHAM HOUSE UK MULTI CAP INCOME FUND

### 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.

#### 'C' STERLING INCOME 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 <sup>1</sup> pence per share
Opening net asset value per share	124.21	99.03	106.51	100.00
Return before operating charges*	(16.94)	30.81	(1.36)	8.97
Operating charges	(0.48)	(0.98)	(1.06)	(0.97)
Return after operating charges	(17.42)	29.83	(2.42)	8.00
Distributions	(1.54)	(4.65)	(5.06)	(1.49)
Closing net asset value per share	105.25	124.21	99.03	106.51
* after direct transaction costs of:	0.30	0.25	0.81	0.77

#### PERFORMANCE

Return after charges	(14.02)%	30.12%	(2.27)%	8.00%
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#### OTHER INFORMATION

Closing net asset value (£'000)	3,001	2,162	1,064	37
Closing number of shares	2,851,568	1,740,844	1,073,924	34,563
Operating charges	0.86%	0.89%	0.97%	1.88% <sup>2</sup>
Direct transaction costs	0.27%	0.22%	0.74%	1.49% <sup>2</sup>

#### PRICES

Highest share price	129.86	126.93	116.85	108.37
Lowest share price	89.70	100.39	100.66	99.88

<sup>1</sup> From 30 June 2017.

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

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'C' STERLING ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	31.12.19 pence per share	31.12.18 pence per share	31.12.17 <sup>1</sup> pence per share
Opening net asset value per share	137.15	104.96	107.82	100.00
Return before operating charges*	(18.63)	33.24	(1.76)	8.79
Operating charges	(0.53)	(1.05)	(1.10)	(0.97)
Return after operating charges	(19.16)	32.19	(2.86)	7.82
Distributions	(1.71)	(5.02)	(5.20)	(1.50)
Retained distributions on accumulation shares	1.71	5.02	5.20	1.50
Closing net asset value per share	117.99	137.15	104.96	107.82
* after direct transaction costs of:	0.33	0.26	0.84	0.77

#### PERFORMANCE

Return after charges	(13.97)%	30.67%	(2.65)%	7.82%
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#### OTHER INFORMATION

Closing net asset value (£'000)	16,026	4,524	6,298	–
Closing number of shares	13,582,931	3,298,620	6,000,232	250
Operating charges	0.86%	0.89%	0.97%	1.88% <sup>2</sup>
Direct transaction costs	0.27%	0.22%	0.74%	1.49% <sup>2</sup>

#### PRICES

Highest share price	143.37	138.73	119.28	108.80
Lowest share price	99.03	106.39	104.85	99.88

<sup>1</sup> From 30 June 2017.

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

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

**Comparative Tables** *continued*

**'F' STERLING 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<sup>1</sup></b> pence per share
Opening net asset value per share	124.88	99.43	106.77	100.00
Return before operating charges*	(17.01)	30.96	(1.37)	9.16
Operating charges	(0.40)	(0.82)	(0.90)	(0.89)
Return after operating charges	(17.41)	30.14	(2.27)	8.27
Distributions	(1.55)	(4.69)	(5.07)	(1.50)
Closing net asset value per share	105.92	124.88	99.43	106.77
* after direct transaction costs of:	0.30	0.25	0.81	0.77

**PERFORMANCE**

Return after charges	(13.94)%	30.31%	(2.13)%	8.27%
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**OTHER INFORMATION**

Closing net asset value (£'000)	27,774	27,906	19,451	961
Closing number of shares	26,221,422	22,345,352	19,563,672	900,250
Operating charges	0.71%	0.74%	0.82%	1.73% <sup>2</sup>
Direct transaction costs	0.27%	0.22%	0.74%	1.49% <sup>2</sup>

**PRICES**

Highest share price	130.60	127.63	117.23	108.64
Lowest share price	90.23	100.80	101.06	99.88

<sup>1</sup> From 30 June 2017.

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

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'F' STERLING ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	31.12.19 pence per share	31.12.18 pence per share	31.12.17 <sup>1</sup> pence per share
Opening net asset value per share	138.01	105.45	108.14	100.00
Return before operating charges*	(18.76)	33.44	(1.76)	9.04
Operating charges	(0.44)	(0.88)	(0.93)	(0.90)
Return after operating charges	(19.20)	32.56	(2.69)	8.14
Distributions	(1.72)	(5.04)	(5.22)	(1.50)
Retained distributions on accumulation shares	1.72	5.04	5.22	1.50
Closing net asset value per share	118.81	138.01	105.45	108.14
* after direct transaction costs of:	0.34	0.27	0.84	0.77

##### PERFORMANCE

Return after charges	(13.91)%	30.88%	(2.49)%	8.14%
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##### OTHER INFORMATION

Closing net asset value (£'000)	17,203	12,893	5,632	5,776
Closing number of shares	14,479,068	9,342,275	5,340,855	5,340,855
Operating charges	0.71%	0.74%	0.82%	1.73% <sup>2</sup>
Direct transaction costs	0.27%	0.22%	0.74%	1.49% <sup>2</sup>

##### PRICES

Highest share price	144.29	139.60	119.75	109.12
Lowest share price	99.69	106.89	105.21	99.87

<sup>1</sup> From 30 June 2017.

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

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

**Distributions**

Share Class	First Interim 31.03.20 pence per share	Second Interim 30.06.20 pence per share
'C' Sterling Income	0.5966	0.9457
'C' Sterling Accumulation	0.6576	1.0503
'F' Sterling Income	0.6002	0.9518
'F' Sterling Accumulation	0.6628	1.0575

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

	6 months	1 year	Since launch <sup>1</sup>
LF Gresham House UK Multi Cap Income Fund	(14.14)	1.51	19.12

<sup>1</sup> Fund launched 30 June 2017.

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

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

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	CORPORATE BONDS – 1.71% (31.12.19 – 2.24%)		
£1,096,845	The Lakes Distillery 20% 20/6/2022 <sup>1</sup>	1,097	1.71
	UNITED KINGDOM – 73.95% (31.12.19 – 82.19%)		
	INDUSTRIALS – 11.18% (31.12.19 – 22.56%)		
	CONSTRUCTION & MATERIALS – 0.00% (31.12.19 – 3.28%)	–	–
	ELECTRONIC & ELECTRICAL EQUIPMENT – 0.00% (31.12.19 – 1.67%)	–	–
	INDUSTRIAL ENGINEERING – 0.00% (31.12.19 – 1.17%)	–	–
	INDUSTRIAL TRANSPORTATION – 1.58% (31.12.19 – 2.07%)		
343,812	Clipper Logistics	1,014	1.58
	SUPPORT SERVICES – 9.60% (31.12.19 – 14.37%)		
1,028,704	Alpha Financial Markets Consulting <sup>2</sup>	1,852	2.89
11,788,726	Inspired Energy <sup>2</sup>	2,004	3.13
232,509	Ricardo	923	1.44
1,453,804	Vianet <sup>2</sup>	1,367	2.14
	TOTAL INDUSTRIALS	7,160	11.18
	CONSUMER GOODS – 1.96% (31.12.19 – 7.42%)		
	FOOD PRODUCERS – 0.38% (31.12.19 – 1.87%)		
414,348	Finsbury Food <sup>2</sup>	244	0.38
	HOUSEHOLD GOODS & HOME CONSTRUCTION – 1.58% (31.12.19 – 2.32%)		
670,638	Watkin Jones <sup>2</sup>	1,010	1.58

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	LEISURE GOODS – 0.00% (31.12.19 – 3.23%)	–	–
	TOTAL CONSUMER GOODS	1,254	1.96
	CONSUMER SERVICES – 16.62% (31.12.19 – 17.43%)		
	GENERAL RETAILERS – 3.35% (31.12.19 – 2.52%)		
540,023	B&M European Value Retail	2,147	3.35
	FOOD AND DRUG RETAILERS – 3.24% (31.12.19 – 0.00%)		
557,668	Morrison (Wm.) Supermarkets	1,062	1.66
443,554	Tesco	1,012	1.58
		2,074	3.24
	MEDIA – 5.19% (31.12.19 – 8.68%)		
699,000	Bloomsbury Publishing	1,391	2.17
450,000	Moneysupermarket.com	1,456	2.27
404,183	Wilmington	477	0.75
		3,324	5.19
	TRAVEL & LEISURE – 4.84% (31.12.19 – 6.23%)		
565,440	Domino's Pizza	1,754	2.74
839,403	TEN Entertainment	1,343	2.10
		3,097	4.84
	TOTAL CONSUMER SERVICES	10,642	16.62
	TELECOMMUNICATIONS – 3.12% (31.12.19 – 4.39%)		
	FIXED LNE TELECOMMUNICATIONS – 3.12% (31.12.19 – 4.39%)		
140,360	Telecom Plus	1,996	3.12
	TOTAL TELECOMMUNICATIONS	1,996	3.12

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	FINANCIALS – 34.85% (31.12.19 – 25.00%)		
	FINANCIAL SERVICES – 22.81% (31.12.19 – 15.60% <sup>5</sup> )		
151,941	3i	1,265	1.98
54,063	Argentex <sup>2</sup>	76	0.12
545,765	Brewin Dolphin	1,422	2.22
892,857	FinnCap <sup>2</sup>	170	0.27
1,406,250	FRP Advisory	1,716	2.68
75,000	Intermediate Capital	966	1.51
201,763	Mattioli Woods <sup>2</sup>	1,412	2.21
216,146	Mortgage Advice Bureau <sup>2</sup>	1,267	1.98
144,500	Numis <sup>2</sup>	447	0.70
690,515	Orchard Funding <sup>2</sup>	504	0.79
37,500	Schroders	1,106	1.73
4,200	Schroders <i>non-voting</i>	87	0.14
215,000	Standard Life Aberdeen	575	0.90
457,441	Tatton Asset Management <sup>2</sup>	1,308	2.04
2,039,502	XPS Pensions	2,264	3.54
		<u>14,585</u>	<u>22.81</u>
	LIFE INSURANCE – 0.87% (31.12.19 – 0.00%)		
87,000	Phoenix	560	0.87
	NON LIFE INSURANCE – 3.50% (31.12.19 – 3.10%)		
849,300	Sabre Insurance	2,242	3.50
	REAL ESTATE INVESTMENT & SERVICES – 2.80% (31.12.19 – 4.39%)		
762,500	Belvoir Lettings <sup>2</sup>	877	1.37
523,000	Property Franchise	915	1.43
		<u>1,792</u>	<u>2.80</u>

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	REAL ESTATE INVESTMENT TRUSTS – 2.53% (31.12.19 – 1.91%)		
222,944	Safestore	1,617	2.53
	EQUITY INVESTMENT INSTRUMENTS – 2.34% (31.12.19 – 0.00% <sup>5</sup> )		
1,383,900	Gresham House Energy Storage <sup>3,4</sup>	1,495	2.34
	TOTAL FINANCIALS	22,291	34.85
	HEALTH CARE – 2.54% (31.12.19 – 2.27%)		
	HEALTH CARE EQUIPMENT & SERVICES – 0.11% (31.12.19 – 0.17%)		
61,399	Cello <sup>2</sup>	68	0.11
	PHARMACEUTICALS & BIOTECHNOLOGY – 2.43% (31.12.19 – 2.10%)		
37,960	Bioventix <sup>2</sup>	1,556	2.43
	TOTAL HEALTH CARE	1,624	2.54
	TECHNOLOGY – 3.68% (31.12.19 – 3.12%)		
	SOFTWARE & COMPUTER SERVICES – 3.68% (31.12.19 – 3.12%)		
148,392	EMIS <sup>2</sup>	1,576	2.46
1,082,000	Oxford Metrics	779	1.22
	TOTAL TECHNOLOGY	2,355	3.68
	TOTAL UNITED KINGDOM	47,322	73.95
	GUERNSEY – 1.87% (31.12.19 – 2.53%)		
4,685,432	Duke Royalty <sup>2</sup>	1,195	1.87
	ISLE OF MAN – 3.96% (31.12.19 – 3.54%)		
1,322,880	Strix <sup>2</sup>	2,537	3.96

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	BERMUDA – 2.56% (31.12.19 – 0.00%)		
1,057,579	Randall & Quilter Investment <sup>2</sup>	1,639	2.56
	SOUTH AFRICA – 0.92% (31.12.19 – 0.00%)		
1,048,000	Old Mutual	588	0.92
	Portfolio of investments	54,378	84.97
	Net other assets	9,626	15.03
	Net assets	64,004	100.00

The investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Unlisted security.

<sup>2</sup> AIM – Alternative Investment Market.

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

<sup>4</sup> Related party holding.

<sup>5</sup> The comparative figure has been restated to match current period presentation. Orchard Funding has been reclassified from Equity Investment Instruments to Financial Services.

## LF GRESHAM HOUSE UK MULTI CAP INCOME FUND

### ACD'S REPORT *continued*

### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the half year ended 30 June 2020

Total purchases for the half year £'000	31,718	Total sales for the half year £'000	9,723
	Cost £'000		Proceeds £'000
Major purchases		Major sales	
Randall & Quilter Investment	1,643	Charles Taylor Consulting	1,646
Gresham House Energy Storage	1,439	Games Workshop	1,080
3i	1,329	BT	973
Alpha Financial Markets Consulting	1,323	4imprint	907
Moneysupermarket.com	1,270	Finsbury Food	879
Volution	1,269	discoverIE	804
Sabre Insurance	1,141	Volution	789
FRP Advisory	1,125	Norcros	695
Brewin Dolphin	1,071	Epwin	615
Tesco	1,035	Royal Bank of Scotland	429

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

**LF GRESHAM HOUSE UK MULTI CAP INCOME FUND**  
**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		(10,477)		2,988
Revenue	832		805	
Expenses	(218)		(140)	
Net revenue before taxation	614		665	
Taxation	(8)		(2)	
Net revenue after taxation		606		663
<b>Total return before distributions</b>		(9,871)		3,651
Distributions		(824)		(799)
<b>Change in net assets attributable to shareholders from investment activities</b>		(10,695)		2,852

**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>		47,485		32,445
Amounts receivable on issue of shares	30,480		6,448	
Amounts payable on redemption of shares	(3,773)		(2,673)	
		26,707		3,775
Dilution levy		40		-
Change in net assets attributable to shareholders from investment activities		(10,695)		2,852
Retained distributions on Accumulation shares		467		311
<b>Closing net assets attributable to shareholders</b>		64,004		39,383

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

**LF GRESHAM HOUSE UK MULTI CAP INCOME FUND**  
**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	54,378	42,974
<b>Current assets</b>		
Debtors	552	2,415
Cash and bank balances	9,456	3,753
<b>Total assets</b>	<u>64,386</u>	<u>49,142</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Distribution payable	(277)	(311)
Other creditors	(105)	(1,346)
<b>Total liabilities</b>	<u>(382)</u>	<u>(1,657)</u>
<b>Net assets attributable to shareholders</b>	<u>64,004</u>	<u>47,485</u>

**LF GRESHAM HOUSE UK MULTI CAP INCOME FUND**  
**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.

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

for the half year ended 30 June 2020

### **Investment Objective and Policy**

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

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

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

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

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

### **Benchmark**

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

The Fund's performance may be compared against the IA UK Smaller Companies sector. 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.

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Gresham House UK Smaller Companies Fund  
28 August 2020

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT

for the half year ended 30 June 2020

#### Investment Strategy

The Fund was launched on 1 February 2019 with a policy of investing primarily in UK listed small companies, with a focus on capital appreciation over the medium to long term. The Fund is targeting consistent annual returns from a quality and fundamentals-based investment strategy, in line with the other funds of the Manager.

The Fund's investment strategy seeks to leverage the Manager's core expertise in investing in small and mid-sized UK businesses within its key sectors of consumer markets, TMT, business services, financials and healthcare & education, whilst avoiding stocks prone to the effects of cyclical risk or large external factors. The Fund aims to benefit from the wider Gresham House platform of research and investment professionals, as well as its private equity heritage and network of entrepreneurs, business leaders and industry specialists.

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

#### Movements in Net Asset Value

As at 30 June 2020 the gross NAV of the Fund was £3.4m, of which 90.3% was invested in UK equities. Since launch the NAV increased predominantly as a result of net inflows from unit holders, but also due to a negative revaluation of the portfolio. The Fund generated a capital return of -19.2% over the period (based on 'C' Sterling Accumulation share class) compared to the IA UK Smaller Companies Sector which returned -16.6%.

#### Investment Activity

Investment activity was strong during the period with a total of £562k invested; the number of portfolio companies decreased from 39 to 36 as at 30 June 2020.

Most of the Fund's holdings are in companies where the Manager has extensive knowledge and experience built up over a number of years. Often companies held within the Fund may have been previous holdings of the Manager's UK Micro Cap fund where they might have outgrown the mandate of that fund but where the Manager retains strong relationships with management and an in depth understanding of the key drivers and potential of those companies. The launch of the Fund has provided a vehicle through which the Manager can continue to back these businesses as they scale and mature and can benefit for continued scope for attractive capital growth over the medium to long term.

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. The Manager took decisive action on divestments by fully exiting positions where the Manager believed there were longer term challenges to the investment case, such as Norcros (-35% return), Volution (-38% return), Next Fifteen Communications (-40% return) and 4Imprint (-4% return). The Manager also

## **LF GRESHAM HOUSE UK SMALLER COMPANIES FUND**

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

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

took advantage of resilient trading through the COVID-19 lockdown and share price outperformance of certain holdings to realise some profits in stocks such as Ergomed, a provider of clinical research organisation and pharmacovigilance services to the pharmaceutical industry; Knights Group, a UK legal services business; and Codemasters, a video games developer.

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.

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; cafe-bar operator Loungers; and low cost gym operator The Gym Group. As part of recapitalisation transactions the Manager also made new investments into Biffa, a waste management services company; and Inland Homes, a UK housebuilder.

The Manager 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. The Manager also made new investments into two businesses previously backed by Gresham House managed funds. These were EMIS Group, a dominant provider of business critical software to the UK primary healthcare market; and Gamma Communications, a UK telecoms provider.

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 Alpha Financial Markets Consulting, Ricardo and Nichols.

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'). This confidence stems from the Manager's detailed due diligence process when assessing new positions. The team researches new potential investments with a private equity approach incorporating extensive use of external referencing of both the business model and the leadership. This leads to a high level of conviction and insight into companies with typically only limited available trading history. 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.

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### INVESTMENT MANAGER'S REPORT *continued*

#### Investment Performance

The Fund placed 32<sup>nd</sup> out of 51 in the IA UK Smaller Companies Sector delivering a total fund return of -19.2% at 30 June 2020 (based on the 'C' Sterling Accumulation share class).

Key contributors to absolute performance during the period were Codemasters, Knights Group, and S4 Capital, all of which announced positive trading updates or strong results during the period.

Detractors during the period were Ten Entertainment Group; The Gym Group; and Games Workshop; as a result of the enforced closure of their sites consistent with the rest of the wider leisure and retail sectors.

#### Outlook

In line with the Manager's style the Fund looks to invest in quality companies in order to deliver robust absolute and relative returns over the medium to long-term. 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 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

Investment Manager

12 August 2020

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

### Risk and Reward Profile



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

During the half year the indicator changed from 5 to 6. The Fund has been classed as 6 because its volatility has been measured as above average to high.

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

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

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

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

**Concentrated Fund:** The Fund may be invested in a concentrated number of securities or may be concentrated in certain sectors which increases the possibility of larger than normal swings in its value (both up and down).

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 GRESHAM HOUSE UK SMALLER COMPANIES FUND

### 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.

#### 'C' STERLING INCOME SHARES

	30.06.20 pence per share	31.12.19 <sup>1</sup> pence per share
<b>CHANGE IN NET ASSETS PER SHARE</b>		
Opening net asset value per share	124.60	100.00
Return before operating charges*	(23.01)	26.52
Operating charges	(0.94)	(1.92)
Return after operating charges	(23.95)	24.60
Distributions	–	–
Closing net asset value per share	100.65	124.60
* after direct transaction costs of:	0.09	0.61

#### PERFORMANCE

Return after charges	(19.22)%	24.60%
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#### OTHER INFORMATION

Closing net asset value (£'000)	–	–
Closing number of shares	250	250
Operating charges	1.74%	1.96% <sup>2</sup>
Direct transaction costs	0.08%	0.62% <sup>2</sup>

#### PRICES

Highest share price	130.63	126.22
Lowest share price	76.75	99.40

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

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

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'C' STERLING ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.06.20 pence per share	31.12.19 <sup>1</sup> pence per share
Opening net asset value per share	125.02	100.00
Return before operating charges*	(22.80)	26.95
Operating charges	(0.94)	(1.93)
Return after operating charges	(23.74)	25.02
Distributions	–	(0.34)
Retained distributions on accumulation shares	–	0.34
Closing net asset value per share	101.28	125.02
* after direct transaction costs of:	0.09	0.61

#### PERFORMANCE

Return after charges	(18.99)%	25.02%
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#### OTHER INFORMATION

Closing net asset value (£'000)	3,360	4,147
Closing number of shares	3,316,995	3,316,995
Operating charges	1.74%	1.96% <sup>2</sup>
Direct transaction costs	0.08%	0.62% <sup>2</sup>

#### PRICES

Highest share price	131.14	126.65
Lowest share price	77.06	99.41

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

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

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### FUND INFORMATION *continued*

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

	6 months	1 year	Since launch <sup>1</sup>
LF Gresham House UK Smaller Companies Fund	(19.20)	(3.17)	2.33

<sup>1</sup> Launch date 1 February 2019.

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

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

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	UNITED KINGDOM – 84.94% (31.12.19 – 95.15%)		
	INDUSTRIALS – 23.66% (31.12.19 – 31.08%)		
	CONSTRUCTION & MATERIALS – 0.00% (31.12.19 – 2.82%)	—	—
	ELECTRONIC & ELECTRICAL EQUIPMENT – 0.00% (31.12.19 – 1.57%)	—	—
	INDUSTRIAL ENGINEERING – 0.00% (31.12.19 – 2.15%)	—	—
	INDUSTRIAL TRANSPORTATION – 3.18% (31.12.19 – 2.51%)		
36,300	Clipper Logistics	107	3.18
	SUPPORT SERVICES – 20.48% (31.12.19 – 22.03%)		
55,869	Alpha Financial Markets Consulting <sup>1</sup>	101	3.01
40,000	Biffa	80	2.38
75,100	Filta <sup>1</sup>	84	2.50
835,723	Inspired Energy <sup>1</sup>	142	4.23
37,737	Knights <sup>1</sup>	143	4.26
12,747	Ricardo	51	1.52
10,390	Sanne	66	1.96
57,589	Staffline <sup>1</sup>	21	0.62
	TOTAL INDUSTRIALS	688	20.48
		795	23.66
	CONSUMER GOODS – 6.28% (31.12.19 – 11.67%)		
	BEVERAGES – 1.52% (31.12.19 – 1.13%)		
4,042	Nichols <sup>1</sup>	51	1.52

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	FOOD PRODUCERS – 0.39% (31.12.19 – 2.29%)		
21,729	Finsbury Food <sup>1</sup>	13	0.39
	HOUSEHOLD GOODS & HOME CONSTRUCTION – 4.37% (31.12.19 – 5.31%)		
16,380	IG Design <sup>1</sup>	82	2.44
42,950	Watkin Jones <sup>1</sup>	65	1.93
		<u>147</u>	<u>4.37</u>
	LEISURE GOODS – 0.00% (31.12.19 – 2.94%)	–	–
	TOTAL CONSUMER GOODS	<u>211</u>	<u>6.28</u>
	CONSUMER SERVICES – 14.43% (31.12.19 – 21.08%)		
	GENERAL RETAILERS – 3.15% (31.12.19 – 2.63%)		
26,700	B&M European Value Retail	106	3.15
	MEDIA – 1.90% (31.12.19 – 7.02%)		
24,189	S4 Capital	64	1.90
	TRAVEL & LEISURE – 9.38% (31.12.19 – 11.43%)		
25,600	Domino's Pizza	80	2.38
69,341	Loungers <sup>1</sup>	88	2.62
41,370	TEN Entertainment	66	1.97
53,463	The Gym	81	2.41
		<u>315</u>	<u>9.38</u>
	TOTAL CONSUMER SERVICES	<u>485</u>	<u>14.43</u>
	TELECOMMUNICATIONS – 4.35% (31.12.19 – 1.76%)		
	FIXED LINE TELECOMMUNICATIONS – 2.06% (31.12.19 – 1.76%)		
4,830	Telecom Plus	69	2.06

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	MOBILE TELECOMMUNICATIONS – 2.29% (31.12.19 – 0.00%)		
6,000	Gamma Communications <sup>1</sup>	77	2.29
	TOTAL TELECOMMUNICATIONS	146	4.35
	FINANCIALS – 19.35% (31.12.19 – 17.17%)		
	FINANCIAL SERVICES – 17.00% (31.12.19 – 17.17%)		
54,636	Argentex <sup>1</sup>	77	2.29
23,300	Brewin Dolphin	61	1.82
34,372	Impax Asset Management <sup>1</sup>	117	3.48
15,450	Mattioli Woods <sup>1</sup>	108	3.22
15,150	Mortgage Advice Bureau <sup>1</sup>	89	2.65
107,153	XPS Pensions	119	3.54
		571	17.00
	REAL ESTATE INVESTMENT & SERVICES – 2.35% (31.12.19 – 0.00%)		
168,000	Inland Homes <sup>1</sup>	79	2.35
	TOTAL FINANCIALS	650	19.35
	HEALTH CARE – 5.53% (31.12.19 – 4.70%)		
	HEALTH CARE EQUIPMENT & SERVICES – 1.37% (31.12.19 – 1.33%)		
41,321	Cello <sup>1</sup>	46	1.37
	PHARMACEUTICALS & BIOTECHNOLOGY – 4.16% (31.12.19 – 3.37%)		
31,236	Ergomed <sup>1</sup>	140	4.16
	TOTAL HEALTH CARE	186	5.53

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

### PORTFOLIO STATEMENT *continued*

as at 30 June 2020

Holding	Portfolio of Investments	Value £'000	30.06.20 %
	TECHNOLOGY – 11.34% (31.12.19 – 7.69%)		
	SOFTWARE & COMPUTER SERVICES – 11.34% (31.12.19 – 7.69%)		
41,048	Codemasters <sup>1</sup>	139	4.14
6,059	EMIS <sup>1</sup>	64	1.90
11,550	GB <sup>1</sup>	77	2.29
54,500	Ideagen <sup>1</sup>	101	3.01
	TOTAL TECHNOLOGY	<u>381</u>	<u>11.34</u>
	TOTAL UNITED KINGDOM	<u>2,854</u>	<u>84.94</u>
	BERMUDA – 2.08% (31.12.19 – 0.00%)		
45,414	Randall & Quilter Investment <sup>1</sup>	<u>70</u>	<u>2.08</u>
	ISLE OF MAN – 3.19% (31.12.19 – 2.63%)		
55,700	Strix <sup>1</sup>	<u>107</u>	<u>3.19</u>
	Portfolio of investments	3,031	90.21
	Net other assets	<u>329</u>	<u>9.79</u>
	Net assets	<u>3,360</u>	<u>100.00</u>

The investments are ordinary shares listed on a regulated market unless stated otherwise.

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

## LF GRESHAM HOUSE UK SMALLER COMPANIES FUND

### ACD'S REPORT *continued*

#### SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the half year ended 30 June 2020

Total purchases for the half year £'000	562	Total sales for the half year £'000	806
Major purchases	Cost £'000	Major sales	Proceeds £'000
Volution	108	Restore	100
Biffa	80	4imprint	78
Inland Homes	80	Games Workshop	75
Randall & Quilter Investment	71	Volution	67
EMIS	64	S4 Capital	56
Gamma Communications	60	Next Fifteen Communications	53
Alpha Financial Markets Consulting	30	Inspired Energy	52
The Gym	25	Finsbury Food	46
Loungers	13	Vitec	46
Nichols	12	Knights	44

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

**LF GRESHAM HOUSE UK SMALLER COMPANIES FUND**  
**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		(776)		(13)
Revenue	20		17	
Expenses	(31)		(15)	
Net (expense)/revenue before taxation	(11)		2	
Taxation	-		-	
Net (expense)/revenue after taxation		(11)		2
<b>Total return before distributions</b>		(787)		(11)
Distributions		-		(2)
<b>Change in net assets attributable to shareholders from investment activities</b>		(787)		(13)

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

for the half year ended 30 June 2020

	30.06.20 £'000	30.06.19 £'000
<b>Opening net assets attributable to shareholders</b>	4,147	-
Amounts receivable on issue of shares	-	3,500
Change in net assets attributable to shareholders from investment activities	(787)	(13)
Retained distributions on Accumulation shares	-	2
<b>Closing net assets attributable to shareholders</b>	3,360	3,489

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

**LF GRESHAM HOUSE UK SMALLER COMPANIES FUND**  
**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	3,031	4,055
<b>Current assets</b>		
Debtors	1	6
Cash and bank balances	345	100
<b>Total assets</b>	<u>3,377</u>	<u>4,161</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Other creditors	(17)	(14)
<b>Total liabilities</b>	<u>(17)</u>	<u>(14)</u>
<b>Net assets attributable to shareholders</b>	<u>3,360</u>	<u>4,147</u>

**LF GRESHAM HOUSE UK SMALLER COMPANIES FUND**  
**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.

**2. Subsequent Events**

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

Share class	Balance sheet date	25.08.20	Movement
'C' Income	101.70	109.21	7.38%
'C' Accumulation	102.33	110.01	7.51%

## GENERAL INFORMATION

### Structure of LF Gresham House Equity Funds

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

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

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. Investment of the assets of each of the sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant sub-fund. The sub-funds currently available are:

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

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

### Valuation Point

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

### Buying and Selling Shares

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

### Prices

The prices of all shares are published on every dealing day on the website of the ACD: [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 Company should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

## **GENERAL INFORMATION** *continued*

### **Data Protection Act**

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





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 [linkfundsolutions.co.uk](http://linkfundsolutions.co.uk)