

# LF Miton Investment Funds

(Formerly CF Miton Investment Funds)

LF Miton Defensive Multi Asset Fund (Formerly CF Miton Defensive Multi Asset Fund)

LF Miton Cautious Multi Asset Fund (Formerly CF Miton Cautious Multi Asset Fund)

LF Miton Balanced Multi Asset Fund

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2018



## AUTHORISED CORPORATE DIRECTOR ('ACD')

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### LINK FUND SOLUTIONS LIMITED

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(Authorised and regulated by  
the Financial Conduct Authority)

## DIRECTORS OF THE ACD

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C. Addenbrooke  
N. Boyling  
B. Hammond  
P. Hugh-Smith  
K.J. Midl  
A.J. Stuart (appointed 15 November 2017)

## INVESTMENT MANAGER

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### MITON ASSET MANAGEMENT LIMITED

6th Floor  
Paternoster House  
65 St Paul's Churchyard  
London EC4M 8AB  
(Authorised and regulated by  
the Financial Conduct Authority)

## DEPOSITARY

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

One Canada Square  
London E14 5AL  
(Authorised by the Prudential Regulation Authority  
and regulated by the Financial Conduct Authority  
and Prudential Regulation Authority)

## REGISTRAR

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### LINK FUND ADMINISTRATORS LIMITED

Customer Service Centre:  
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Millshaw Park Lane  
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the Financial Conduct Authority)

## INDEPENDENT AUDITOR

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### ERNST & YOUNG LLP

25 Churchill Place  
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## ACD'S REPORT

for the year ended 30 June 2018

### Authorised Status

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

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

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

### Important Information

With effect from 1 July 2017, the minimum periodic fee charged by the BNY Mellon Trust & Depositary (UK) Limited ('the Depositary') to the Company for acting as Depositary was increased. Please refer to the Charges, Fees and Expenses section of the Company's Prospectus for further details regarding the charge.

With effect from 2 October 2017, the investment and borrowing powers of the Company have been amended to allow that no more than 10% of the value of the scheme property may be invested in units or shares in other collective investment schemes.

With effect from 16 October 2017, the address of the ACD has changed to 6th Floor, 65 Gresham Street, London EC2V 7NQ.

As a result of the completion of the acquisition of Capita Financial Managers Limited by Link Administration Holdings Limited on 3 November 2017, the name of the ACD has changed to Link Fund Solutions Limited. Additionally, the Registrar of the Company has changed its name from Capita Financial Administrators Limited to Link Fund Administrators Limited and the trading name for the ACD and Administrator has also changed from Capita Asset Services to Link Asset Services.

With effect from 15 December 2017, the following Depositary changes were made:

- Name change from BNY Mellon Trust & Depositary (UK) Limited to The Bank of New York Mellon (International) Limited;
- Registered and head office address to One Canada Square, London E14 5AL; and
- The Depositary is authorised by the Prudential Regulation Authority and is dual regulated by the Financial Conduct Authority and Prudential Regulation Authority.

With effect from 18 December 2017, the new name of the ACD is reflected in the name of the Company and its sub-funds as follows:

- CF Miton Investment Funds changed to LF Miton Investment Funds;
- CF Miton Defensive Multi Asset Fund changed to LF Miton Defensive Multi Asset Fund; and
- CF Miton Cautious Multi Asset Fund changed to LF Miton Cautious Multi Asset Fund.

## ACD'S REPORT *continued*

### Important Information *continued*

On 29 January 2018, a new sub-fund, the LF Miton Balanced Multi Asset Fund was launched. Further details on this sub-fund are available in the latest Company Prospectus.

With effect from 15 October 2018, the 'E' Accumulation share class in LF Miton Defensive Multi Asset Fund was closed and is no longer available for investment.

### Cross Holdings

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

### Remuneration Policy

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

LFSL acts as the operator of both UCITS funds and AIFs.

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

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. Accordingly, the information disclosed relates to the year ended 31 December 2017, being the most recent accounting period for which accounts have been prepared for LFSL prior to the production of these accounts. As at 31 December 2017, LFSL operated 95 UCITS and 59 AIFs, whose respective assets under management ('AuM') were £41,425 million and £16,780 million. This Company was valued at £576 million as at that date and represented 0.99% of LFSL's total AuM and 1.39% of its UCITS AuM.



## ACD'S REPORT *continued*

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

	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 31 December 2017	188	5,497	633	6,130
Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of the funds for the financial year to 31 December 2017				
Senior management (including all Board members)	6	551	132	683
Staff engaged in control functions	4	310	–	310
Risk takers and other identified staff	15	995	19	1,014
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	–	–	–	–

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

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

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

### 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 Miton Investment Funds

30 October 2018

## 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.

**P. HUGH-SMITH**

**LINK FUND SOLUTIONS LIMITED**  
ACD of LF Miton Investment Funds  
*30 October 2018*

## STATEMENT OF ACD'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The ACD is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (the 'COLL Sourcebook') requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company, comprising each of its sub-funds, and of the net revenue/expense and of the net capital gains/losses on the scheme property of the Company's sub-funds for that year. In preparing those financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements in accordance with the requirements of the IA SORP; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company's sub-funds and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The ACD is also responsible for safeguarding the assets of the Company's sub-funds and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

- there is no relevant audit information of which the Company's Auditor is unaware; and
- the ACD has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

## STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

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

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

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

The Depositary must ensure that:

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

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

## REPORT OF THE DEPOSITARY

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

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

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

Depositary of LF Miton Investment Funds

*30 October 2018*

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

### Opinion

We have audited the financial statements of LF Miton Investment Funds ('the Company') for the year ended 30 June 2018 which comprise the Statement of Total Return and Statement of Changes in Net Assets Attributable to Shareholders together with the Balance Sheet for each of the Company's sub-funds, the accounting policies of the Company, the related notes for each sub-fund and the Distribution Tables, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 30 June 2018 and of the net revenue and the net capital losses on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions Relating to Going Concern

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

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

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

### **Other Information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

In our opinion

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

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

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

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

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

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

As explained more fully in the ACD's Responsibilities Statement set out on page 9, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### **Use of Our Report**

This report is made solely to the Company's members, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**ERNST & YOUNG LLP**

Statutory Auditor

London

30 October 2018



## ACCOUNTING AND DISTRIBUTION POLICIES

for the year ended 30 June 2018

### 1. Accounting Policies

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

#### (A) BASIS OF ACCOUNTING

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

#### (B) RECOGNITION OF REVENUE

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

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

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

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

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

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

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

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

#### (C) TREATMENT OF EXPENSES

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

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

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

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

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

### (E) TAXATION

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

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

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

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

### (F) BASIS OF VALUATION OF INVESTMENTS

All investments are valued at their fair value as at close of business on 29 June 2018, being the last business day of the financial year.

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

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

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

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

### (G) EXCHANGE RATES

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

## ACCOUNTING AND DISTRIBUTION POLICIES *continued*

### (H) DILUTION LEVY

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

### (I) DIRECT TRANSACTION COSTS

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

## 2. Distribution Policies

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

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

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

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

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

for the year ended 30 June 2018

### **Important Information**

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

### **Investment Objective and Policy**

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

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

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

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Miton Defensive Multi Asset Fund  
*30 October 2018*

## **LF MITON DEFENSIVE MULTI ASSET FUND INVESTMENT MANAGER'S REPORT**

for the year ended 30 June 2018

### **Market Review**

Financial market performance over the period was a tale of two halves. The last six months of 2017 were categorised by strong and synchronised global economic growth data, and most risk assets moved higher over the period. However following the positive end to 2017 markets struggled for the first six months of 2018, more specifically there was a sharp sell-off at the end of January and markets have been fairly choppy ever since. Some of the key catalysts for this have been fading momentum in economic growth data in several economies, escalating trade tensions, and higher US interest rates and a stronger US dollar.

Looking at equity market performance from a regional perspective, most developed markets made strong gains over the period, led by the US and closely followed by the UK and Japan. Emerging market performance was mixed, for example Brazil, India and South Africa made strong returns, whereas China and Mexico made losses. At a sector level technology and energy were the best performing. The other more cyclical sectors also performed well, but the more defensive sectors less so.

In commodities, the oil price was up significantly over the period, in part because of favourable demand and supply dynamics as OPEC members agreed to extend supply cuts. The gold price was up at the margin.

Turning to fixed income, US government and corporate bonds fell over the period with the strong economic environment putting upwards pressure on yields. UK and European government and corporate bonds saw small gains.

Elsewhere, in currencies, the dollar weakened in the first half of the period and strengthened in the second, ending the period slightly weaker. It was the opposite story for Sterling, which ended the period slightly stronger. Emerging market currencies fell sharply over the period.

### **Performance Attribution**

Equity was the main contributor to Fund performance over the period, across all regions with the exception of our emerging markets exposure. The US and the UK were the biggest contributors, but European, Japanese and Chinese equities also added to performance. Unsurprisingly at a sector level technology was the biggest contributor.

Bonds also contributed, both UK and US government and corporate bonds. The only detractor here was our small exposure to emerging market government bonds.

Elsewhere our exposure to UK property and gold contributed at the margin.

### **Portfolio Activity**

Our total equity weight was fairly unchanged over the period, however there was a lot of activity at a sub asset class level.

## **LF MITON DEFENSIVE MULTI ASSET FUND INVESTMENT MANAGER'S REPORT** *continued*

We added to the US, where we continue to see strong momentum in the growth data, and we added to the UK, on positive price momentum in a market that has lagged global equity markets. We reduced our exposure to emerging markets on negative price momentum in the equities and in the currencies. We also reduced our exposure to other regions where we are seeing signs of momentum fading in the growth data, including China and Europe ex UK. These are also export-driven economies that are exposed to escalating trade tensions. At a sector level we significantly reduced our exposure to financials and added to some defensive growth stocks within utilities, health care and consumer staples.

Our total fixed income weight was also unchanged over the period, but again there was activity at a sub asset class level. We sold out of European credit entirely, on the expectation of widening spreads, and sold some emerging government bonds, on currency risk. We also added to US government bonds and UK corporate bonds.

Elsewhere, we sold stocks with negative price momentum as per our sell discipline.

### **Outlook**

The global macro environment remains broadly robust, with growth strong, and inflation not at threatening levels. As ever though, there are a number of risks to this environment. Growth is slowing, probably from levels that were unsustainably high, but the escalating risks around trade wars are adding to this slowing impetus. Importantly, visibility on how trade tensions are likely to evolve is poor. Our base case assumes that most of the key actors agree that trade wars are harmful for stock markets and economies. We might be wrong.

In contrast to this lack of visibility, the US central bank stands out compared to other banks as more confident in their policy profile and in their economy and, while this is in many ways supportive of US assets, it is causing some dislocation overseas, especially in more fragile economies.

In general, we continue to believe that the investment environment is getting tougher but that investors will be rewarded if they are prepared to differentiate more carefully between the good and the bad opportunities.

### **MITON ASSET MANAGEMENT LIMITED**

Investment Manager

18 July 2018

## LF MITON DEFENSIVE MULTI ASSET FUND FUND INFORMATION

### Risk and Reward Profile



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

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

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

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

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

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

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

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

## LF MITON DEFENSIVE MULTI ASSET FUND

### FUND INFORMATION *continued*

#### Comparative Tables

##### 'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 pence per share	30 June 2017 pence per share	30 June 2016 pence per share
Opening net asset value per share	319.89	302.98	294.36
Return before operating charges*	8.09	22.00	13.53
Operating charges	(5.34)	(5.09)	(4.91)
Return after operating charges	2.75	16.91	8.62
Distributions	(3.60)	(3.14)	(2.26)
Retained distributions on accumulation shares	3.60	3.14	2.26
Closing net asset value per share	322.64	319.89	302.98
* after direct transaction costs of:	0.34	0.49	0.51

##### PERFORMANCE

Return after charges	0.86%	5.58%	2.93%
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##### OTHER INFORMATION

Closing net asset value (£'000)	18,667	21,715	24,625
Closing number of shares	5,785,469	6,788,191	8,127,564
Operating charges	1.64% <sup>1,2</sup>	1.62% <sup>1</sup>	1.67%
Direct transaction costs	0.10%	0.15%	0.17%

##### PRICES

Highest share price	332.28	324.26	303.43
Lowest share price	320.20	304.14	288.37

<sup>1</sup> The operating charges as at 30 June 2018 and 30 June 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at those dates.

<sup>2</sup> The current period Operating Charges Figure ('OCF') differs to the prior period OCFs due to the regulatory changes in relation to how the cost of research is charged to the Fund. Where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the OCF.



## LF MITON DEFENSIVE MULTI ASSET FUND FUND INFORMATION *continued*

### Comparative Tables *continued*

#### 'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 pence per share	30 June 2017 pence per share	30 June 2016 pence per share
Opening net asset value per share	351.82	330.74	318.91
Return before operating charges*	8.90	24.07	14.79
Operating charges	(3.20)	(2.99)	(2.96)
Return after operating charges	5.70	21.08	11.83
Distributions	(6.67)	(6.02)	(4.89)
Retained distributions on accumulation shares	6.67	6.02	4.89
Closing net asset value per share	357.52	351.82	330.74
* after direct transaction costs of:	0.38	0.54	0.56

#### PERFORMANCE

Return after charges	1.62%	6.37%	3.71%
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#### OTHER INFORMATION

Closing net asset value (£'000)	62,112	53,228	56,288
Closing number of shares	17,372,911	15,129,364	17,018,847
Operating charges	0.89% <sup>1,2</sup>	0.87% <sup>1</sup>	0.92%
Direct transaction costs	0.10%	0.15%	0.17%

#### PRICES

Highest share price	366.97	356.55	331.24
Lowest share price	352.22	333.06	312.78

<sup>1</sup> The operating charges as at 30 June 2018 and 30 June 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at those dates.

<sup>2</sup> The current period Operating Charges Figure ('OCF') differs to the prior period OCFs due to the regulatory changes in relation to how the cost of research is charged to the Fund. Where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the OCF.

## LF MITON DEFENSIVE MULTI ASSET FUND

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### USD 'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 US\$ per share	30 June 2017 US\$ per share	30 June 2016 US\$ per share
Opening net asset value per share	4.0514	3.9946	4.5328
Return before operating charges*	0.1724	0.1290	(0.4559)
Operating charges	(0.0807)	(0.0722)	(0.0823)
Return after operating charges	0.0917	0.0568	(0.5382)
Distributions	(0.0358)	(0.0299)	(0.0203)
Retained distributions on accumulation shares	0.0358	0.0299	0.0203
Closing net asset value per share	4.1431	4.0514	3.9946
* after direct transaction costs of:	0.0045	0.0061	0.0074

##### PERFORMANCE

Return after charges	2.26%	1.42%	(11.87)%
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##### OTHER INFORMATION

Closing net asset value (£'000)	1,202	1,654	1,572
Closing number of shares	383,105	530,241	530,699
Operating charges	1.89% <sup>1,2</sup>	1.87% <sup>1</sup>	1.92%
Direct transaction costs	0.10%	0.15%	0.17%

##### PRICES

Highest share price	4.5903	4.1006	4.5439
Lowest share price	4.0251	3.6892	3.8815

<sup>1</sup> The operating charges as at 30 June 2018 and 30 June 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at those dates.

<sup>2</sup> The current period Operating Charges Figure ('OCF') differs to the prior period OCFs due to the regulatory changes in relation to how the cost of research is charged to the Fund. Where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the OCF.

## LF MITON DEFENSIVE MULTI ASSET FUND

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### 'E' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 pence per share	30 June 2017 pence per share	30 June 2016 pence per share
Opening net asset value per share	364.48	341.41	328.21
Return before operating charges*	9.65	25.28	15.21
Operating charges	(2.39)	(2.21)	(2.01)
Return after operating charges	7.26	23.07	13.20
Distributions	(8.31)	(7.45)	(6.17)
Retained distributions on accumulation shares	8.31	7.45	6.17
Closing net asset value per share	371.74	364.48	341.41
* after direct transaction costs of:	0.39	0.56	0.57

##### PERFORMANCE

Return after charges	1.99%	6.76%	4.02%
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##### OTHER INFORMATION

Closing net asset value (£'000)	1	1	–
Closing number of shares	250	250	250
Operating charges	0.64% <sup>1,2</sup>	0.62% <sup>1</sup>	0.67%
Direct transaction costs	0.10%	0.15%	0.17%

##### PRICES

Highest share price	380.94	369.33	341.92
Lowest share price	364.92	344.38	322.04

<sup>1</sup> The operating charges as at 30 June 2018 and 30 June 2017 does not take account of the ongoing charges incurred in underlying schemes as the Fund did not have significant investments in collective investment schemes at those dates.

<sup>2</sup> The current period Operating Charges Figure ('OCF') differs to the prior period OCFs due to the regulatory changes in relation to how the cost of research is charged to the Fund. Where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the OCF.

## LF MITON DEFENSIVE MULTI ASSET FUND FUND INFORMATION *continued*

### Fund Performance to 30 June 2018 (%)

	1 year	3 years	5 years
LF Miton Defensive Multi Asset Fund	0.90	9.75	10.84

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

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

Details of the distributions per share for the year are shown in the Distribution Table on page 56.

#### RISK WARNING

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

## LF MITON DEFENSIVE MULTI ASSET FUND PORTFOLIO STATEMENT

as at 30 June 2018

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	DEBT SECURITIES – 51.94% (30.06.17 – 48.68%)		
	GOVERNMENT BONDS – 14.00% (30.06.17 – 13.71%)		
IDR9,000,000,000	Indonesia 7% 15/5/2022	464	0.57
£1,400,000	UK Treasury 0.125% 22/11/2019	1,623	1.98
£2,400,000	UK Treasury 1.5% 22/1/2021	2,445	2.98
US\$3,500,000	US Treasury 2.25% 15/2/2021	2,627	3.21
£650,000	UK Treasury 2.5% 16/4/2020	2,346	2.86
£930,000	UK Treasury 4.25% 7/12/2049	1,502	1.83
US\$500,000	US Treasury 4.5% 15/5/2038	469	0.57
	TOTAL GOVERNMENT BONDS	11,476	14.00
	CORPORATE BONDS – 37.94% (30.06.17 – 34.97%)		
£200,000	ABN AMRO 2.5% 18/12/2018	201	0.24
US\$300,000	Actavis Funding 3.45% 15/3/2022	224	0.27
US\$97,000	AES Gener 5.25% 15/8/2021	76	0.09
US\$100,000	Alcoa 5.4% 15/4/2021	78	0.10
US\$300,000	Alimentation Couche-Tard 2.35% 13/12/2019	224	0.27
US\$200,000	Allianz 5.5% <i>Perpetual</i>	143	0.17
US\$300,000	Altria 9.25% 06/8/2019	243	0.30
US\$150,000	AngloGold Ashanti 5.375% 15/4/2020	116	0.14
US\$200,000	Antero Resources Finance 5.375% 1/11/2021	153	0.19
US\$400,000	AutoZone 1.625% 21/4/2019	301	0.37
£100,000	Aviva 6.625% 3/6/2041	110	0.13
£200,000	Aviva 6.875% <i>Perpetual</i>	209	0.25
£200,000	AXA 7.125% 15/12/2020	225	0.27
£200,000	B&M European Value Retail 4.125% 1/2/2022	202	0.25
US\$300,000	Ball 5% 15/3/2022	234	0.29
US\$150,000	Banco do Brasil 5.875% 26/1/2022	114	0.14
US\$44,000	Bancolombia 5.125% 11/9/2022	34	0.04
US\$300,000	Bank of Nova Scotia 1.65% 14/6/2019	225	0.27
US\$200,000	Barclays 5.14% 14/10/2020	155	0.19
£450,000	Barclays 7% <i>Perpetual</i>	459	0.56
US\$300,000	Barclays 8.25% 29/12/2049	231	0.28

## LF MITON DEFENSIVE MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
US\$300,000	Baxalta 2.875% 23/6/2020	225	0.27
US\$250,000	Becton Dickinson 3.25% 12/11/2020	188	0.23
US\$150,000	Berry Plastics 5.125% 15/7/2023	113	0.14
£300,000	BNP Paribas 2.375% 20/11/2019	304	0.37
US\$400,000	BP Capital Markets 1.768% 19/9/2019	299	0.36
£200,000	BRIT Insurance 6.625% 09/12/2030	207	0.25
US\$50,000	Caixa Economica Federal 3.5% 7/11/2022	35	0.04
US\$250,000	Capital One 2.4% 05/9/2019	188	0.23
US\$200,000	Cemex 7.75% 16/4/2026	164	0.20
US\$300,000	Cisco Systems 1.6% 28/2/2019	226	0.28
US\$250,000	Citibank 1.85% 18/9/2019	187	0.23
£200,000	Citigroup 5.125% 12/12/2018	203	0.25
US\$200,000	CNH Industrial Capital 3.375% 15/7/2019	152	0.19
US\$150,000	Community Health Systems 5.125% 1/8/2021	105	0.13
US\$290,000	Conagra Brands 7.125% 1/10/2026	259	0.32
US\$300,000	Constellation Brands 2.7% 9/5/2022	220	0.27
£250,000	Coventry Building Society 6.375% <i>Perpetual</i>	255	0.31
US\$300,000	Credit Suisse Funding Guernsey 3.125% 10/12/2020	226	0.28
US\$300,000	CVS Health 3.125% 09/3/2020	227	0.28
US\$300,000	Danske Bank 1.65% 06/9/2019	224	0.27
US\$250,000	DCP Midstream Operating LP 2.7% 01/4/2019	187	0.23
US\$200,000	Deutsche Bank 2.5% 13/2/2019	150	0.18
US\$200,000	Deutsche Bank AG/New York NY 2.7% 13/7/2020	147	0.18
US\$200,000	DTE Energy 2.4% 1/12/2019	150	0.18
£250,000	Ei 6.375% 15/2/2022	260	0.32
US\$200,000	Enbridge Energy Partners 9.875% 1/3/2019	158	0.19
£200,000	Enel 7.75% 10/9/2075	222	0.27
US\$300,000	Evraz 6.5% 22/4/2020	233	0.28
£200,000	Experian Finance 4.75% 23/11/2018	203	0.25
US\$100,000	First Quantum Minerals 7% 15/2/2021	76	0.09
£200,000	FirstGroup 5.25% 29/11/2022	221	0.27
£200,000	FirstGroup 8.75% 8/4/2021	234	0.29
US\$200,000	Ford Motor Credit 2.375% 12/3/2019	151	0.18
US\$300,000	Friends Life 7.875% <i>Perpetual</i>	229	0.28

## LF MITON DEFENSIVE MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
US\$187,000	General Electric 2.2% 9/1/2020	140	0.17
US\$200,000	General Motors Financial 3.5% 10/7/2019	152	0.19
US\$300,000	Gilead Sciences 1.85% 20/9/2019	224	0.27
£300,000	GKN 5.375% 19/9/2022	329	0.40
US\$200,000	Glencore Finance Canada 4.95% 15/11/2021	157	0.19
US\$100,000	GLP Capital 4.375% 15/4/2021	76	0.09
US\$300,000	GLP Capital 4.875% 1/11/2020	230	0.28
US\$150,000	Goodyear Tyre & Rubber 5.125% 15/11/2023	113	0.14
US\$300,000	Home Depot 1.8% 5/6/2020	223	0.27
£300,000	HSBC 6.5% 7/7/2023	357	0.44
US\$200,000	HSBC 6.875% <i>Perpetual</i>	157	0.19
US\$200,000	Husky Energy 4% 15/4/2024	151	0.18
£200,000	Imperial Brands Finance 7.75% 24/6/2019	212	0.26
£300,000	Imperial Brands Finance 8.125% 15/3/2024	386	0.47
£200,000	Innogy Finance 5.5% 6/7/2022	228	0.28
£200,000	InterContinental Hotels 3.875% 28/11/2022	216	0.26
£140,000	Intermediate Capital 5% 24/3/2023	148	0.18
£200,000	Intermediate Capital 6.25% 19/9/2020	210	0.26
US\$200,000	Itau Unibanco 6.2% 15/4/2020	156	0.19
£200,000	J Sainsbury 6.5% <i>Perpetual</i>	213	0.26
US\$300,000	John Deere Capital 2.25% 17/4/2019	227	0.28
£325,000	John Lewis 6.125% 21/1/2025	379	0.46
US\$200,000	JPMorgan 5% 29/12/2049	152	0.19
US\$168,000	Kaiser Aluminum 5.875% 15/5/2024	130	0.16
£200,000	Koninklijke 6.875% 14/3/2073	211	0.26
US\$100,000	Lennar 4.75% 1/4/2021	77	0.09
£200,000	Liverpool Victoria Friendly Society 6.5% <i>floating rate</i> <i>notes 22/5/2043</i>	218	0.27
£250,000	Lloyds Banking 7% <i>Perpetual</i>	255	0.31
US\$300,000	Lowe's Cos 1.15% 15/4/2019	225	0.27
US\$450,000	Marathon Oil 3.85% 1/6/2025	335	0.41
US\$126,000	Masco 5.95% 15/3/2022	102	0.12
US\$200,000	Mattel 2.35% 6/5/2019	151	0.18
US\$300,000	Merck 5% 30/6/2019	232	0.28

## LF MITON DEFENSIVE MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
US\$150,000	Methanex 5.25% 1/3/2022	117	0.14
US\$300,000	Morgan Stanley 2.375% 23/7/2019	226	0.28
US\$250,000	Morgan Stanley 2.65% 27/1/2020	188	0.23
US\$200,000	Morgan Stanley 5.45% <i>Perpetual</i>	153	0.19
US\$250,000	Mosaic 4.25% 15/11/2023	190	0.23
US\$200,000	MSCI 5.75% 15/8/2025	156	0.19
US\$300,000	MUFG Bank 2.35% 8/9/2019	225	0.27
US\$250,000	National Australia Bank 2.25% 1/7/2019	188	0.23
£250,000	National Express 2.5% 11/11/2023	248	0.30
£150,000	National Westminster Bank 6.5% 7/9/2021	170	0.21
£100,000	Nationwide Building Society 3% 6/5/2026	104	0.13
£250,000	Nationwide Building Society 6.875% <i>floating rate notes Perpetual</i>	255	0.31
£100,000	NatWest Markets 6.625% 17/9/2018	101	0.12
US\$200,000	NatWest Markets 8.625% <i>Perpetual</i>	161	0.20
US\$300,000	Newcrest Finance 4.45% 15/11/2021	230	0.28
US\$300,000	NextEra Energy Capital 2.7% 15/9/2019	226	0.28
£200,000	Northern Powergrid 7.25% 15/12/2022	246	0.30
£135,000	Old Mutual 8% 3/6/2021	149	0.18
£200,000	Orange 5.875% <i>floating rate notes Perpetual</i>	215	0.26
US\$250,000	Oversea-Chinese Banking 4% 15/10/2024	190	0.23
£200,000	Paragon 6.125% 30/1/2022	211	0.26
US\$400,000	Philip Morris International 1.875% 1/11/2019	299	0.36
US\$350,000	Prudential Financial 7.375% 15/6/2019	276	0.34
US\$300,000	Rabobank Nederland 11% <i>Perpetual</i>	243	0.30
US\$275,000	Rockwell Collins 1.95% 15/7/2019	206	0.25
US\$150,000	Sabine Pass Liquefaction 5.625% 1/2/2021	119	0.15
£200,000	Saga 3.375% 12/5/2024	190	0.23
£250,000	Santander 7.375% <i>Perpetual</i>	260	0.32
£200,000	Scottish Power UK 6.75% 29/5/2023	244	0.30
US\$300,000	Sempra Energy 9.8% 15/2/2019	236	0.29
£350,000	Severn Trent Utilities Finance 6.125% 26/2/2024	422	0.51
US\$350,000	Shell International Finance 1.375% 10/5/2019	262	0.32
US\$332,000	Shire Acquisitions Investments Ireland 2.4% 23/9/2021	241	0.29



## LF MITON DEFENSIVE MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
US\$300,000	Société Générale 7.375% <i>Perpetual</i>	231	0.28
£200,000	Southern Gas Networks 4.875% 5/10/2023	228	0.28
£200,000	Southern Water Greensands 8.5% 15/4/2019	210	0.26
£350,000	SSE 5.875% 22/9/2022	409	0.50
US\$300,000	Standard Chartered 6.5% <i>floating rate notes</i> 31/12/2049	226	0.28
US\$200,000	Standard Chartered 7.5% <i>Perpetual</i>	155	0.19
£200,000	Standard Life 6.546% <i>floating rate notes Perpetual</i>	214	0.26
US\$250,000	Sumitomo Mitsui Banking 2.45% 16/1/2020	187	0.23
£200,000	Swedbank 1.625% 15/4/2019	201	0.24
US\$100,000	Targa Resources Partners 4.125% 15/11/2019	76	0.09
£300,000	Telecom Italia 6.375% 24/6/2019	313	0.38
US\$300,000	Telefonos de Mexico 5.5% 15/11/2019	234	0.29
US\$250,000	Tenet Healthcare 6% 1/10/2020	195	0.24
£50,000	Tesco 6.125% 24/2/2022	57	0.07
£200,000	Textron 6.625% 7/4/2020	216	0.26
£300,000	Thames Water Utilities Cayman Finance 2.375% 3/5/2023	293	0.36
US\$250,000	Time Warner 4.7% 15/1/2021	195	0.24
US\$300,000	Toyota Motor Credit 2.1% 17/1/2019	227	0.28
£250,000	Travis Perkins 4.5% 7/9/2023	257	0.31
£300,000	TSB Banking 5.75% 6/5/2026	316	0.39
£100,000	Tullett Prebon 5.25% Notes 11/6/2019	103	0.13
US\$250,000	UBS 7.125% <i>Perpetual</i>	194	0.24
US\$300,000	United Technologies 1.5% 1/11/2019	223	0.27
US\$200,000	Vale Overseas 5.875% 10/6/2021	160	0.20
US\$250,000	Valmont Industries 6.625% 20/4/2020	201	0.24
£100,000	Virgin 5.125% 15/2/2022	99	0.12
£200,000	Virgin Money 7.875% <i>floating rate notes Perpetual</i>	202	0.25
US\$300,000	Volkswagen of America Finance 2.125% 23/5/2019	225	0.27
£200,000	Western Power Distribution 5.25% 17/1/2023	229	0.28
US\$250,000	Western Union 3.6% 15/3/2022	188	0.23

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**PORTFOLIO STATEMENT** *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
£200,000	William Hill 4.25% 5/6/2020	206	0.25
£250,000	William Hill 4.875% 7/9/2023	258	0.31
US\$100,000	Williams 3.6% 15/3/2022	75	0.09
	TOTAL CORPORATE BONDS	31,107	37.94
	TOTAL DEBT SECURITIES	42,583	51.94
EQUITIES – 32.08% (30.06.17 – 35.44%)			
UNITED KINGDOM – 8.13% (30.06.17 – 4.09%)			
15,000	Anglo American	254	0.31
5,500	AstraZeneca	289	0.35
89,354	BP	517	0.63
11,500	Bunzl	264	0.32
8,000	Derwent London	248	0.30
41,000	Evraz	208	0.25
20,000	GlaxoSmithKline	306	0.37
5,900	InterContinental Hotels	278	0.34
7,700	Johnson Matthey	279	0.34
12,000	Mondi	246	0.30
117,000	Morrison (Wm.) Supermarkets	295	0.36
71,000	National Express	284	0.35
28,000	National Grid	235	0.29
32,000	Pennon	254	0.31
140,000	Premier Oil	180	0.22
3,195	Renishaw	169	0.21
8,700	Rio Tinto	365	0.45
17,614	Royal Dutch Shell 'B'	478	0.58
35,671	SEGRO	239	0.29
15,000	Smiths	255	0.31
20,000	SSE	271	0.33
130,000	Tesco	334	0.41
16,500	TUI	274	0.33
60,000	Tullow Oil	147	0.18
	TOTAL UNITED KINGDOM	6,669	8.13

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**PORTFOLIO STATEMENT** *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	CONTINENTAL EUROPE – 4.70% (30.06.17 – 8.43%)		
18,600	Amplifon	292	0.36
9,833	ArcelorMittal	218	0.27
4,000	Bakkafrost	168	0.20
21,000	Eni	295	0.36
16,000	Equinor	322	0.39
65,000	Glencore	235	0.29
5,800	Hexagon 'B'	250	0.30
13,000	Marine Harvest	196	0.24
5,200	Ørsted	238	0.29
20,882	Repsol	310	0.38
20,882	Repsol <i>rights</i> 11/7/2018	9	0.01
5,500	SalMar	175	0.21
350	Straumann	201	0.25
8,302	Total	383	0.47
10,000	UPM-Kymmene	271	0.33
9,400	William Demant	287	0.35
	TOTAL CONTINENTAL EUROPE	<u>3,850</u>	<u>4.70</u>
	AFRICA – 0.46% (30.06.17 – 0.00%)		
5,500	Astral Foods	87	0.11
9,000	Clicks	97	0.12
7,000	Foschini	67	0.08
7,500	JSE	67	0.08
14,000	Truworths International	60	0.07
	TOTAL AFRICA	<u>378</u>	<u>0.46</u>
	AUSTRALIA – 0.48% (30.06.17 – 0.36%)		
1,882	Cochlear	211	0.26
43,000	GrainCorp	185	0.22
	TOTAL AUSTRALIA	<u>396</u>	<u>0.48</u>

## LF MITON DEFENSIVE MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	ASIA PACIFIC (EX JAPAN) – 1.99% (30.06.17 – 5.17%)		
1,200	Alibaba ADS	169	0.21
150,000	Angang Steel	102	0.12
31,000	Anhui Conch Cement 'H'	135	0.16
9,000	Bharat Financial	115	0.14
300,000	China Petroleum & Chemical	203	0.25
230,000	China Resources Cement	176	0.21
9,391	Godrej Consumer Products	127	0.16
4,000	Housing Development Finance	84	0.10
21,330	KEC International	79	0.10
1,300	Maruti Suzuki India	127	0.15
650	POSCO	145	0.18
3,000	SK Hynix	174	0.21
	TOTAL ASIA PACIFIC (EX JAPAN)	<u>1,636</u>	<u>1.99</u>
	JAPAN – 2.57% (30.06.17 – 4.83%)		
1,100	Central Japan Railway	172	0.21
3,300	East Japan Railway	239	0.29
2,900	FamilyMart	231	0.28
2,200	Inaba Denki Sangyo	68	0.08
550	Keyence	235	0.29
12,000	K's	94	0.11
11,000	Mirait	129	0.16
5,500	Morita	84	0.10
11,500	Recruit	241	0.29
6,600	Sony	256	0.31
6,400	Valor	111	0.14
4,500	West Japan Railway	251	0.31
	TOTAL JAPAN	<u>2,111</u>	<u>2.57</u>
	NORTH AMERICA – 10.41% (30.06.17 – 7.13%)		
5,500	Activision Blizzard	318	0.39
5,000	Alcoa	178	0.22
350	Alphabet 'A'	299	0.36

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**PORTFOLIO STATEMENT** *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
220	Amazon.com	283	0.35
11,000	American Eagle Outfitters	194	0.24
1,800	Apple	249	0.30
10,506	Bank of America	224	0.27
8,500	Brinker International	306	0.37
13,000	Callaway Golf	187	0.23
6,500	Cheesecake Factory	271	0.33
1,500	Deere	159	0.19
11,000	DSW 'A'	215	0.26
3,100	Electronic Arts	331	0.40
12,000	Fifth Third Bancorp	261	0.32
8,000	Freeport-McMoRan 'B'	105	0.13
76,000	Geely Automobiles	149	0.18
2,700	GrubHub	214	0.26
3,000	Hill-Rom	199	0.24
2,100	Home Depot	310	0.38
1,200	IPG Photonics	201	0.25
2,900	JPMorgan Chase & Co	229	0.28
4,500	Lowe's	326	0.40
1,700	MarketAxess	255	0.31
2,700	Marriott International 'A'	259	0.32
4,420	Microsoft	330	0.40
11,800	Mosaic	251	0.31
2,550	NextEra Energy	323	0.39
1,200	Nvidia	215	0.26
6,500	Paychex	337	0.41
5,000	Steven Madden	201	0.25
5,000	SunTrust Banks	250	0.31
4,000	TJX	288	0.35
5,300	United States Steel	140	0.17
5,400	Xylem	276	0.34
10,400	Zumiez	197	0.24
	TOTAL NORTH AMERICA	8,530	10.41

## LF MITON DEFENSIVE MULTI ASSET FUND

### PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	SOUTH AMERICA – 0.59% (30.06.17 – 0.00%)		
40,000	Aeroportuario del Centro Norte	159	0.19
3,000	Sociedad Quimica y Minera de Chile 'B' preference shares	109	0.13
108,000	Wal-Mart de Mexico	217	0.27
	TOTAL SOUTH AMERICA	<u>485</u>	<u>0.59</u>
	INVESTMENT COMPANIES – 2.75% (30.06.17 – 5.43%)		
	UNITED KINGDOM – 0.33% (30.06.17 – 2.16%)		
259,462	Diverse Income	<u>267</u>	<u>0.33</u>
	CONTINENTAL EUROPE – 0.66% (30.06.17 – 0.71%)		
450,000	TwentyFour Income	<u>540</u>	<u>0.66</u>
	ASIA PACIFIC (EX JAPAN) – 0.19% (30.06.17 – 0.25%)		
4,000	Tencent	<u>152</u>	<u>0.19</u>
	GLOBAL – 1.57% (30.06.17 – 2.31%)		
1,366,438	NB Global Floating Rate Income	<u>1,284</u>	<u>1.57</u>
	TOTAL INVESTMENT COMPANIES	<u>2,243</u>	<u>2.75</u>
	TOTAL EQUITIES	<u>26,298</u>	<u>32.08</u>
	COLLECTIVE INVESTMENT SCHEMES – 5.34% (30.06.17 – 6.06%)		
	UNITED KINGDOM – 1.38% (30.06.17 – 1.46%)		
10,000	MI TwentyFour Monument Bond	<u>1,131</u>	<u>1.38</u>
	SPECIALIST – RESOURCES – 3.96% (30.06.17 – 4.60%)		
36,259	Gold Bullion Securities	<u>3,243</u>	<u>3.96</u>
	TOTAL COLLECTIVE INVESTMENT SCHEMES	<u>4,374</u>	<u>5.34</u>

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**PORTFOLIO STATEMENT** *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	FORWARD CURRENCY CONTRACTS – (0.02)% (30.06.17 – 0.79%)		
US\$(31,400,000)	Vs £23,744,437 (expiry 25/7/2018)	(15)	(0.02)
	Portfolio of investments <sup>1</sup>	73,240	89.34
	Net other assets	8,742	10.66
	Net assets	81,982	100.00

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

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

*Definition:*

*ADS – American Depositary Share.*

## LF MITON DEFENSIVE MULTI ASSET FUND SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 30 June 2018

Total purchases for the year £'000 (note 16)	52,833	Total sales for the year £'000 (note 16)	48,286
Major purchases	Cost £'000	Major sales	Proceeds £'000
US Treasury 2.25% 15/2/2021	2,517	ICG-Longbow Senior Secured UK Property	
Mexico 8% 11/6/2020	644	Debt	1,236
Barclays 7% <i>Perpetual</i>	473	Gold Bullion Securities	704
Wells Fargo	438	UK Treasury 0.125% 22/11/2019	695
Gold Bullion Securities	416	Brazil 10% 1/1/2023	576
Paychex	342	Mexico 8% 11/6/2020	550
Lowe's	335	Siemens	531
TSB Banking 5.75% 6/5/2026	327	BASF	523
Rio Tinto	316	Leonardo 4.5% 19/1/2021	498
Activision Blizzard	309	NB Global Floating Rate Income	469
Vodafone	303	Barratt Developments	442
Thames Water Utilities Cayman Finance 2.375% 3/5/2023	303	Taylor Wimpey	440
National Express	300	Tesco 5.5% 13/12/2019	437
Morrison (Wm.) Supermarkets	299	HSBC	412
US Bancorp	297	Sky Group Finance 5.75% 20/10/2017	400
Equinor	297	Centrica 6.375% 10/3/2022	395
GlaxoSmithKline	296	Wells Fargo	391
Johnson Matthey	291	Schneider Electric	359
Electronic Arts	291	Facebook	341
TJX	290	Republic 8% 21/12/2018	341
		Yamaha Motor	339

The summary of material portfolio changes represents the 20 largest purchases and sales during the year.



## LF MITON DEFENSIVE MULTI ASSET FUND STATEMENT OF TOTAL RETURN

for the year ended 30 June 2018

	Notes	£'000	30 June 2018 £'000	£'000	30 June 2017 £'000
Income:					
Net capital (losses)/gains	3		(370)		3,612
Revenue	4	2,223		2,129	
Expenses	5	(870)		(880)	
Interest payable and similar charges	7	(1)		–	
Net revenue before taxation		1,352		1,249	
Taxation	6	(43)		(52)	
Net revenue after taxation			1,309		1,197
<b>Total return before distributions</b>			939		4,809
Distributions	8		(1,311)		(1,197)
<b>Change in net assets attributable to shareholders from investment activities</b>			(372)		3,612

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 June 2018

	Note	£'000	30 June 2018 £'000	£'000	30 June 2017 £'000
<b>Opening net assets attributable to shareholders</b>			76,598		82,485
Amounts receivable on issue of shares		14,935		3,201	
Amounts payable on redemption of shares		(10,556)		(13,835)	
			4,379		(10,634)
Change in net assets attributable to shareholders from investment activities			(372)		3,612
Retained distributions on Accumulation shares	8		1,377		1,135
<b>Closing net assets attributable to shareholders</b>			81,982		76,598

## LF MITON DEFENSIVE MULTI ASSET FUND BALANCE SHEET

as at 30 June 2018

	Notes	30 June 2018 £'000	30 June 2017 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		73,255	69,683
<b>Current assets</b>			
Debtors	9	1,054	890
Cash and bank balances	10	7,960	6,624
<b>Total assets</b>		<u>82,269</u>	<u>77,197</u>
<b>LIABILITIES</b>			
<b>Investment liabilities</b>			
		(15)	–
<b>Creditors</b>			
Other creditors	11	<u>(272)</u>	<u>(599)</u>
<b>Total liabilities</b>		<u>(287)</u>	<u>(599)</u>
<b>Net assets attributable to shareholders</b>		<u>81,982</u>	<u>76,598</u>

## LF MITON DEFENSIVE MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

### 1. Accounting Policies

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

### 2. Distribution Policies

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

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

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

	30 June 2018 £'000	30 June 2017 £'000
Non-derivative securities	3	4,343
Forward currency contracts	(121)	(417)
Transaction charges	(6)	(9)
AMC rebates from underlying investments	2	3
Currency losses	(248)	(308)
Net capital (losses)/gains	(370)	3,612

### 4. Revenue

	30 June 2018 £'000	30 June 2017 £'000
Non-taxable dividends	675	819
Taxable dividends	33	115
UK property income distributions	10	–
Interest on debt securities	1,464	1,075
Interest distributions on collective investment schemes	25	118
AMC rebates from underlying investments	1	1
Bank interest	8	1
Stock dividends	7	–
Total revenue	2,223	2,129

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

**5. Expenses**

	30 June 2018 £'000	30 June 2017 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	763	789
Legal and professional fees	9	10
Typesetting and printing costs	4	5
Registration fees	24	24
	800	828
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	29	29
Safe custody and other bank charges	15	12
	44	41
Other expenses:		
Audit fees	8	8
Legal and professional fees	12	3
Research costs	6	–
	26	11
Total expenses	870	880

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

**6. Taxation**

	30 June 2018 £'000	30 June 2017 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	43	52
Current tax charge	43	52

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

	30 June 2018 £'000	30 June 2017 £'000
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	43	52

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.06.17: 20%). The difference is explained below:

	30 June 2018 £'000	30 June 2017 £'000
Net revenue before taxation	1,352	1,249
Corporation tax at 20%	270	250
Effects of:		
Non-taxable dividends	(136)	(164)
RPI movement on UK index-linked gilts	(28)	(40)
Utilisation of excess management expenses	(106)	(46)
Corporation tax charge	–	–
Overseas tax	43	52
Total tax charge (note 6a)	43	52

c) Deferred tax

At the year end there is a potential deferred tax asset of £1,864,000 (30.06.17: £1,970,000) in relation to surplus management expenses. The Fund has utilised these surplus management expenses in the year. No deferred tax asset has been recognised.

**7. Interest Payable and Similar Charges**

	30 June 2018 £'000	30 June 2017 £'000
Interest	1	–
Total interest payable and similar charges	1	–

## LF MITON DEFENSIVE MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

### 8. Distributions

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

	30 June 2018 £'000	30 June 2017 £'000
Final	1,377	1,135
Add: Revenue deducted on redemption of shares	76	87
Deduct: Revenue received on issue of shares	(142)	(25)
Net distributions for the year	<u>1,311</u>	<u>1,197</u>

Details of the distributions per share are set out in the table on page 56.

	30 June 2018 £'000	30 June 2017 £'000
Distributions represented by:		
Net revenue after taxation	1,309	1,197
Equalisation on conversions*	2	-
Net distributions for the year	<u>1,311</u>	<u>1,197</u>

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

### 9. Debtors

	30 June 2018 £'000	30 June 2017 £'000
Amounts receivable for issue of shares	115	4
Sales awaiting settlement	391	366

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

	30 June 2018 £'000	30 June 2017 £'000
Accrued revenue:		
Non-taxable dividends	31	57
Interest from debt securities	486	438
AMC rebates from underlying investments	1	1
	518	496
Taxation recoverable:		
Income tax	–	1
Overseas withholding tax	30	23
	30	24
Total debtors	1,054	890

**10. Cash and Bank Balances**

	30 June 2018 £'000	30 June 2017 £'000
Bank balances	7,960	6,624
Total cash and bank balances	7,960	6,624

**11. Other Creditors**

	30 June 2018 £'000	30 June 2017 £'000
Amounts payable for redemption of shares	91	170
Purchases awaiting settlement	94	349
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	64	63
Legal and professional fees	2	–
Typesetting and printing costs	2	2
Registration fees	2	2
	70	67

## LF MITON DEFENSIVE MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

	30 June 2018 £'000	30 June 2017 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	2
Transaction charges	3	1
Safe custody and other bank charges	4	2
	9	5
Other expenses	8	8
Total other creditors	<u>272</u>	<u>599</u>

### 12. Related Party Transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 39 and amounts due at the year end are disclosed in notes 9 and 11.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 374,020 (30.06.17: 378,750) of the Fund's shares at the balance sheet date.

### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (30.06.17: none).



## LF MITON DEFENSIVE MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

### 14. Shares in Issue

	'A' Accumulation	'B' Accumulation	USD 'C' Accumulation	'E' Accumulation
Annual Management Charge	1.50%	0.75%	1.75%	0.50%
Opening shares in issue	6,788,191	15,129,364	530,241	250
Issues	287,199	3,878,554	28,395	–
Redemptions	(1,077,921)	(1,827,337)	(175,531)	–
Conversions	(212,000)	192,330	–	–
Closing shares in issue	5,785,469	17,372,911	383,105	250

### 15. Risk Management Policies

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

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

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

#### (A) CREDIT RISK

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

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

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

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

Credit Quality	30 June 2018 %	30 June 2017 %
Investment grade debt securities	38.69	30.71
Non-investment grade debt securities	9.05	16.52
Non-rated debt securities	4.20	1.45
Other investments	37.40	42.29
Net other assets	10.66	9.03
	<u>100.00</u>	<u>100.00</u>

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

30 June 2018 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
Bank of New York Mellon	(15)	–

  

30 June 2017 Counterparty	Forward currency contracts £'000	Net cash collateral pledged £'000
Bank of New York Mellon	609	–

**(B) INTEREST RATE RISK**

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

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The Fund will at times have significant exposure to interest rate risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 30 June 2018 a one basis point change in the yield would have an impact of £13,400 on the direct net asset of the Fund.

The table below shows the direct interest rate risk profile:

	30 June 2018 £'000	30 June 2017 £'000
Floating rate investments	4,186	6,764
Fixed rate investments	41,352	30,526
Investment assets on which interest is not paid	27,717	32,393
Investment liabilities on which interest is not paid	(15)	–
Total investments	<u>73,240</u>	<u>69,683</u>

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

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

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

**(C) FOREIGN CURRENCY RISK**

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

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

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

The table below shows the direct foreign currency risk profile:

	30 June 2018 Gross £'000	30 June 2018 Hedged £'000	30 June 2018 Net £'000
Currency:			
Australian dollars	398	–	398
Brazilian real	1	–	1
Danish krone	527	–	527
Euros	2,078	–	2,078
Hong Kong dollars	918	–	918
Indian rupees	532	–	532
Indonesian rupiah	467	–	467
Japanese yen	2,111	–	2,111
Korean won	320	–	320
Mexican pesos	377	–	377
Norwegian krone	864	–	864
South African rand	378	–	378
Swedish krona	250	–	250
Swiss francs	201	–	201
US dollars	32,879	(23,759)	9,120
	<u>42,301</u>	<u>(23,759)</u>	<u>18,542</u>
Pounds sterling	39,696	23,744	63,440
Net assets	<u>81,997</u>	<u>(15)</u>	<u>81,982</u>

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

	30 June 2017 Gross £'000	30 June 2017 Hedged £'000	30 June 2017 Net £'000
Currency:			
Australian dollars	275	–	275
Brazilian real	663	–	663
Chinese yuan	15	–	15
Danish krone	533	–	533
Euros	6,499	(4,216)	2,283
Hong Kong dollars	1,364	–	1,364
Indian rupees	1,844	–	1,844
Japanese yen	3,705	(1,059)	2,646
Korean won	794	–	794
South African rand	355	–	355
Swedish krona	457	–	457
Swiss francs	479	–	479
US dollars	26,453	(21,548)	4,905
	<u>43,436</u>	<u>(26,823)</u>	<u>16,613</u>
Pounds sterling	<u>32,553</u>	<u>27,432</u>	<u>59,985</u>
Net assets	<u>75,989</u>	<u>609</u>	<u>76,598</u>

A 5% change in the pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £927,000 on the net assets of the Fund (30.06.17: £831,000).

**(D) LEVERAGE**

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

**(E) LIQUIDITY RISK**

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

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

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

## **LF MITON DEFENSIVE MULTI ASSET FUND** **NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

### **(F) MARKET PRICE RISK**

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

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

A 5% increase in the value of the portfolio excluding forward currency contracts would have the effect of increasing the return and net assets by £3,663,000 (30.06.17: £3,454,000). A 5% decrease would have an equal and opposite effect.

### **(G) DERIVATIVES**

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

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

**16. Portfolio Transaction Costs**

30 June 2018	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	29,262	18	38	29,318
Collective investment schemes	416	–	–	416
Debt securities	23,099	–	–	23,099
Purchases total	<u>52,777</u>	<u>18</u>	<u>38</u>	<u>52,833</u>
<i>Transaction cost % of purchases total</i>		<i>0.03%</i>	<i>0.07%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.02%</i>	<i>0.05%</i>	
Ordinary shares	29,302	(18)	(5)	29,279
Collective investment schemes	2,567	(3)	–	2,564
Debt securities	16,443	–	–	16,443
Sales total	<u>48,312</u>	<u>(21)</u>	<u>(5)</u>	<u>48,286</u>
<i>Transaction cost % of sales total</i>		<i>0.04%</i>	<i>0.01%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.03%</i>	<i>–</i>	

Average portfolio dealing spread at 30.06.18 is 0.23% (30.06.17: 0.28%).

**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

30 June 2017	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	36,344	34	40	36,418
Collective investment schemes	1,202	–	–	1,202
Debt securities	33,549	–	–	33,549
Purchases total	<u>71,095</u>	<u>34</u>	<u>40</u>	<u>71,169</u>
<i>Transaction cost % of purchases total</i>		<i>0.05%</i>	<i>0.06%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.04%</i>	<i>0.05%</i>	
Ordinary shares	45,771	(41)	(9)	45,721
Collective investment schemes	3,357	(1)	–	3,356
Debt securities	37,526	–	–	37,526
Sales total	<u>86,654</u>	<u>(42)</u>	<u>(9)</u>	<u>86,603</u>
<i>Transaction cost % of sales total</i>		<i>0.05%</i>	<i>0.01%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.05%</i>	<i>0.01%</i>	



**LF MITON DEFENSIVE MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

**17. Fair Value Hierarchy**

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

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

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

**Level 3:** Valuation techniques using unobservable inputs.

<b>30 June 2018</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Investment assets	38,729	34,526	–	73,255
Investment liabilities	–	(15)	–	(15)
<b>30 June 2017</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
Investment assets	38,087	31,596	–	69,683

## LF MITON DEFENSIVE MULTI ASSET FUND DISTRIBUTION TABLE

for the year ended 30 June 2018 – per share

### EQUALISATION

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

Group 2	Final
From	1 July 2017
To	30 June 2018

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

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	3.5993	–	3.5993	3.1369
Group 2	1.2304	2.3689	3.5993	3.1369

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

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	6.6707	–	6.6707	6.0171
Group 2	2.3087	4.3620	6.6707	6.0171

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

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	3.5781	–	3.5781	2.9902
Group 2	0.9937	2.5844	3.5781	2.9902

### 'E' ACCUMULATION GBP SHARES (PENCE)

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	8.3080	–	8.3080	7.4520
Group 2	8.3080	0.0000	8.3080	7.4520

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

for the year ended 30 June 2018

### **Important Information**

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

### **Investment Objective and Policy**

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

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

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Miton Cautious Multi Asset Fund  
*30 October 2018*

## **LF MITON CAUTIOUS MULTI ASSET FUND INVESTMENT MANAGER'S REPORT**

for the year ended 30 June 2018

### **Market Review**

Financial market performance over the period was a tale of two halves. The last six months of 2017 were categorised by strong and synchronised global economic growth data, and most risk assets moved higher over the period. However following the positive end to 2017 markets struggled for the first six months of 2018, more specifically there was a sharp sell-off at the end of January and markets have been fairly choppy ever since. Some of the key catalysts for this have been fading momentum in economic growth data in several economies, escalating trade tensions, and higher US interest rates and a stronger US dollar.

Looking at equity market performance from a regional perspective, most developed markets made strong gains over the period, led by the US and closely followed by the UK and Japan. Emerging market performance was mixed, for example Brazil, India and South Africa made strong returns, whereas China and Mexico made losses. At a sector level technology and energy were the best performing. The other more cyclical sectors also performed well, but the more defensive sectors less so.

In commodities, the oil price was up significantly over the period, in part because of favourable demand and supply dynamics as OPEC members agreed to extend supply cuts. The gold price was up at the margin.

Turning to fixed income, US government and corporate bonds fell over the period with the strong economic environment putting upwards pressure on yields. UK and European government and corporate bonds saw small gains.

Elsewhere, in currencies, the dollar weakened in the first half of the period and strengthened in the second, ending the period slightly weaker. It was the opposite story for Sterling, which ended the period slightly stronger. Emerging market currencies fell sharply over the period.

### **Performance Attribution**

Equity was the main contributor to fund performance over the period, across all regions with the exception of our emerging markets exposure. The UK and the US were the biggest contributors, but European, Japanese and Chinese equities also added to performance. At a sector level contributors were dominated by materials, technology and energy was the biggest contributor.

Bonds also contributed, both UK and US corporate bonds. The only detractor here was our small exposure to emerging market government bonds.

Elsewhere our exposure to UK property contributed at the margin.

### **Portfolio Activity**

Our equity weight increased over the period.

We added to the US, where we continue to see strong momentum in the growth data, and we added to the UK, on positive price momentum in a market that has lagged global equity markets. We also added to emerging markets as we introduced a basket of South African and Latin American equities to get exposure to some of our

## **LF MITON CAUTIOUS MULTI ASSET FUND INVESTMENT MANAGER'S REPORT** *continued*

longer term themes. We reduced our exposure to other regions where we are seeing signs of momentum fading in the growth data, including China and Europe ex UK. These are also export-driven economies that are exposed to escalating trade tensions. At a sector level we reduced our exposure to financials and increased our exposure to energy, as well as adding some defensive growth stocks within utilities and consumer staples.

Our fixed income decreased over the period. We sold out of European credit entirely, on the expectation of widening spreads, and we had some of our short dated US and UK corporate bonds mature.

Elsewhere, we sold stocks with negative price momentum as per our sell discipline.

### **Outlook**

The global macro environment remains broadly robust, with growth strong, and inflation not at threatening levels. As ever though, there are a number of risks to this environment. Growth is slowing, probably from levels that were unsustainably high, but the escalating risks around trade wars are adding to this slowing impetus. Importantly, visibility on how trade tensions are likely to evolve is poor. Our base case assumes that most of the key actors agree that trade wars are harmful for stock markets and economies. We might be wrong.

In contrast to this lack of visibility, the US central bank stands out compared to other banks as more confident in their policy profile and in their economy and, while this is in many ways supportive of US assets, it is causing some dislocation overseas, especially in more fragile economies.

In general, we continue to believe that the investment environment is getting tougher but that investors will be rewarded if they are prepared to differentiate more carefully between the good and the bad opportunities.

### **MITON ASSET MANAGEMENT LIMITED**

Investment Manager

18 July 2018

## LF MITON CAUTIOUS MULTI ASSET FUND FUND INFORMATION

### Risk and Reward Profile



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

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

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

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

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

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

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

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

## LF MITON CAUTIOUS MULTI ASSET FUND FUND INFORMATION *continued*

### Comparative Tables

#### 'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 pence per share	30 June 2017 pence per share	30 June 2016 pence per share
Opening net asset value per share	232.69	210.14	202.90
Return before operating charges*	9.54	26.09	10.42
Operating charges	(3.78)	(3.54)	(3.18)
Return after operating charges	5.76	22.55	7.24
Distributions	(4.92)	(3.98)	(2.51)
Retained distributions on accumulation shares	4.92	3.98	2.51
Closing net asset value per share	238.45	232.69	210.14
* after direct transaction costs of:	0.47	0.55	0.62

#### PERFORMANCE

Return after charges	2.48%	10.73%	3.57%
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#### OTHER INFORMATION

Closing net asset value (£'000)	79,407	80,275	84,206
Closing number of shares	33,301,404	34,499,281	40,071,143
Operating charges	1.57% <sup>1</sup>	1.57%	1.57%
Direct transaction costs	0.20%	0.24%	0.31%

#### PRICES

Highest share price	249.78	236.02	210.64
Lowest share price	233.53	215.08	196.28

<sup>1</sup> Following regulatory changes, where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the Operating Charges Figure.

## LF MITON CAUTIOUS MULTI ASSET FUND FUND INFORMATION *continued*

### Comparative Tables *continued*

#### 'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 pence per share	30 June 2017 pence per share	30 June 2016 pence per share
Opening net asset value per share	255.93	229.41	219.83
Return before operating charges*	10.49	28.55	11.40
Operating charges	(2.18)	(2.03)	(1.82)
Return after operating charges	8.31	26.52	9.58
Distributions	(7.43)	(6.22)	(4.40)
Retained distributions on accumulation shares	7.43	6.22	4.40
Closing net asset value per share	264.24	255.93	229.41
* after direct transaction costs of:	0.52	0.60	0.68

#### PERFORMANCE

Return after charges	3.25%	11.56%	4.36%
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#### OTHER INFORMATION

Closing net asset value (£'000)	468,338	317,646	221,185
Closing number of shares	177,236,699	124,112,792	96,413,641
Operating charges	0.82% <sup>1</sup>	0.82%	0.82%
Direct transaction costs	0.20%	0.24%	0.31%

#### PRICES

Highest share price	275.90	259.47	229.96
Lowest share price	256.88	234.80	212.92

<sup>1</sup> Following regulatory changes, where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the Operating Charges Figure.



## LF MITON CAUTIOUS MULTI ASSET FUND

### FUND INFORMATION *continued*

#### Comparative Tables *continued*

##### USD 'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 US\$ per share	30 June 2017 US\$ per share	30 June 2016 US\$ per share
Opening net asset value per share	2.9383	2.7624	3.1152
Return before operating charges*	0.1719	0.2266	(0.2992)
Operating charges	(0.0574)	(0.0507)	(0.0536)
Return after operating charges	0.1145	0.1759	(0.3528)
Distributions	(0.0554)	(0.0432)	(0.0264)
Retained distributions on accumulation shares	0.0554	0.0432	0.0264
Closing net asset value per share	3.0528	2.9383	2.7624
* after direct transaction costs of:	0.0062	0.0068	0.0090

##### PERFORMANCE

Return after charges	3.90%	6.37%	(11.33)%
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##### OTHER INFORMATION

Closing net asset value (£'000)	8,654	11,458	13,135
Closing number of shares	3,742,834	5,065,358	6,413,353
Operating charges	1.82% <sup>1</sup>	1.82%	1.82%
Direct transaction costs	0.20%	0.24%	0.31%

##### PRICES

Highest share price	3.4345	2.9551	3.1415
Lowest share price	2.9279	2.6205	2.6701

<sup>1</sup> Following regulatory changes, where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the Operating Charges Figure.

## LF MITON CAUTIOUS MULTI ASSET FUND FUND INFORMATION *continued*

### Comparative Tables *continued*

#### EUR 'F' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 € per share	30 June 2017 € per share	30 June 2016 € per share
Opening net asset value per share	2.5631	2.4655	2.7715
Return before operating charges*	0.0861	0.1438	(0.2580)
Operating charges	(0.0478)	(0.0462)	(0.0480)
Return after operating charges	0.0383	0.0976	(0.3060)
Distributions	(0.0472)	(0.0377)	(0.0236)
Retained distributions on accumulation shares	0.0472	0.0377	0.0236
Closing net asset value per share	2.6014	2.5631	2.4655
* after direct transaction costs of:	0.0052	0.0062	0.0081

#### PERFORMANCE

Return after charges	1.49%	3.96%	(11.04)%
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#### OTHER INFORMATION

Closing net asset value (£'000)	2,885	4,025	4,079
Closing number of shares	1,254,123	1,788,174	2,002,368
Operating charges	1.82% <sup>1</sup>	1.82%	1.82%
Direct transaction costs	0.20%	0.24%	0.31%

#### PRICES

Highest share price	2.7549	2.6875	2.8677
Lowest share price	2.4675	2.3815	2.4119

<sup>1</sup> Following regulatory changes, where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the Operating Charges Figure.

## LF MITON CAUTIOUS MULTI ASSET FUND FUND INFORMATION *continued*

### Comparative Tables *continued*

#### 'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 pence per share	30 June 2017 pence per share	30 June 2016 pence per share
Opening net asset value per share	241.84	217.32	208.77
Return before operating charges*	9.92	27.02	10.79
Operating charges	(2.69)	(2.50)	(2.24)
Return after operating charges	7.23	24.52	8.55
Distributions	(6.39)	(5.15)	(3.65)
Retained distributions on accumulation shares	6.39	5.15	3.65
Closing net asset value per share	249.07	241.84	217.32
* after direct transaction costs of:	0.49	0.57	0.64

#### PERFORMANCE

Return after charges	2.99%	11.28%	4.10%
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#### OTHER INFORMATION

Closing net asset value (£'000)	306	348	432
Closing number of shares	122,726	143,853	198,624
Operating charges	1.07% <sup>1</sup>	1.07%	1.07%
Direct transaction costs	0.20%	0.24%	0.31%

#### PRICES

Highest share price	260.34	245.21	217.84
Lowest share price	242.73	222.43	202.13

<sup>1</sup> Following regulatory changes, where the Investment Manager charges the cost of research to a fund it is now treated as an operating cost of the Fund rather than a portfolio transaction cost and is therefore included in the Operating Charges Figure.

## LF MITON CAUTIOUS MULTI ASSET FUND FUND INFORMATION *continued*

### Fund Performance to 30 June 2018 (%)

	1 year	3 years	5 years
LF Miton Cautious Multi Asset Fund	2.47%	17.70%	20.77%

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

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

Details of the distributions per share for the year are shown in the Distribution Table on pages 95 and 96.

#### RISK WARNING

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

## LF MITON CAUTIOUS MULTI ASSET FUND PORTFOLIO STATEMENT

as at 30 June 2018

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	DEBT SECURITIES – 34.36% (30.06.17 – 42.40%)		
	GOVERNMENT BONDS – 5.78% (30.06.17 – 3.57%)		
BRL9,000,000	Brazil 10% 1/1/2021	1,884	0.34
BRL7,850,000	Brazil 10% 1/1/2023	1,510	0.27
BRL5,323,000	Brazil 12.5% 5/1/2022	1,162	0.21
IDR60,000,000,000	Indonesia 5.625% 15/5/2023	2,915	0.52
IDR30,000,000,000	Indonesia 7% 15/5/2022	1,546	0.28
MXN45,000,000	Mexico 6.5% 10/6/2021	1,679	0.30
MXN65,000,000	Mexico 8% 11/6/2020	2,520	0.45
ZAR34,970,000	South Africa 6.75% 31/3/2021	1,882	0.33
ZAR56,000,000	South Africa 7.25% 15/1/2020	3,080	0.55
ZAR30,000,000	South Africa 8% 21/12/2018	1,666	0.30
£5,970,000	UK Treasury 4.5% 7/3/2019	6,128	1.09
US\$5,000,000	US Treasury 3% 15/5/1947	3,791	0.68
US\$2,770,000	US Treasury 4.5% 15/5/2038	2,597	0.46
	TOTAL GOVERNMENT BONDS	<u>32,360</u>	<u>5.78</u>
	CORPORATE BONDS – 28.58% (30.06.17 – 38.83%)		
£2,000,000	ABN AMRO 2.5% 18/12/2018	2,014	0.36
US\$482,000	AES Gener 5.25% 15/8/2021	377	0.07
US\$1,200,000	AK Steel 7.5% 15/7/2023	948	0.17
US\$1,000,000	Alcoa 5.4% 15/4/2021	778	0.14
US\$3,000,000	Allianz 5.5% <i>Perpetual</i>	2,153	0.38
US\$1,200,000	AngloGold Ashanti 5.375% 15/4/2020	926	0.17
US\$600,000	Antero Resources Finance 5.375% 1/11/2021	460	0.08
£2,000,000	Aviva 6.625% 3/6/2041	2,204	0.39
£1,957,000	Aviva 6.875% <i>Perpetual</i>	2,044	0.37
US\$1,500,000	Ball 5% 15/3/2022	1,169	0.21
US\$550,000	Banco do Brasil 5.875% 26/1/2022	417	0.07
US\$900,000	Barclays 5.14% 14/10/2020	698	0.13
£1,900,000	Barclays 7% <i>Perpetual</i>	1,939	0.35
£1,600,000	Barclays 7.875% <i>Perpetual</i>	1,695	0.30
US\$1,500,000	Barclays 8.25% 29/12/2049	1,154	0.21

## LF MITON CAUTIOUS MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
£757,000	Barclays Bank 9.25% <i>Perpetual</i>	887	0.16
£1,500,000	Barclays Bank 14% <i>Perpetual</i>	1,658	0.30
US\$1,500,000	Baxalta 2.875% 23/6/2020	1,123	0.20
£512,000	Beazley 5.375% 25/9/2019	522	0.09
US\$750,000	Becton Dickinson 3.25% 12/11/2020	565	0.10
US\$1,050,000	Berry Plastics 5.125% 15/7/2023	788	0.14
£3,000,000	BNP Paribas 2.375% 20/11/2019	3,044	0.54
US\$1,500,000	BNP Paribas 6.75% <i>Perpetual</i>	1,128	0.20
US\$3,000,000	BNP Paribas 7.625% <i>Perpetual</i>	2,372	0.42
£2,500,000	BRIT Insurance 6.625% 9/12/2030	2,588	0.46
US\$100,000	Caixa Economica Federal 3.5% 7/11/2022	70	0.01
US\$2,000,000	Capital One 2.4% 5/9/2019	1,503	0.27
US\$400,000	Cemex 7.75% 16/4/2026	328	0.06
US\$1,500,000	Cemex Finance 6% 1/4/2024	1,150	0.21
£1,000,000	Centrica 7% 19/9/2018	1,012	0.18
US\$1,530,000	Citibank 1.85% 18/9/2019	1,145	0.20
£1,269,000	Citigroup 5.125% 12/12/2018	1,290	0.23
US\$2,000,000	Citigroup 6.125% <i>Perpetual</i>	1,570	0.28
US\$1,800,000	CNH Industrial Capital 3.375% 15/7/2019	1,364	0.24
£150,000	Commerzbank 6.625% 30/8/2019	158	0.03
US\$400,000	Community Health Systems 5.125% 1/8/2021	280	0.05
£1,000,000	Coventry Building Society 1% 5/5/2020	993	0.18
£2,400,000	Coventry Building Society 6.375% <i>floating rate notes</i> <i>Perpetual</i>	2,448	0.44
US\$1,400,000	Credit Suisse Funding Guernsey 3.125% 10/12/2020	1,053	0.19
£850,000	Daily Mail & General Trust 5.75% 7/12/2018	865	0.16
US\$2,000,000	DCP Midstream Operating LP 2.7% 1/4/2019	1,500	0.27
US\$1,000,000	Deutsche Bank AG/London 2.5% 13/2/2019	752	0.13
US\$3,000,000	Deutsche Bank AG/New York NY 2.7% 13/7/2020	2,210	0.40
US\$2,000,000	DTE Energy 2.4% 1/12/2019	1,497	0.27
£1,200,000	Ei 6.375% 15/2/2022	1,247	0.22
US\$900,000	Enbridge Energy Partners 9.875% 1/3/2019	711	0.13
£500,000	Enel 7.75% 10/9/2075	556	0.10
US\$2,475,000	Energy Transfer Partners LP 6.25% <i>Perpetual</i>	1,736	0.31

## LF MITON CAUTIOUS MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
US\$1,000,000	Evraz 6.5% 22/4/2020	775	0.14
£2,000,000	Experian Finance 4.75% 23/11/2018	2,027	0.36
US\$2,900,000	First Quantum Minerals 7% 15/2/2021	2,219	0.40
US\$2,000,000	Ford Motor Credit 2.375% 12/3/2019	1,509	0.27
US\$1,000,000	Friends Life 7.875% <i>Perpetual</i>	764	0.14
US\$1,497,000	General Electric 2.2% 9/1/2020	1,120	0.20
US\$2,000,000	General Motors Financial 3.5% 10/7/2019	1,522	0.27
US\$800,000	Glencore Finance Canada 4.95% 15/11/2021	629	0.11
US\$400,000	GLP Capital 4.375% 15/4/2021	303	0.05
US\$1,100,000	GLP Capital 4.875% 1/11/2020	843	0.15
US\$300,000	Goldman Sachs 5.7% <i>Perpetual</i>	230	0.04
US\$550,000	Goodyear Tyre & Rubber 5.125% 15/11/2023	413	0.07
£800,000	HBOS Capital Funding 6.461% <i>Perpetual</i>	813	0.15
US\$1,700,000	Home Depot 1.8% 5/6/2020	1,265	0.23
US\$2,500,000	HSBC 6.875% <i>Perpetual</i>	1,958	0.35
US\$1,000,000	Huntsman International 4.875% 15/11/2020	769	0.14
£650,000	Intermediate Capital 6.25% 19/9/2020	684	0.12
US\$1,000,000	Itau Unibanco 6.2% 15/4/2020	782	0.14
£2,100,000	J Sainsbury 6.5% <i>Perpetual</i>	2,241	0.40
US\$900,000	JPMorgan Chase 5% 29/12/2049	685	0.12
US\$2,000,000	Kaiser Aluminum 5.875% 15/5/2024	1,545	0.28
£1,500,000	Koninklijke KPN 6.875% 14/3/2073	1,583	0.28
£750,000	Legal & General 5.875% <i>Perpetual</i>	764	0.14
US\$400,000	Lennar 4.75% 1/4/2021	307	0.06
£560,000	Liverpool Victoria Friendly Society 6.5% <i>floating rate notes</i> 22/5/2043	611	0.11
£3,000,000	Lloyds Banking 7% <i>Perpetual</i>	3,055	0.55
US\$2,000,000	Mattel 2.35% 6/5/2019	1,513	0.27
US\$600,000	Methanex 5.25% 1/3/2022	468	0.08
US\$2,000,000	Morgan Stanley 2.65% 27/1/2020	1,504	0.27
US\$600,000	Morgan Stanley 5.45% <i>floating rate notes Perpetual</i>	460	0.08
US\$870,000	MSCI 5.25% 15/11/2024	666	0.12
US\$500,000	MSCI 5.75% 15/8/2025	390	0.07
US\$3,000,000	MUFG Bank 2.35% 8/9/2019	2,255	0.40

## LF MITON CAUTIOUS MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
US\$2,000,000	National Australia Bank 2.25% 1/7/2019	1,506	0.27
£1,700,000	National Grid 1.875% 6/8/2018	1,701	0.30
£3,350,000	Nationwide Building Society 6.875% <i>floating rate notes Perpetual</i>	3,419	0.61
US\$3,100,000	NatWest Markets 7.5% <i>Perpetual</i>	2,394	0.43
US\$3,200,000	NatWest Markets 8.625% <i>Perpetual</i>	2,576	0.46
US\$1,100,000	Newcrest Finance 4.45% 15/11/2021	844	0.15
£760,000	Old Mutual 8% 3/6/2021	838	0.15
£1,500,000	Orange 5.875% <i>Perpetual</i>	1,613	0.29
US\$1,650,000	Oversea-Chinese Banking 4% 15/10/2024	1,254	0.22
£1,050,000	Paragon 6.125% 30/1/2022	1,105	0.20
US\$338,000	Perrigo Finance 3.5% 15/3/2021	255	0.05
US\$900,000	Pitney Bowes 3.375% 1/10/2021	641	0.12
US\$1,920,000	PNC Bank NA 2.4% 18/10/2019	1,444	0.26
£200,000	Premier Oil 6.5% 31/5/2021	201	0.04
£58,000	Primary Health Properties 5.375% 23/7/2019	59	0.01
US\$1,600,000	Rabobank Nederland 11% <i>Perpetual</i>	1,297	0.23
US\$2,000,000	Rabobank Nederland 11% <i>Perpetual</i>	1,623	0.29
US\$550,000	Sabine Pass Liquefaction 5.625% 1/2/2021	435	0.08
£1,600,000	Santander 7.375% <i>Perpetual</i>	1,664	0.30
£1,200,000	Scottish Amicable Finance 8.5% <i>Perpetual</i>	1,200	0.21
US\$3,000,000	Société Générale 7.375% <i>Perpetual</i>	2,312	0.41
US\$3,000,000	Société Générale 8.25% <i>Perpetual</i>	2,298	0.41
US\$3,200,000	Standard Chartered 6.5% <i>floating rate notes</i> 31/12/2049	2,405	0.43
US\$2,500,000	Standard Chartered 7.5% <i>Perpetual</i>	1,941	0.35
£2,725,000	Standard Life 6.546% <i>Perpetual</i>	2,912	0.52
US\$2,000,000	Sumitomo Mitsui Banking 2.45% 16/1/2020	1,498	0.27
US\$1,345,000	Summit Materials Finance 8.5% 15/4/2022	1,091	0.19
£1,000,000	Swedbank 1.625% 15/4/2019	1,005	0.18
US\$400,000	Targa Resources Partners 4.125% 15/11/2019	303	0.05
US\$1,000,000	Targa Resources Partners 6.75% 15/3/2024	795	0.14
US\$500,000	Teck Resources 8.5% 1/6/2024	415	0.07
US\$725,000	Tenet Healthcare 6% 1/10/2020	564	0.10



## LF MITON CAUTIOUS MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
£100,000	Tesco Personal Finance 5% 21/11/2020	104	0.02
£850,000	Textron 6.625% 7/4/2020	919	0.16
US\$750,000	Time Warner 4.7% 15/1/2021	585	0.10
£500,000	Travis Perkins 4.5% 7/9/2023	514	0.09
£2,000,000	TSB Banking 5.75% 6/5/2026	2,105	0.38
£200,000	Tullett Prebon 5.25% Notes 11/6/2019	205	0.04
US\$600,000	Tullow Oil 6.25% 15/4/2022	441	0.08
US\$3,000,000	UBS 6.875% <i>Perpetual</i>	2,329	0.42
US\$2,500,000	UBS 7.125% <i>Perpetual</i>	1,943	0.35
US\$2,200,000	United Technologies 1.5% 1/11/2019	1,636	0.29
US\$800,000	Vale Overseas 5.875% 10/6/2021	640	0.11
US\$750,000	Valmont Industries 6.625% 20/4/2020	604	0.11
£1,765,000	Virgin 5.125% 15/2/2022	1,745	0.31
£2,000,000	Virgin Money 2.25% 21/4/2020	2,015	0.36
£2,000,000	Virgin Money 7.875% <i>floating rate notes Perpetual</i>	2,017	0.36
US\$750,000	Western Union 3.6% 15/3/2022	564	0.10
£1,000,000	William Hill 4.25% 5/6/2020	1,029	0.18
£500,000	William Hill 4.875% 7/9/2023	516	0.09
US\$400,000	Williams 3.6% 15/3/2022	302	0.05
£350,000	Yorkshire Building Society 4.125% 20/11/2024	360	0.06
	TOTAL CORPORATE BONDS	159,942	28.58
	TOTAL DEBT SECURITIES	192,302	34.36
EQUITIES – 57.80% (30.06.17 – 52.92%)			
UNITED KINGDOM – 15.29% (30.06.17 – 6.41%)			
152,000	Anglo American	2,575	0.46
480,000	BAE Systems	3,104	0.55
1,195,000	BP	6,911	1.23
80,500	Bunzl	1,847	0.33
70,000	Derwent London	2,174	0.39
780,000	Evrax	3,962	0.71
212,000	GlaxoSmithKline	3,243	0.58
60,000	InterContinental Hotels	2,832	0.51

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**PORTFOLIO STATEMENT** *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
100,000	Johnson Matthey	3,619	0.65
2,375,000	Miton <sup>1,2</sup>	1,340	0.24
172,000	Mondi	3,524	0.63
880,000	Morrison (Wm.) Supermarkets	2,218	0.40
700,000	National Express	2,804	0.50
325,000	National Grid	2,725	0.49
220,000	Pennon	1,748	0.31
1,320,000	Premier Oil	1,696	0.30
630,000	QinetiQ	1,697	0.30
49,942	Renishaw	2,639	0.47
140,000	Rio Tinto	5,881	1.05
305,000	Royal Dutch Shell 'B'	8,276	1.48
243,837	SEGRO	1,632	0.29
200,000	Smiths	3,396	0.61
200,000	SSE	2,709	0.48
325,000	Synthomer	1,711	0.31
1,680,000	Tesco	4,311	0.77
310,000	TUI	5,155	0.92
750,000	Tullow Oil	1,837	0.33
	<b>TOTAL UNITED KINGDOM</b>	<b>85,566</b>	<b>15.29</b>
	 CONTINENTAL EUROPE – 9.61% (30.06.17 – 14.88%)		
160,000	Amplifon	2,513	0.45
150,000	ArcelorMittal	3,324	0.59
70,000	Bakkafrost	2,942	0.53
360,000	Eni	5,064	0.91
207,000	Equinor	4,163	0.74
960,000	Glencore	3,475	0.62
42,000	Hexagon 'B'	1,812	0.32
143,000	Marine Harvest	2,156	0.39
55,000	Ørsted	2,522	0.45
456,923	Repsol	6,775	1.21
456,923	Repsol rights 11/7/2018	196	0.04

## LF MITON CAUTIOUS MULTI ASSET FUND

### PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
92,000	SalMar	2,922	0.52
3,000	Straumann	1,727	0.31
130,000	Total	6,001	1.07
205,000	UPM-Kymmene	5,560	0.99
86,000	William Demant	2,625	0.47
	TOTAL CONTINENTAL EUROPE	<u>53,777</u>	<u>9.61</u>
	AUSTRALIA – 0.46% (30.06.17 – 0.00%)		
600,000	GrainCorp	<u>2,579</u>	<u>0.46</u>
	ASIA PACIFIC (EX JAPAN) – 6.27% (30.06.17 – 11.09%)		
15,200	Alibaba ADS	2,135	0.38
3,300,000	Angang Steel	2,240	0.40
830,000	Anhui Conch Cement 'H'	3,602	0.64
2,400,000	BAIC Motor	1,735	0.31
80,000	Bharat Financial	1,026	0.18
370,000	BYD	1,699	0.30
4,100,000	China Petroleum & Chemical	2,771	0.50
4,000,000	China Resources Cement	3,066	0.55
17,000	Cochlear	1,904	0.34
4,010,000	COSCO China Development	1,382	0.25
949,000	Geely Automobiles	1,860	0.33
105,000	Godrej Consumer Products	1,417	0.25
45,000	Housing Development Finance	949	0.17
240,000	KEC International	889	0.16
14,000	Maruti Suzuki India	1,364	0.24
12,000	POSCO	2,679	0.48
40,000	SK Hynix	2,327	0.42
54,000	Tencent	2,052	0.37
	TOTAL ASIA PACIFIC (EX JAPAN)	<u>35,097</u>	<u>6.27</u>

## LF MITON CAUTIOUS MULTI ASSET FUND

### PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	JAPAN – 5.13% (30.06.17 – 8.52%)		
66,000	Aida Engineering	484	0.09
65,000	AOKI	717	0.13
50,000	Arcland Sakamoto	569	0.10
11,000	Central Japan Railway	1,725	0.31
77,000	Daiwa House	1,985	0.35
30,000	East Japan Railway	2,175	0.39
45,000	FamilyMart	3,585	0.64
31,000	Inaba Denki Sangyo	957	0.17
45,000	Kato Sangyo	1,166	0.21
5,300	Keyence	2,264	0.40
120,000	K's	944	0.17
84,000	Mirait	985	0.18
60,000	Mitsubishi Gas Chemical	1,028	0.18
53,000	Morita	809	0.14
140,000	Recruit	2,933	0.52
50,000	Sony	1,936	0.35
50,000	UBE Industries	984	0.18
83,000	Valor	1,433	0.26
36,000	West Japan Railway	2,008	0.36
	TOTAL JAPAN	28,687	5.13
	NORTH AMERICA – 16.23% (30.06.17 – 9.82%)		
55,500	Activision Blizzard	3,208	0.57
95,000	Alcoa	3,380	0.60
4,300	Alphabet 'A'	3,678	0.66
2,800	Amazon.com	3,603	0.64
60,000	American Eagle Outfitters	1,056	0.19
21,960	Apple	3,042	0.54
83,000	Bank of America	1,773	0.32
73,000	Brinker International	2,632	0.47
28,000	Buckle	569	0.10
71,000	Callaway Golf	1,020	0.18
60,000	Cheesecake Factory	2,502	0.45

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**PORTFOLIO STATEMENT** *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
23,100	Deere	2,446	0.44
107,000	DSW 'A'	2,093	0.37
38,520	Electronic Arts	4,114	0.74
250,000	Energy Transfer Partners	3,603	0.64
120,000	Francesca's	686	0.12
165,000	Freeport-McMoRan 'B'	2,158	0.39
25,000	GrubHub	1,985	0.36
40,000	Hill-Rom	2,647	0.47
17,700	Home Depot	2,616	0.47
12,300	IPG Photonics	2,055	0.37
9,000	Johnson Outdoors	574	0.10
54,000	Lowe's	3,910	0.70
13,825	MarketAxess	2,071	0.37
31,000	Marriott International 'A'	2,973	0.53
51,050	Microsoft	3,813	0.68
173,500	Mosaic	3,686	0.66
18,100	Nvidia	3,248	0.58
80,000	Paychex	4,142	0.74
25,000	Raytheon	3,659	0.65
27,000	Steven Madden	1,086	0.19
110,000	Targa Resources	4,124	0.74
122,850	United States Steel	3,234	0.58
47,000	Xylem	2,399	0.43
56,000	Zumiez	1,060	0.19
	<b>TOTAL NORTH AMERICA</b>	<b>90,845</b>	<b>16.23</b>
	SOUTH AMERICA – 2.17% (30.06.17 – 0.00%)		
560,000	Aeroporto del Centro Norte	2,233	0.40
230,000	Grupo Aeroportuario del Pacifico	1,634	0.29
140,000	Grupo Aeroportuario del Sureste	1,702	0.30
330,000	Sao Martinho	1,160	0.21

## LF MITON CAUTIOUS MULTI ASSET FUND

### PORTFOLIO STATEMENT *continued*

		Value £'000	30 June 2018 %
227,000	SLC Agricola	2,277	0.41
40,000	Sociedad Quimica y Minera de Chile 'B' preference shares	1,446	0.26
850,000	Wal-Mart de Mexico	1,712	0.30
	TOTAL SOUTH AMERICA	<u>12,164</u>	<u>2.17</u>
	AFRICA – 1.38% (30.06.17 – 0.00%)		
85,000	Astral Foods	1,338	0.24
230,000	AVI	1,374	0.25
155,000	Clicks	1,672	0.30
100,000	Foschini	962	0.17
135,000	JSE	1,202	0.21
270,000	Truworths International	1,152	0.21
	TOTAL AFRICA	<u>7,700</u>	<u>1.38</u>
	INVESTMENT COMPANIES – 1.26% (30.06.17 – 2.20%)		
	UNITED KINGDOM – 0.39% (30.06.17 – 0.96%)		
2,140,538	Diverse Income	<u>2,205</u>	<u>0.39</u>
	CONTINENTAL EUROPE – 0.58% (30.06.17 – 0.79%)		
2,700,000	TwentyFour Income	<u>3,240</u>	<u>0.58</u>
	GLOBAL – 0.29% (30.06.17 – 0.45%)		
575,000	Electric & General Investment Trust <sup>3</sup>	–	–
1,700,000	NB Global Floating Rate Income	1,598	0.29
	TOTAL GLOBAL	<u>1,598</u>	<u>0.29</u>
	TOTAL INVESTMENT COMPANIES	<u>7,043</u>	<u>1.26</u>
	TOTAL EQUITIES	<u>323,458</u>	<u>57.80</u>
	FORWARD CURRENCY CONTRACTS – (0.01)% (30.06.17 – 1.10%)		
US\$(152,300,000)	Vs £115,168,083 (expiry 25/7/2018)	<u>(71)</u>	<u>(0.01)</u>

## LF MITON CAUTIOUS MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	Portfolio of investments <sup>4</sup>	515,689	92.15
	Net other assets	43,901	7.85
	Net assets	<u>559,590</u>	<u>100.00</u>

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

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

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

<sup>3</sup> Delisted security.

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

*Definition:*

*ADS – American Depositary Share.*

## LF MITON CAUTIOUS MULTI ASSET FUND SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 30 June 2018

Total purchases for the year £'000 (note 16)	518,421	Total sales for the year £'000 (note 16)	396,827
Major purchases	Cost £'000	Major sales	Proceeds £'000
UK Treasury 4.5% 7/3/2019	6,216	BMW	5,750
Repsol	6,197	Intesa Sanpaolo	5,130
BMW	5,894	HSBC	4,594
Rio Tinto	5,270	Daimler	4,523
UPM-Kymmene	5,243	Volkswagen <i>preference (non-voting)</i>	4,005
Daimler	4,984	China Merchants Bank 'H'	3,985
TUI	4,984	Natixis	3,957
Tesco	4,671	Industrial and Commercial Bank of China 'H'	3,835
Eni	4,565	Wells Fargo	3,829
Volkswagen <i>preference (non-voting)</i>	4,535	Omron	3,609
Natixis	4,418	Schneider Electric	3,484
Paychex	4,213	BNP Paribas	3,475
Targa Resources	4,083	Mitsubishi Chemical	3,408
Lowe's	4,019	BBVA	3,397
Equinor	3,843	China Construction Bank	3,391
Energy Transfer Partners	3,613	Sumitomo Mitsui Financial	3,376
Evraz	3,511	Infineon Technologies	3,346
Electronic Arts	3,511	Yamaha Motor	3,309
Mosaic	3,499	Société Générale	3,259
Mondi	3,484	Air Liquide	3,208

The summary of material portfolio changes represents the 20 largest purchases and sales during the year.



## LF MITON CAUTIOUS MULTI ASSET FUND STATEMENT OF TOTAL RETURN

for the year ended 30 June 2018

	Notes	£'000	30 June 2018 £'000	£'000	30 June 2017 £'000
Income:					
Net capital (losses)/gains	3		(2,070)		29,306
Revenue	4	18,569		12,849	
Expenses	5	(4,806)		(3,853)	
Interest payable and similar charges	7	(2)		(5)	
Net revenue before taxation		13,761		8,991	
Taxation	6	(512)		(304)	
Net revenue after taxation			13,249		8,687
<b>Total return before distributions</b>			11,179		37,993
Distributions	8		(13,254)		(8,692)
<b>Change in net assets attributable to shareholders from investment activities</b>			(2,075)		29,301

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 June 2018

	Note	£'000	30 June 2018 £'000	£'000	30 June 2017 £'000
<b>Opening net assets attributable to shareholders</b>			413,752		323,037
Amounts receivable on issue of shares		149,428		79,996	
Amounts payable on redemption of shares		(16,549)		(27,908)	
			132,879		52,088
Change in net assets attributable to shareholders from investment activities			(2,075)		29,301
Retained distributions on Accumulation shares	8		15,034		9,326
<b>Closing net assets attributable to shareholders</b>			559,590		413,752

## LF MITON CAUTIOUS MULTI ASSET FUND BALANCE SHEET

as at 30 June 2018

	Notes	30 June 2018 £'000	30 June 2017 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments		515,760	398,931
<b>Current assets</b>			
Debtors	9	8,586	7,289
Cash and bank balances	10	39,549	13,323
<b>Total assets</b>		<u>563,895</u>	<u>419,543</u>
<b>LIABILITIES</b>			
Investment liabilities		(71)	–
<b>Creditors</b>			
Other creditors	11	<u>(4,234)</u>	<u>(5,791)</u>
<b>Total liabilities</b>		<u>(4,305)</u>	<u>(5,791)</u>
<b>Net assets attributable to shareholders</b>		<u>559,590</u>	<u>413,752</u>

## LF MITON CAUTIOUS MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

### 1. Accounting Policies

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

### 2. Distribution Policies

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

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

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

	30 June 2018 £'000	30 June 2017 £'000
Non-derivative securities	1,128	31,733
Forward currency contracts	(1,926)	(2,224)
Transaction charges	(12)	(11)
AMC rebates from underlying investments	21	35
Currency losses	(1,281)	(227)
Net capital (losses)/gains	<u>(2,070)</u>	<u>29,306</u>

### 4. Revenue

	30 June 2018 £'000	30 June 2017 £'000
Non-taxable dividends	8,305	5,969
Taxable dividends	186	309
UK property income distributions	65	–
Interest on debt securities	9,982	6,475
Interest distributions on CIS holdings	–	81
AMC rebates from underlying investments	7	12
Bank interest	24	1
Consent fee	–	2
Total revenue	<u>18,569</u>	<u>12,849</u>

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

**5. Expenses**

	30 June 2018 £'000	30 June 2017 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	4,455	3,605
Legal and professional fees	12	12
Typesetting and printing costs	4	6
Registration fees	100	99
	4,571	3,722
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	88	73
Safe custody and other bank charges	61	43
	149	116
Other expenses:		
Fees paid to auditor – audit	8	9
– tax services	(3)	3
Legal and professional fees	12	3
Research costs	69	–
	86	15
Total expenses	4,806	3,853

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

**6. Taxation**

	30 June 2018 £'000	30 June 2017 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	512	304
Current tax charge	512	304

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

	30 June 2018 £'000	30 June 2017 £'000
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	512	304

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.06.17: 20%). The difference is explained below:

	30 June 2018 £'000	30 June 2017 £'000
Net revenue before taxation	13,761	8,991
Corporation tax at 20%	2,752	1,798
Effects of:		
Non-taxable dividends	(1,661)	(1,194)
AMC rebates taken to capital	4	4
Foreign tax expensed	(7)	(7)
Utilisation of excess management expenses	(1,088)	(601)
Corporation tax charge	–	–
Overseas tax	512	304
Total tax charge (note 6a)	512	304

c) Deferred tax

At the year end there is a potential deferred tax asset of £5,979,000 (30.06.17: £7,067,000) in relation to surplus management expenses. The Fund has utilised these surplus management expenses in the year. No deferred tax asset has been recognised.

**7. Interest Payable and Similar Charges**

	30 June 2018 £'000	30 June 2017 £'000
Interest	2	5
Total interest payable and similar charges	2	5

## LF MITON CAUTIOUS MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

### 8. Distributions

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

	30 June 2018 £'000	30 June 2017 £'000
Final	15,034	9,326
Add: Revenue deducted on redemption of shares	176	217
Deduct: Revenue received on issue of shares	(1,956)	(851)
Net distributions for the year	<u>13,254</u>	<u>8,692</u>

Details of the distributions per share are set out in the table on pages 95 and 96.

	30 June 2018 £'000	30 June 2017 £'000
Distributions represented by:		
Net revenue after taxation	13,249	8,687
Allocations to capital:		
Tax relief on capitalised AMC rebates from underlying investments	4	4
Equalisation on conversions*	1	1
Net distributions for the year	<u>13,254</u>	<u>8,692</u>

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

### 9. Debtors

	30 June 2018 £'000	30 June 2017 £'000
Amounts receivable for issue of shares	1,340	828
Sales awaiting settlement	3,677	3,125

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

	30 June 2018 £'000	30 June 2017 £'000
Accrued revenue:		
Non-taxable dividends	342	524
Interest from debt securities	2,894	2,623
AMC rebates from underlying investments	6	9
	3,242	3,156
Taxation recoverable:		
Income tax	4	5
Overseas withholding tax	323	175
	327	180
Total debtors	8,586	7,289

**10. Cash and Bank Balances**

	30 June 2018 £'000	30 June 2017 £'000
Bank balances	39,549	13,323
Total cash and bank balances	39,549	13,323

**11. Other Creditors**

	30 June 2018 £'000	30 June 2017 £'000
Amounts payable for redemption of shares	288	242
Purchases awaiting settlement	3,486	5,193
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	404	320
Typesetting and printing costs	2	2
Registration fees	8	8
	414	330

## LF MITON CAUTIOUS MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

	30 June 2018 £'000	30 June 2017 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	8	6
Transaction charges	6	2
Safe custody and other bank charges	21	7
	35	15
Other expenses	11	11
Total other creditors	<u>4,234</u>	<u>5,791</u>

### 12. Related Party Transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 79 and amounts due at the year end are disclosed in notes 9 and 11.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 744,108 (30.06.17: 966,097) of the Fund's shares at the balance sheet date.

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

Cofunds Nominees Limited 22.44% (30.06.17: 28.39%)

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

	30 June 2018 £'000	30 June 2017 £'000
Investment Manager in common	<u>1,340</u>	<u>855</u>



## LF MITON CAUTIOUS MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

### 13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (30.06.17: none).

### 14. Shares in Issue

	'A' Accumulation	'B' Accumulation	USD 'C' Accumulation
Annual Management Charge	1.50%	0.75%	1.75%
Opening shares in issue	34,499,281	124,112,792	5,065,358
Issues	2,713,984	54,015,973	210,115
Redemptions	(3,791,448)	(1,004,591)	(1,532,639)
Conversions	(120,413)	112,525	–
Closing shares in issue	<u>33,301,404</u>	<u>177,236,699</u>	<u>3,742,834</u>
		EUR 'F' Accumulation	'G' Accumulation
Annual Management Charge		1.75%	1.00%
Opening shares in issue		1,788,174	143,853
Issues		27,349	479
Redemptions		(561,400)	(18,100)
Conversions		–	(3,506)
Closing shares in issue		<u>1,254,123</u>	<u>122,726</u>

### 15. Risk Management Policies

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

## LF MITON CAUTIOUS MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

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

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

### (A) CREDIT RISK

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

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

Credit Quality	30 June 2018 £'000	30 June 2017 £'000
Investment grade debt securities	17.93	18.11
Non-investment grade debt securities	14.01	20.60
Non-rated debt securities	2.42	3.69
Other investments	57.79	54.02
Net other assets	<u>7.85</u>	<u>3.58</u>
	<u>100.00</u>	<u>100.00</u>

Refer to the Portfolio Statement for exposure to counterparties obtained through the use of derivatives.

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

30 June 2018 Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	(71)	–

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

30 June 2017 Counterparty	Forward currency contracts £'000	Net collateral pledged £'000
Bank of New York Mellon	4,531	–

**(B) INTEREST RATE RISK**

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

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 30 June 2018, a one basis point change in the yield would have an impact of £49,110 on the direct net assets of the Fund.

	30 June 2018 £'000	30 June 2017 £'000
Floating rate investments	11,360	28,912
Fixed rate investments	180,942	146,533
Investment assets on which interest is not paid	323,458	223,486
Investment liabilities on which interest is not paid	(71)	–
Total investments	<u>515,689</u>	<u>398,931</u>

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

Investment assets on which interest is not paid include equities/collective investment schemes and the long side of forward currency contracts.

Investment liabilities on which interest is not paid include the short side of forward currency contracts.

## LF MITON CAUTIOUS MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

### (C) FOREIGN CURRENCY RISK

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

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

The table below shows the direct foreign currency risk profile:

	30 June 2018 Gross £'000	30 June 2018 Hedged £'000	30 June 2018 Net £'000
Currency:			
Australian dollars	4,510	–	4,510
Brazilian real	8,136	–	8,136
Chilean pesos	1,447	–	1,447
Chinese yuan	5	–	5
Danish krone	5,163	–	5,163
Euros	34,856	–	34,856
Hong Kong dollars	20,433	–	20,433
Indian rupees	5,646	–	5,646
Indonesian rupiah	4,490	–	4,490
Japanese yen	28,687	–	28,687
Korean won	5,016	–	5,016
Mexican pesos	11,493	–	11,493
Norwegian krone	12,224	–	12,224
South African rand	14,097	–	14,097
Swedish krona	1,812	–	1,812
Swiss francs	1,727	–	1,727
US dollars	193,561	(115,239)	78,322
	<u>353,303</u>	<u>(115,239)</u>	<u>238,064</u>
Pounds sterling	<u>206,358</u>	<u>115,168</u>	<u>321,526</u>
Net assets	<u>559,661</u>	<u>(71)</u>	<u>559,590</u>

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

	30 June 2017 Gross £'000	30 June 2017 Hedged £'000	30 June 2017 Net £'000
Currency:			
Australian dollars	1,469	–	1,469
Brazilian real	3,366	–	3,366
Chinese yuan	193	–	193
Danish krone	4,277	–	4,277
Euros	66,405	(53,135)	13,270
Hong Kong dollars	17,866	–	17,866
Indian rupees	16,225	–	16,225
Indonesian rupiah	(1)	–	(1)
Japanese yen	35,291	(22,919)	12,372
Korean won	7	–	7
Mexican pesos	1,991	–	1,991
North Korean won	9,252	–	9,252
Norwegian krone	7	–	7
South African rand	1,777	–	1,777
Swedish krona	4,103	–	4,103
Swiss francs	1,314	–	1,314
US dollars	134,717	(122,056)	12,661
	<u>298,259</u>	<u>(198,110)</u>	<u>100,149</u>
Pounds sterling	110,962	202,641	313,603
Net assets	<u>409,221</u>	<u>4,531</u>	<u>413,752</u>

A 5% change in the pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £11,903,000 on the net assets of the Fund (30.06.17: £5,007,000).

**(D) LEVERAGE**

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

**(E) LIQUIDITY RISK**

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

## **LF MITON CAUTIOUS MULTI ASSET FUND** **NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

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

### **(F) MARKET PRICE RISK**

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

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

A 5% increase in the value of the portfolio excluding forward currency contracts would have the effect of increasing the return and net assets by £25,788,000 (30.06.17: £19,720,000). A 5% decrease would have an equal and opposite effect.

### **(G) DERIVATIVES**

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

**LF MITON CAUTIOUS MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 30 June 2018

**16. Portfolio Transaction Costs**

30 June 2018	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	389,665	238	490	390,393
Debt securities	128,028	–	–	128,028
Purchases total	<u>517,693</u>	<u>238</u>	<u>490</u>	<u>518,421</u>
<i>Transaction cost % of purchases total</i>		<i>0.05%</i>	<i>0.09%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.05%</i>	<i>0.10%</i>	
Ordinary shares	293,517	(168)	(72)	293,277
Collective investment schemes	2,001	(3)	–	1,998
Debt securities	101,552	–	–	101,552
Sales total	<u>397,070</u>	<u>(171)</u>	<u>(72)</u>	<u>396,827</u>
<i>Transaction cost % of sales total</i>		<i>0.04%</i>	<i>0.02%</i>	
<i>Transaction cost % of average NAV</i>		<i>0.04%</i>	<i>0.01%</i>	

Average portfolio dealing spread at 30.06.18 is 0.27% (30.06.17: 0.34%).

## LF MITON CAUTIOUS MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2018

30 June 2017	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	303,285	263	338	303,886
Debt securities	154,893	–	–	154,893
Purchases total	<u>458,178</u>	<u>263</u>	<u>338</u>	<u>458,779</u>
<i>Transaction cost % of purchases total</i>		0.06%	0.07%	
<i>Transaction cost % of average NAV</i>		0.06%	0.09%	
Ordinary shares	308,579	(252)	(58)	308,269
Collective investment schemes	6,859	(2)	–	6,857
Debt securities	99,089	–	–	99,089
Sales total	<u>414,527</u>	<u>(254)</u>	<u>(58)</u>	<u>414,215</u>
<i>Transaction cost % of sales total</i>		0.06%	0.01%	
<i>Transaction cost % of average NAV</i>		0.07%	0.02%	

### 17. Fair Value Hierarchy

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

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

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

**Level 3:** Valuation techniques using unobservable inputs.

30 June 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	<u>331,136</u>	<u>184,624</u>	<u>–</u>	<u>515,760</u>
Investment liabilities	<u>–</u>	<u>(71)</u>	<u>–</u>	<u>(71)</u>
30 June 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	<u>224,926</u>	<u>174,005</u>	<u>–</u>	<u>398,931</u>



## LF MITON CAUTIOUS MULTI ASSET FUND DISTRIBUTION TABLE

for the year ended 30 June 2018 – per share

### EQUALISATION

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

Group 2	Final
From	1 July 2017
To	30 June 2018

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

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	4.9242	–	4.9242	3.9819
Group 2	1.6257	3.2985	4.9242	3.9819

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

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	7.4343	–	7.4343	6.2178
Group 2	2.5076	4.9267	7.4343	6.2178

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

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	5.5412	–	5.5412	4.3216
Group 2	2.1495	3.3917	5.5412	4.3216

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

for the year ended 30 June 2018 – per share

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

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	4.7178	–	4.7178	3.7692
Group 2	1.7593	2.9585	4.7178	3.7692

'G' ACCUMULATION GBP SHARES (PENCE)

Final	Net Revenue	Equalisation	Allocation 31 August 2018	Allocated 31 August 2017
Group 1	6.3889	–	6.3889	5.1487
Group 2	2.2832	4.1057	6.3889	5.1487

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

for the period from 29 January 2018 to 30 June 2018

### **Important Information**

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

### **Investment Objective and Policy**

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

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

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

### **LINK FUND SOLUTIONS LIMITED**

ACD of LF Miton Balanced Multi Asset Fund  
*30 October 2018*

## **LF MITON BALANCED MULTI ASSET FUND INVESTMENT MANAGER'S REPORT**

for the period from 29 January 2018 to 30 June 2018

### **Market Review**

Financial markets struggled over the period. More specifically, there was a sharp sell-off at the end of January and markets have been fairly choppy ever since. Some of the key catalysts for this have been fading momentum in economic growth data in several economies, escalating trade tensions, and higher US interest rates and a stronger US dollar.

Equities generally moved lower over the period. From a regional perspective, most emerging markets performed poorly over the period, including China, Brazil, Mexico and South Africa. In terms of developed markets, Japan and the US also fell, although less so, and the UK actually moved slightly higher, helped by a weaker sterling. At a sector level technology and energy made decent gains, as well as utilities, whereas all other sectors made a loss.

In commodities the oil price was up significantly over the period, in part because of favourable demand and supply dynamics as OPEC members agreed to extend supply cuts. The gold price fell, not helped by US dollar strength.

Turning to fixed income, US government bonds fell over the period with the strong economic environment putting upwards pressure on yields. In this environment corporate bonds generally moved lower too.

Elsewhere, currencies were characterised by a stronger US dollar and a weaker sterling. Emerging market currencies fell sharply over the period.

### **Performance Attribution**

Equity was the main detractor of Fund performance over the period. At a regional level this was led by our exposure to China, Japan and emerging markets, and at a sector level this was led by the more cyclical exposures of consumer discretionary and financials.

The small exposures to fixed income and property in the Fund contributed to performance over the period.

### **Portfolio Activity**

Our equity weight increased over the period.

We added to the US, where we continue to see strong momentum in the growth data, and we added to the UK, on positive price momentum in a market that has lagged global equity markets. We reduced our exposure to other regions where we are seeing signs of momentum fading in the growth data, including China and Europe ex UK. These are also export-driven economies that are exposed to escalating trade tensions. We also reduced our exposure to emerging markets which struggled in an environment of higher US rates and a stronger US dollar. At a sector level we reduced our exposure to financials and increased our exposure to energy and technology, as well as adding some defensive growth stocks within utilities, healthcare and consumer staples.

Our fixed income weight increased over the period as we introduced a diversifying position in UK and overseas government bonds.

Elsewhere, we sold stocks with negative price momentum as per our sell discipline.

## **LF MITON BALANCED MULTI ASSET FUND** **INVESTMENT MANAGER'S REPORT** *continued*

### **Outlook**

The global macro environment remains broadly robust, with growth strong, and inflation not at threatening levels. As ever though, there are a number of risks to this environment. Growth is slowing, probably from levels that were unsustainably high, but the escalating risks around trade wars are adding to this slowing impetus. Importantly, visibility on how trade tensions are likely to evolve is poor. Our base case assumes that most of the key actors agree that trade wars are harmful for stock markets and economies. We might be wrong.

In contrast to this lack of visibility, the US central bank stands out compared to other banks as more confident in their policy profile and in their economy and, while this is in many ways supportive of US assets, it is causing some dislocation overseas, especially in more fragile economies.

In general, we continue to believe that the investment environment is getting tougher but that investors will be rewarded if they are prepared to differentiate more carefully between the good and the bad opportunities.

### **MITON ASSET MANAGEMENT LIMITED**

Investment Manager

18 July 2018

## LF MITON BALANCED MULTI ASSET FUND 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.

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

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

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

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

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

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

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

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

## LF MITON BALANCED MULTI ASSET FUND FUND INFORMATION *continued*

### Comparative Tables

#### 'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30 June 2018 <sup>1</sup> per share
Opening net asset value per share	100.00
Return before operating charges*	(6.13)
Operating charges	(0.60)
Return after operating charges	(6.73)
Distributions	(1.42)
Retained distributions on accumulation shares	1.42
Closing net asset value per share	93.27
* after direct transaction costs of:	0.46

#### PERFORMANCE

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

Closing net asset value (£'000)	451
Closing number of shares	483,266
Operating charges <sup>3</sup>	1.50% <sup>2</sup>
Direct transaction costs	1.15% <sup>2</sup>

#### PRICES

Highest share price	100.00
Lowest share price	91.00

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

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

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in relation to the 'B' Accumulation share class, in order to seek to achieve an Ongoing Charges Figure ('OCF') of 1.50%. Therefore, the OCF is capped at 1.50% until further notice.

## LF MITON BALANCED MULTI ASSET FUND FUND INFORMATION *continued*

### Comparative Tables *continued*

#### 'F' ACCUMULATION SHARES

	30 June 2018 <sup>1</sup> per share
<b>CHANGE IN NET ASSETS PER SHARE</b>	
Opening net asset value per share	100.00
Return before operating charges*	(6.19)
Operating charges	(0.39)
Return after operating charges	(6.58)
Distributions	(1.58)
Retained distributions on accumulation shares	1.58
Closing net asset value per share	93.42
* after direct transaction costs of:	0.46

#### PERFORMANCE

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

Closing net asset value (£'000)	1,428
Closing number of shares	1,528,466
Operating charges <sup>3</sup>	1.00% <sup>2</sup>
Direct transaction costs	1.15% <sup>2</sup>

#### PRICES

Highest share price	100.00
Lowest share price	91.06

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

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

<sup>3</sup> The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in relation to the 'F' Accumulation share class, in order to seek to achieve an Ongoing Charges Figure ('OCF') of 1.00%. Therefore, the OCF is capped at 1.00% until further notice.



## **LF MITON BALANCED MULTI ASSET FUND** **FUND INFORMATION** *continued*

### **Fund Performance**

As the Fund has less than one year's performance, there is insufficient data to provide a useful indication of past performance.

Details of the distributions per share for the period are shown in the Distribution Table on page 124.

### **RISK WARNING**

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

## LF MITON BALANCED MULTI ASSET FUND PORTFOLIO STATEMENT

as at 30 June 2018

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	DEBT SECURITIES – 6.12%		
	GOVERNMENT BONDS – 4.58%		
IDR120,000,000	Indonesia 5.625% 15/5/2023	6	0.32
MXN130,000	Mexico 10% 5/12/2024	6	0.32
ZAR60,000	South Africa 6.75% 31/3/2021	3	0.16
ZAR50,000	South Africa 7.25% 15/1/2020	3	0.16
ZAR150,000	South Africa 10.5% 21/12/2026	9	0.48
£30,000	UK Treasury 4.5% 7/3/2019	31	1.65
US\$30,000	US Treasury 4.5% 15/5/2038	28	1.49
	TOTAL GOVERNMENT BONDS	86	4.58
	CORPORATE BONDS – 1.54%		
US\$25,000	Energy Transfer Partners LP 6.25% <i>Perpetual</i>	18	0.96
£6,000	Enquest 5.5% 15/2/2022	6	0.32
£3,000	Premier Oil 6.5% 31/5/2021	3	0.16
£2,000	Primary Health Properties 5.375% 23/7/2019	2	0.10
	TOTAL CORPORATE BONDS	29	1.54
	TOTAL DEBT SECURITIES	115	6.12
	EQUITIES – 82.65%		
	UNITED KINGDOM – 22.20%		
900	Anglo American	15	0.80
2,800	BAE Systems	18	0.96
5,500	BP	32	1.70
800	Bunzl	18	0.96
240	Derwent London	7	0.37
1,200	GlaxoSmithKline	18	0.96
250	InterContinental Hotels	12	0.64
500	Johnson Matthey	18	0.96
1,000	Mondi	20	1.06
7,000	Morrison (Wm.) Supermarkets	18	0.96
5,000	National Express	20	1.06
2,000	National Grid	17	0.91

## LF MITON BALANCED MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
1,800	Pennon	14	0.75
12,500	Premier Oil	16	0.85
4,700	QinetiQ	13	0.69
230	Renishaw	12	0.64
1,400	Royal Dutch Shell 'B'	38	2.02
2,000	SEGRO	13	0.69
1,000	Smiths	17	0.90
1,250	SSE	17	0.91
2,400	Synthomer	13	0.69
7,000	Tesco	18	0.96
1,100	TUI	18	0.96
6,000	Tullow Oil	15	0.80
	TOTAL UNITED KINGDOM	417	22.20
	CONTINENTAL EUROPE – 13.57%		
1,000	Amplifon	16	0.85
500	ArcelorMittal	11	0.59
350	Bakkafrost	15	0.80
450	Banca Farnafactoring SpA	2	0.11
1,600	Eni	22	1.17
470	Equinor	9	0.48
3,550	Evraz	18	0.96
4,500	Glencore	16	0.85
300	Hexagon 'B'	13	0.69
900	Marine Harvest	14	0.74
300	Ørsted	14	0.74
1,500	Repsol	22	1.17
1,500	Repsol <i>rights</i> 11/7/2018	1	0.05
440	SalMar	14	0.75
20	Straumann	12	0.64
400	Total	18	0.96
850	UPM-Kymmene	23	1.22
500	William Demant	15	0.80
	TOTAL CONTINENTAL EUROPE	255	13.57

## LF MITON BALANCED MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	AFRICA – 1.75%		
280	Astral Foods	4	0.21
900	AVI	5	0.27
1,000	Clicks	11	0.58
650	Foschini	6	0.32
400	JSE	4	0.21
800	Truworths International	3	0.16
	TOTAL AFRICA	<u>33</u>	<u>1.75</u>
	AUSTRALIA – 1.60%		
50	Cochlear	6	0.32
1,600	GrainCorp	7	0.37
400	Rio Tinto	17	0.91
	TOTAL AUSTRALIA	<u>30</u>	<u>1.60</u>
	ASIA PACIFIC (EX JAPAN) – 6.97%		
100	Alibaba ADS	14	0.75
20,000	Angang Steel	14	0.75
4,000	Anhui Conch Cement 'H'	17	0.90
7,500	BAIC Motor	5	0.27
1,500	BYD	7	0.37
20,000	China Petroleum & Chemical	14	0.74
18,000	China Resources Cement	14	0.74
24,000	COSCO China Development	8	0.43
5,000	Geely Automobiles	10	0.53
30	POSCO	7	0.37
100	SK Hynix	6	0.32
400	Tencent	15	0.80
	TOTAL ASIA PACIFIC (EX JAPAN)	<u>131</u>	<u>6.97</u>
	JAPAN – 7.45%		
300	Aida Engineering	2	0.11
500	AOKI	6	0.32
200	Arcland Sakamoto	2	0.11

**LF MITON BALANCED MULTI ASSET FUND**  
**PORTFOLIO STATEMENT** *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
100	Central Japan Railway	16	0.85
300	Daiwa House	8	0.42
100	East Japan Railway	7	0.37
200	FamilyMart	16	0.85
400	Inaba Denki Sangyo	12	0.64
400	Kato Sangyo	10	0.53
500	K's	4	0.21
500	Mirait	6	0.32
200	Mitsubishi Gas Chemical	3	0.16
300	Morita	5	0.27
700	Recruit	15	0.80
200	Sony	8	0.43
200	UBE Industries	4	0.21
600	Valor	10	0.53
100	West Japan Railway	6	0.32
	TOTAL JAPAN	140	7.45
	NORTH AMERICA – 26.08%		
300	Activision Blizzard	17	0.91
450	Alcoa	16	0.85
30	Alphabet 'A'	26	1.38
20	Amazon.com	26	1.38
100	American Eagle Outfitters	2	0.11
140	Apple	19	1.01
600	Bank of America	13	0.69
500	Brinker International	18	0.96
200	Buckle	4	0.21
200	Callaway Golf	3	0.16
400	Cheesecake Factory	17	0.91
150	Deere	16	0.85
500	DSW 'A'	10	0.53
180	Electronic Arts	19	1.01
1,300	Energy Transfer Partners	19	1.01
600	Francesca's	3	0.16

**LF MITON BALANCED MULTI ASSET FUND**  
**PORTFOLIO STATEMENT** *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
1,000	Freeport-McMoRan 'B'	13	0.69
200	GrubHub	16	0.85
200	Hill-Rom	13	0.69
100	Home Depot	15	0.80
100	IPG Photonics	17	0.90
50	Johnson Outdoors	3	0.16
200	Lowe's	14	0.75
75	MarketAxess	11	0.59
200	Marriott International 'A'	19	1.01
230	Microsoft	17	0.90
900	Mosaic	19	1.01
100	Nvidia	18	0.96
350	Paychex	18	0.96
100	Raytheon	15	0.80
100	Steven Madden	4	0.21
500	Targa Resources	19	1.01
550	United States Steel	14	0.75
300	Xylem	15	0.80
100	Zumiez	2	0.11
	<b>TOTAL NORTH AMERICA</b>	<b>490</b>	<b>26.08</b>
	<b>SOUTH AMERICA – 2.55%</b>		
2,500	Aeroportuario del Centro Norte	10	0.53
300	Grupo Aeroportuario del Pacifico 'B'	2	0.11
160	Grupo Aeroportuario del Sureste	2	0.11
1,800	Sao Martinho	6	0.32
1,300	SLC Agricola	13	0.69
300	Sociedad Quimica y Minera de Chile 'B' preference shares	11	0.58
2,000	Wal-Mart de Mexico	4	0.21
	<b>TOTAL SOUTH AMERICA</b>	<b>48</b>	<b>2.55</b>

## LF MITON BALANCED MULTI ASSET FUND PORTFOLIO STATEMENT *continued*

Holding	Portfolio of Investments	Value £'000	30 June 2018 %
	INVESTMENT COMPANIES – 0.48%		
	ASIA PACIFIC (EX JAPAN) – 0.48%		
75	Xtrackers Nifty 50 Swap UCITS ETF <sup>1</sup>	9	0.48
	TOTAL INVESTMENT COMPANIES	<u>9</u>	<u>0.48</u>
	TOTAL EQUITIES	<u>1,553</u>	<u>82.65</u>
	Portfolio of investments	1,668	88.77
	Net other assets	<u>211</u>	<u>11.23</u>
	Net assets	<u>1,879</u>	<u>100.00</u>

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

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

*Definition:*

ADS – American Depositary Share.

## LF MITON BALANCED MULTI ASSET FUND SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the period from 29 January 2018 to 30 June 2018

Total purchases for the period £'000 (note 15)	2,085	Total sales for the period £'000 (note 15)	382
Major purchases	Cost £'000	Major sales	Proceeds £'000
Royal Dutch Shell 'B'	36	iShares NASDAQ 100 UCITS ETF	27
UK Treasury 4.5% 7/3/2019	31	US Treasury 2.375% 31/5/2018	18
BP	30	Fifth Third Bancorp	16
iShares NASDAQ 100 UCITS ETF	27	SunTrust Banks	16
US Treasury 4.5% 15/5/2038	26	BMW	14
Amazon.com	24	Industrial and Commercial Bank of China 'H'	9
Alphabet 'A'	24	Volkswagen <i>preference (non-voting)</i>	9
UPM-Kymmene	23	Resona	9
Eni	21	Mizuho Financial	9
Repsol	21	China Merchants Bank 'H'	9
National Express	21	Daimler	9
Tesco	21	China Construction Bank 'H'	8
Marriott International 'A'	21	iShares \$ Short Duration High Yield Corp Bond UCITS ETF	8
Mondi	20	Erste Group	8
Apple	20	Omron	8
Energy Transfer Partners	19	Bank of China 'H'	7
Evraz	19	Intesa Sanpaolo	7
Mosaic	19	Infineon Technologies	7
Nvidia	19	Yamaha Motor	6
Targa Resources	19	Sumitomo Mitsui Financial	6

The summary of material changes represents the 20 largest purchases and sales during the period.



## LF MITON BALANCED MULTI ASSET FUND STATEMENT OF TOTAL RETURN

for the period from 29 January 2018 to 30 June 2018

	Notes	£'000	30 June 2018 <sup>1</sup> £'000
Income:			
Net capital losses	3		(61)
Revenue	4	14	
Expenses	5	6	
Net revenue before taxation		20	
Taxation	6	(2)	
Net revenue after taxation			18
<b>Total return before distributions</b>			(43)
Distributions	7		(12)
<b>Change in net assets attributable to shareholders from investment activities</b>			(55)

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the period from 29 January 2018 to 30 June 2018

	Note	£'000	30 June 2018 <sup>1</sup> £'000
<b>Opening net assets attributable to shareholders</b>			
Amounts receivable on issue of shares		1,918	
Amounts payable on redemption of shares		(15)	
			1,903
Change in net assets attributable to shareholders from investment activities			(55)
Retained distributions on Accumulation shares	7		31
<b>Closing net assets attributable to shareholders</b>			1,879

<sup>1</sup> No comparative figures are presented for the Statement of Total Return, Statement of Change in Net Assets Attributable to Shareholders and the related notes as this is the Fund's first annual reporting period; the Fund launched on 29 January 2018.

## LF MITON BALANCED MULTI ASSET FUND BALANCE SHEET

as at 30 June 2018

	Notes	30 June 2018 <sup>1</sup> £'000
<b>ASSETS</b>		
<b>Fixed assets</b>		
Investments		1,668
<b>Current assets</b>		
Debtors	8	34
Cash and bank balances	9	222
Total assets		<u>1,924</u>
<b>LIABILITIES</b>		
<b>Creditors</b>		
Other creditors	10	(45)
Total liabilities		<u>(45)</u>
<b>Net assets attributable to shareholders</b>		<u>1,879</u>

<sup>1</sup> No comparative figures are presented for the Balance Sheet and the related notes as this is the Fund's first reporting period; the Fund launched on 29 January 2018.

## LF MITON BALANCED MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS

for the period from 29 January 2018 to 30 June 2018

### 1. Accounting Policies

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

### 2. Distribution Policies

The distribution policies described on page 17 have been applied to the financial statements of the Fund in the current period.

### 3. Net Capital Losses

The net capital losses during the period comprise:

	For the period from 29 January 2018 to 30 June 2018 £'000
Non-derivative securities	(36)
Forward currency contracts	(17)
Transaction charges	(10)
Currency gains	2
Net capital losses	<u>(61)</u>

### 4. Revenue

	For the period from 29 January 2018 to 30 June 2018 £'000
Non-taxable dividends	13
Interest on debt securities	1
Total revenue	<u>14</u>

**LF MITON BALANCED MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 29 January 2018 to 30 June 2018

**5. Expenses**

For the period from  
 29 January 2018  
 to 30 June 2018  
 £'000

Payable to the ACD, associates of the ACD and agents of either of them:	
Annual Management Charge	2
Rebate of expenses from Investment Manager	(32)
Legal and professional fees	5
Typesetting and printing costs	2
Registration fees	1
	(22)
Payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	4
Safe custody and other bank charges	3
	7
Other expenses:	
Audit fees	8
Research costs	1
	9
Total expenses	(6)

The Investment Management fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of its remuneration. The Investment Manager has agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an Ongoing Charges Figure ('OCF') of 1.50% for the 'B' Accumulation share class, and 1.00% for the 'F' Accumulation share class.

**LF MITON BALANCED MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 29 January 2018 to 30 June 2018

**6. Taxation**

For the period from  
29 January 2018  
to 30 June 2018  
£'000

a) Analysis of charge for the period	
Corporation tax at 20%	1
Overseas tax	1
Current tax charge	<u>2</u>
Deferred tax – origination and reversal of timing differences (note 6c)	–
Total taxation (note 6b)	<u>2</u>

b) Factors affecting the tax charge for the period

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

For the period from  
29 January 2018  
to 30 June 2018  
£'000

Net revenue before taxation	<u>20</u>
Corporation tax at 20%	4
Effects of:	
Non-taxable dividends	<u>(3)</u>
Corporation tax charge	1
Overseas tax	1
Total tax charge (note 6a)	<u>2</u>

**LF MITON BALANCED MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 29 January 2018 to 30 June 2018

**7. Distributions**

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

	For the period from 29 January 2018 to 30 June 2018 £'000
Final	31
	<u>31</u>
Deduct: Revenue received on issue of shares	(19)
Net distributions for the period	<u>12</u>

Details of the distributions per share are set out in the table on page 124.

	For the period from 29 January 2018 to 30 June 2018 £'000
Distributions represented by:	
Net revenue after taxation	18
Allocations to capital:	
Rebate of Annual Management Charge, net of tax relief	(6)
Net distributions for the period	<u>12</u>

**8. Debtors**

	30 June 2018 £'000
Sales awaiting settlement	11
Accrued revenue:	
Non-taxable dividends	1
Interest from debt securities	1
	<u>2</u>

**LF MITON BALANCED MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 29 January 2018 to 30 June 2018

30 June 2018  
 £'000

Amounts due from the Investment Manager:	
Refund of expenses	21
Total debtors	34

**9. Cash and Bank Balances**

30 June 2018  
 £'000

Bank balances	222
Total cash and bank balances	222

**10. Other Creditors**

30 June 2018  
 £'000

Purchases awaiting settlement	21
Accrued expenses:	
Amounts payable to the ACD, associates of the ACD and agents of either of them:	
Annual Management Charge	1
Typesetting and printing costs	2
	3
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:	
Depositary's fees	1
Transaction charges	8
Safe custody and other bank charges	2
	11
Other expenses	9

## LF MITON BALANCED MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 29 January 2018 to 30 June 2018

30 June 2018  
£'000

Taxation payable:	
Corporation tax	1
Total other creditors	45

### 11. Related Party Transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 111.

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

Novia Nominee Limited	33.39%
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### 12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments.

### 13. Shares in Issue

	'B' Accumulation	'F' Accumulation
Annual Management Charge	0.75%	0.50%
Opening shares in issue	–	–
Issues	483,310	1,544,854
Redemptions	(44)	(16,388)
Closing shares in issue	483,266	1,528,466



## **LF MITON BALANCED MULTI ASSET FUND** **NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 29 January 2018 to 30 June 2018

### **14. Risk Management Policies**

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

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

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

#### **(A) CREDIT RISK**

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

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

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

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

**LF MITON BALANCED MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 29 January 2018 to 30 June 2018

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

The table below shows the interest rate risk profile:

	30 June 2018 £'000
Fixed rate investments	115
Investments on which interest is not paid	1,553
Total investments	1,668

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

**(C) FOREIGN CURRENCY RISK**

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

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

**LF MITON BALANCED MULTI ASSET FUND**  
**NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 29 January 2018 to 30 June 2018

The table below shows the direct foreign currency risk profile:

	30 June 2018 £'000
Currency:	
Australian dollars	13
Brazilian real	19
Chilean pesos	11
Danish krone	29
Euros	134
Hong Kong dollars	104
Indonesian rupiah	6
Japanese yen	140
Korean won	12
Mexican pesos	24
Norwegian krone	52
South African rand	41
Swedish krona	13
Swiss francs	11
US dollars	545
	1,154
Pounds sterling	725
Net assets	1,879

A 5% change in the pounds sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £58,000 on the net assets of the Fund.

**(D) LEVERAGE**

The Fund did not employ any significant leverage in the period.

**(E) LIQUIDITY RISK**

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

## **LF MITON BALANCED MULTI ASSET FUND** **NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the period from 29 January 2018 to 30 June 2018

To reduce liquidity risk the Investment Manager will ensure that a substantial portion of the Fund's assets consist of cash and readily realisable investments.

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

### **(F) MARKET PRICE RISK**

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £83,000. A 5% decrease would have an equal and opposite effect.

### **(G) DERIVATIVES**

The Fund held forward currency contracts during the period for hedging purposes.

## LF MITON BALANCED MULTI ASSET FUND NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 29 January 2018 to 30 June 2018

### 15. Portfolio Transaction Costs

30 June 2018	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	1,899	1	3	1,903
Collective investment schemes	50	–	–	50
Debt securities	132	–	–	132
Purchases total	<u>2,081</u>	<u>1</u>	<u>3</u>	<u>2,085</u>
<i>Transaction cost % of purchases total</i>		0.05%	0.14%	
<i>Transaction cost % of average NAV</i>		0.12%	0.36%	
Ordinary shares	323	–	–	323
Collective investment schemes	41	–	–	41
Debt securities	18	–	–	18
Sales total	<u>382</u>	<u>–</u>	<u>–</u>	<u>382</u>
<i>Transaction cost % of sales total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 30.06.18 is 0.14%.

### 16. Fair Value Hierarchy

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

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

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

**Level 3:** Valuation techniques using unobservable inputs.

30 June 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	<u>1,612</u>	<u>56</u>	<u>–</u>	<u>1,668</u>

## LF MITON BALANCED MULTI ASSET FUND DISTRIBUTION TABLE

for the period from 29 January 2018 to 30 June 2018 – in pence per share

### EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

Group 2	Final
From	29 January 2018
To	30 June 2018

### 'B' ACCUMULATION SHARES

Final	Net Revenue	Equalisation	Allocation 31 August 2018
Group 1	1.4190	–	1.4190
Group 2	0.6344	0.7846	1.4190

### 'F' ACCUMULATION SHARES

Final	Net Revenue	Equalisation	Allocation 31 August 2018
Group 1	1.5820	–	1.5820
Group 2	0.4791	1.1029	1.5820

## GENERAL INFORMATION

### Structure of the Company

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary. 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 assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

LF Miton Defensive Multi Asset Fund  
LF Miton Cautious Multi Asset Fund  
LF Miton Balanced Multi Asset Fund (launched 29 January 2018)

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

### Valuation Point

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

### Buying and Selling Shares

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

### Prices

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

### Other Information

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

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

## **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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Part of **Link Group**