

LF Canada Life Investments Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 15 AUGUST 2022



LF Canlife Asia Pacific Fund

LF Canlife Managed 40% – 85% Fund

LF Canlife Corporate Bond Fund

LF Canlife European Fund

LF Canlife Global Macro Bond Fund

LF Canlife Global Equity Fund

LF Canlife Global Equity Income Fund

LF Canlife Global High Yield Bond Fund

LF Canlife Global Infrastructure Fund

LF Canlife North American Fund

LF Canlife Short Duration Corporate Bond Fund

LF Canlife Sterling Short Term Bond Fund

LF Canlife Sterling Liquidity Fund

LF Canlife UK Equity Fund

LF Canlife UK Equity and Bond Income Fund

LF Canlife UK Equity Income Fund

LF Canlife UK Government Bond Fund

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MASTER FUND

Putnam Global High Yield Bond Fund
(Regulated by the Irish European Communities
(Undertakings for Collective Investment in
Transferable Securities) Regulations)

MANAGER OF THE MASTER FUND

To 6 March 2022:

PUTNAM INVESTMENTS (IRELAND) LIMITED

From 7 March 2022:

CARNE GLOBAL FUND MANAGERS (IRELAND)
LIMITED

TRUSTEE OF THE MASTER FUND

STATE STREET CUSTODIAL SERVICES (IRELAND)
LIMITED

INVESTMENT ADVISOR OF THE MASTER FUND

THE PUTNAM ADVISORY COMPANY, LLC

AUDITOR OF THE MASTER FUND

PRICEWATERHOUSECOOPERS

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ACD'S REPORT

for the year ended 15 August 2022

Authorised Status

LF Canada Life Investments Fund ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000941 and authorised by the Financial Conduct Authority with effect from 13 April 2012. The Company has an unlimited duration.

It is a UK UCITS 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.

ACD's Statement

Economic Uncertainty

The outbreak of COVID-19 in March 2020 caused significant disruption to business and economic activity, which was reflected in the fluctuations seen in the global stock markets for an extended period. However, after various national governments provided financial support and stimulus to their economies, combined with the development of effective vaccines to immunise populations, society and businesses are learning to operate in the post COVID-19 world which led to a recovery in asset prices.

In the first quarter of 2022, the geopolitical situation came into sharp focus, culminating in February 2022 with Russia's incursion into Ukraine. The consequences of this combined with other factors has led to significant disruption to the global supply chains and soaring commodity prices, leading to a significant increase in inflation in many countries. To curb the increase in global inflation, many nations' central banks have been increasing interest rates, a process which it is expected to continue until inflation is brought under control. What is not clear at this time is whether the combination of high inflation and increasing interest rates will culminate in a global recession. With this level of uncertainty, it is reasonably foreseeable that markets will continue to see periods of instability and consequently volatility in asset pricing.

Important Information

On 17 September 2021, all 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share classes closed in all sub-funds of the Company available for investment.

With effect from 17 September 2021, the investment minima on the 'C' share classes of the LF Canlife Short Duration Corporate Bond Fund have been reduced.

With effect from 8 November 2021, the Prospectus was updated to clarify how the sub-funds may invest in the shares or units of other collective investment schemes.

ACD'S REPORT *continued*

Important Information *continued*

With effect from 31 December 2021, the comparator benchmark was changed for the below listed funds.

Fund Name	Comparator Benchmark
LF Canlife Asia Pacific Fund	Bloomberg APAC ex Japan Large & Mid Cap Total Return China Capped Index
LF Canlife European Fund	Bloomberg Europe Developed Market ex-UK Large & Mid Cap Total Return Index
LF Canlife Global Equity Fund	Bloomberg Developed Market Large & Mid Cap Total Return Index
LF Canlife Global Equity Income Fund	Bloomberg Developed Market Large & Mid Cap Total Return Index
LF Canlife North American Fund	Bloomberg North America Large & Mid Cap Total Return Index
LF Canlife UK Equity Fund	Bloomberg UK Large, Mid & Small Cap Total Return Index
LF Canlife UK Equity and Bond Income Fund	Bloomberg UK Large, Mid & Small Cap Total Return Index
LF Canlife UK Equity Income Fund	Bloomberg UK Large, Mid & Small Cap Total Return Index

With effect from 7 March 2022, the Carne Global Fund Managers (Ireland) Limited replaced Putnam Investments (Ireland) Limited as the Manager of the Putnam World Trust. The Putnam Advisory Company, LLC is still the delegated investment advisor.

On 30 June 2022, a new-sub-fund, the LF Canlife Sterling Short Term Bond Fund, was launched. Further details on this sub-fund are available in the latest scheme Prospectus.

Termination Statements for LF Canlife Global Resource Fund were prepared and audited as at 12 August 2022.

The LF Canlife Global High Yield Bond Fund had its final valuation on 16 September 2022. Approval for the sub-fund to be terminated was granted by the Financial Conduct Authority on 18 August 2022.

Cross Holdings

The LF Canlife Managed 40% – 85% Fund held the following sub-funds of the Company at the end of the year:

Sub-Fund	Shares	Value £'000
LF Canlife Asia Pacific	767,588	11,591
LF Canlife Corporate Bond	6,785,664	18,384
LF Canlife Global Equity Income	1,566,499	4,218
LF Canlife Global Infrastructure	1,800,439	3,732

ACD'S REPORT *continued*

Cross Holdings *continued*

Sub-Fund	Shares	Value £'000
LF Canlife Global Macro Bond	14,469,119	18,988
LF Canlife North American	1,340,326	33,400
LF Canlife Short Duration Corporate Bond	9,048,818	9,332
LF Canlife Sterling Liquidity	796	1
LF Canlife UK Equity	16,749,353	24,390
LF Canlife UK Equity Income	3,998,109	27,355

In addition, the LF Canlife UK Government Bond Fund held the following sub-fund of the Company at the end of the year:

Sub-Fund	Shares	Value £'000
LF Canlife Sterling Liquidity	100,000	102

Remuneration Policy

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

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

LFSL acts as the operator of both UK UCITS funds and Alternative Investment Funds ('AIFs').

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

ACD'S REPORT *continued***Remuneration Policy** *continued*

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. Accordingly, the information disclosed relates to the year ended 30 June 2022, being the most recent accounting period which accounts have been prepared for LFSL prior to the production of these accounts. As at 30 June 2022, LFSL operated 91 UK UCITS and 105 AIFs, whose respective assets under management ('AuM') were £37,814 million and £44,462 million. The Company was valued at £3,428 million as at that date and represented 4.17% of LFSL's total AuM and 9.06% of its UK UCITS AuM.

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

2022	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 30 June 2022	183	8,711	618	9,329
Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of the funds for the financial year to 30 June 2022				
Senior management (including all Board members)	7	878	205	1,083
Staff engaged in control functions	7	666	52	718
Risk takers and other identified staff	22	1,577	150	1,727
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	–	–	–	–

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

Further details can be found at: <https://www.linkfundsolutions.co.uk/media/gjcdba2w/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).

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

The following table details the value of securities on loan for the LF Canlife Asia Pacific Fund, LF Canlife Corporate Bond Fund, LF Canlife European Fund, LF Canlife Global Macro Bond Fund, LF Canlife Global Equity Fund, LF Canlife Global Equity Income Fund, LF Canlife North American Fund, LF Canlife Short Duration Corporation Bond Fund, LF Canlife UK Equity Fund, LF Canlife UK Equity and Bond Income Fund, LF Canlife UK Equity Income Fund and LF Canlife UK Government Bond Fund. Additionally there is an analysis of the maturity tenor of the associated collateral received, as at the balance sheet date, split between counterparty borrower:

LF CANLIFE ASIA PACIFIC FUND

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated A and above and Supra- Nationals Bonds	–	–	211	632	1,266	–	2,109
Total	–	–	211	632	1,266	–	2,109

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral	
			Triparty £'000	Bilateral £'000
AUD	632			
EUR	1,477	Barclays Bank PLC	2,109	–
Total	2,109	Total	2,109	–

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is Nil (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is Nil (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £53,000 (15.08.21: Nil) and £11,000 (15.08.21: Nil) respectively.

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

LF CANLIFE CORPORATE BOND FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds		
Barclays Bank Plc	UK	15,020
Citigroup Global Markets Ltd	UK	2,082
JP Morgan Securities Plc	UK	532
Merrill Lynch International	UK	186
Morgan Stanley & Co International Plc	UK	255
UBS AG	Switzerland	2,542
Total		<u>20,617</u>

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated A and above and Supra- Nationals Bonds	–	833	3	1,399	19,815	–	22,050
Total	–	833	3	1,399	19,815	–	22,050

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral	
			Triparty £'000	Bilateral £'000
AUD	2,808			
DKK	13	Barclays Bank Plc	16,186	–
EUR	6,648	Citigroup Global Markets Ltd	2,124	–
GBP	4,230	JP Morgan Securities Plc	588	–
NOK	134	Merrill Lynch International	196	–
SEK	843	Morgan Stanley & Co International Plc	282	–
USD	7,374	UBS AG	2,674	–
Total	<u>22,050</u>	Total	<u>22,050</u>	<u>–</u>

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 7.89% (15.08.21: Nil).

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 7.74% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £28,000 (15.08.21: Nil) and £6,000 (15.08.21: Nil) respectively.

LF CANLIFE EUROPEAN FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds and Recognised Equity Index		
Citigroup Global Markets Ltd	UK	521
JP Morgan Securities Plc	UK	128
Merrill Lynch International	UK	783
Total		<u>1,432</u>

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated A and above and Supra-Nationals Bonds	-	-	-	14	51	-	65
Recognised Equity Index	-	-	-	-	-	1,492	1,492
Total	-	-	-	14	51	1,492	1,557

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral Triparty £'000	Bilateral £'000
CHF	27			
EUR	360			
GBP	384	Citigroup Global Markets Ltd	577	-
JPY	583	JP Morgan Securities Plc	142	-
USD	203	Merrill Lynch International	838	-
Total	<u>1,557</u>	Total	<u>1,557</u>	<u>-</u>

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 2.83% (15.08.21: Nil).

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 2.87% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £3,000 (15.08.21: Nil) and £1,000 (15.08.21: Nil) respectively.

LF CANLIFE GLOBAL MACRO BOND FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds		
Credit Suisse International Ltd	UK	545
JP Morgan Securities Plc	UK	4,263
UBS AG	Switzerland	1,115
Total		5,923

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated							
A and above and Supra-							
Nationals Bonds	–	–	20	664	5,616	–	6,300
Total	–	–	20	664	5,616	–	6,300

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral Triparty £'000	Bilateral £'000
AUD	85			
CAD	6			
CHF	20			
DKK	48			
EUR	3,810			
GBP	559			
NOK	280	Credit Suisse International		
		Ltd	561	–
SEK	167	JP Morgan Securities Plc	4,576	–
USD	1,325	UBS AG	1,163	–
Total	6,300	Total	6,300	–

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 3.03% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 3.83% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £21,000 (15.08.21: Nil) and £4,000 (15.08.21: Nil) respectively.

LF CANLIFE GLOBAL EQUITY FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds and Recognised Equity Index		
Barclays Bank Plc	UK	5,128
Citigroup Global Markets Ltd	UK	2,907
JP Morgan Securities Plc	UK	528
Merrill Lynch International	UK	6,887
The Bank of Nova Scotia	Canada	7,290
UBS AG	Switzerland	13,144
Total		<u>35,884</u>

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated							
A and above and Supra-Nationals Bonds	–	12	670	527	12,024	–	13,233
Recognised Equity Index	–	–	–	–	–	26,187	26,187
Total	–	12	670	527	12,024	26,187	<u>39,420</u>

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral	
			Triparty £'000	Bilateral £'000
AUD	353			
CAD	120	Barclays Bank Plc	5,407	–
CHF	1,169	Citigroup Global Markets Ltd	3,300	–
EUR	11,866	JP Morgan Securities Plc	773	–
GBP	5,075	Merrill Lynch International	7,254	–
JPY	1,271	The Bank of Nova Scotia	8,019	–
USD	19,566	UBS AG	14,667	–
Total	39,420	Total	39,420	–

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 4.94% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 5.00% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £246,000 (15.08.21: Nil) and £49,000 (15.08.21: Nil) respectively.

LF CANLIFE GLOBAL EQUITY INCOME FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
Recognised Equity Index		
JP Morgan Securities Plc	UK	48
Merrill Lynch International	UK	548
The Bank of Nova Scotia	Canada	191
UBS AG	Switzerland	1,186
Total		1,973

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
Recognised Equity Index	–	–	–	–	–	2,181	2,181
Total	–	–	–	–	–	2,181	2,181

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral	
			Triparty £'000	Bilateral £'000
CHF	107			
EUR	285	JP Morgan Securities Plc	53	–
GBP	294	Merrill Lynch International	588	–
JPY	410	The Bank of Nova Scotia	210	–
USD	1,085	UBS AG	1,330	–
Total	2,181	Total	2,181	–

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 6.83% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 6.95% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £5,000 (15.08.21: Nil) and £1,000 (15.08.21: Nil) respectively.

LF CANLIFE NORTH AMERICAN FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds and Recognised Equity Index		
Barclays Bank Plc	UK	1,847
UBS AG	Switzerland	3,799
Total		5,646

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated A and above and Supra- Nationals Bonds	–	–	–	15	1,927	–	1,942
Recognised Equity Index	–	–	–	–	–	4,257	4,257
Total	–	–	–	15	1,927	4,257	6,199

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral	
			Triparty £'000	Bilateral £'000
CHF	328			
EUR	824			
GBP	58			
JPY	107	Barclays Bank PLC	1,939	–
USD	4,882	UBS AG	4,260	–
Total	6,199	Total	6,199	–

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 2.63% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 2.64% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £43,000 (15.08.21: Nil) and £9,000 (15.08.21: Nil) respectively.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds		
Barclays Bank Plc	UK	1,901
Citigroup Global Markets Ltd	UK	2,409
Merrill Lynch International	UK	1,935
Total		6,245

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated A and above and Supra- Nationals Bonds	–	52	1	305	6,194	–	6,552
Total	–	52	1	305	6,194	–	6,552

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral	
			Triparty £'000	Bilateral £'000
AUD	604			
CHF	3			
EUR	1,014			
GBP	3,129			
NOK	12	Barclays Bank PLC	2,057	-
SEK	169	Citigroup Global Markets Ltd	2,457	-
USD	1,621	Merrill Lynch International	2,038	-
Total	6,552	Total	6,552	-

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 3.58% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 3.39% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £10,000 (15.08.21: Nil) and £2,000 (15.08.21: Nil) respectively.

LF CANLIFE UK EQUITY FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds and Recognised Equity Index		
Citigroup Global Markets Ltd	UK	643
JP Morgan Securities Plc	UK	7,189
Merrill Lynch International	UK	2,918
The Bank of Nova Scotia	Canada	7,190
UBS AG	Switzerland	257
Total		18,197

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated A and above and Supra- Nationals Bonds and Recognised Equity Index	-	-	-	247	2,897	-	3,144
Recognised Equity Index	-	-	-	-	-	16,822	16,822
Total	-	-	-	247	2,897	16,822	19,966

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral Triparty £'000	Bilateral £'000
CAD	95			
CHF	302	Citigroup Global Markets Ltd	716	-
EUR	3,088	JP Morgan Securities Plc	7,967	-
GBP	4,509	Merrill Lynch International	3,085	-
JPY	5,885	The Bank of Nova Scotia	7,910	-
USD	6,087	UBS AG	288	-
Total	19,966	Total	19,966	-

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 3.03% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 3.07% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £74,000 (15.08.21: Nil) and £15,000 (15.08.21: Nil) respectively.

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

LF CANLIFE UK EQUITY AND BOND INCOME FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds and Recognised Equity Index		
Barclays Bank Plc	UK	334
Citigroup Global Markets Ltd	UK	146
JP Morgan Securities Plc	UK	21
Total		501

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated A and above and Supra-Nationals Bonds	–	36	–	40	301	–	377
Recognised Equity Index	–	–	–	–	–	165	165
Total	–	36	–	40	301	165	542

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral Triparty £'000	Bilateral £'000
CHF	9			
EUR	234			
GBP	33	Barclays Bank Plc	357	–
JPY	17	Citigroup Global Markets Ltd	162	–
USD	249	JP Morgan Securities Plc	23	–
Total	542	Total	542	–

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 2.13% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 2.02% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £1,000 (15.08.21: Nil) and Nil (15.08.21: Nil) respectively.

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

LF CANLIFE UK EQUITY INCOME FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
Recognised Equity Index		
JP Morgan Securities Plc	UK	144
The Bank of Nova Scotia	Canada	5,825
Total		5,969

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
Recognised Equity Index	–	–	–	–	–	6,567	6,567
Total	–	–	–	–	–	6,567	6,567

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral Triparty £'000	Bilateral £'000
CHF	96			
EUR	227			
GBP	2,889			
JPY	117	JP Morgan Securities Plc.	159	–
USD	3,238	The Bank of Nova Scotia	6,408	–
Total	6,567	Total	6,567	–

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 2.57% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 2.61% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £8,000 (15.08.21: Nil) and £2,000 (15.08.21: Nil) respectively.

ACD'S REPORT *continued*

Securities Financing Transactions *continued*

LF CANLIFE UK GOVERNMENT BOND FUND

Counterparty Borrower and Collateral Type Received	Country of Incorporation	Total Securities on Loan £'000
OECD Government rated A and above and Supra-Nationals Bonds		
Citigroup Global Markets Ltd	UK	9,162
JP Morgan Securities Plc	UK	4,162
Merrill Lynch International	UK	68
Total		13,392

Maturity Tenor of Collateral	1 to 7 days £'000	8 to 30 days £'000	31 to 90 days £'000	91 to 365 days £'000	More than 365 days £'000	Open £'000	Total Collateral £'000
OECD Government rated A and above and Supra- Nationals Bonds	-	-	-	4,382	9,279	-	13,661
Total	-	-	-	4,382	9,279	-	13,661

Currency of Collateral	Total Collateral	Collateral by Settlement	Total Collateral Triparty £'000	Bilateral £'000
		Citigroup Global Markets Ltd	9,346	-
		JP Morgan Securities Plc	4,245	-
GBP	13,661	Merrill Lynch International	70	-
Total	13,661	Total	13,661	-

The total value of securities on loan as a proportion of the Fund's Net Asset Value, as at the balance sheet date, is 20.92% (15.08.21: Nil).

The total value of securities on loan as a proportion of the Fund's total lendable assets, as at the balance sheet date, is 21.63% (15.08.21: Nil). Total lendable assets represents the aggregate value of asset type forming part of the Fund's securities lending programme.

The gross earnings and the fees for the year are £20,000 (15.08.21: Nil) and £4,000 (15.08.21: Nil) respectively.

ACD'S REPORT *continued*

Value Assessment

In accordance with current Financial Conduct Authority rules, the ACD is required to carry out an annual assessment on whether the Company provides value to investors. The outcome of the latest assessment is available on the ACD's website.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canada Life Investments Fund
9 December 2022

DIRECTOR'S STATEMENT

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

N. BOYLING

LINK FUND SOLUTIONS LIMITED

ACD of LF Canada Life Investments Fund

9 December 2022

STATEMENT OF ACD'S RESPONSIBILITIES

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

In preparing the financial statements the ACD is responsible for:

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

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

For the reasons disclosed in Note 1(A), the ACD has prepared the financial statements of the LF Canlife Global High Yield Fund on a break-up basis as this sub-fund is not a going concern.

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 Canada Life Investments Fund

9 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF CANADA LIFE INVESTMENTS FUND

Opinion

We have audited the financial statements of LF Canada Life Investments Fund ('the Company') for the year ended 15 August 2022, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting and distribution policies of the Company set out on pages 46 to 49, which include 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 (including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' – United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as 15 August 2022 and of the net revenue and the net capital losses on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 Financial Reporting Council's ('FRC') 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.

Emphasis of Matter – Financial Statements Prepared on a Break-Up Basis

We draw attention to Note 1(A) of the financial statements which explains that the ACD intends to close the LF Canlife Global High Yield Bond sub-fund and therefore, does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements for this fund.

Accordingly, the financial statements for this sub-fund have been prepared on a break-up basis as described in Note 1(A). Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF CANADA LIFE INVESTMENTS FUND *continued*

Conclusions Relating to Going Concern

The financial statements for the LF Canlife Global High Yield Bond Fund have been prepared on a break up basis as disclosed in note 1(A).

In auditing the financial statements of the remaining sub-funds, we have concluded that the ACD's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the remaining sub-funds' ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the remaining sub-funds' ability to continue as a going concern.

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 contained within the Annual Report.

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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 ('the FCA')

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 FCA and the Fund's Prospectus; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF CANADA LIFE INVESTMENTS FUND *continued*

- 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.

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 FCA 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.

Responsibilities of the ACD

As explained more fully in the Statement of ACD's Responsibilities set out on page 38, 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 wind up or terminate 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.

Explanation as to What Extent The Audit Was Considered Capable of Detecting Irregularities, Including Fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF CANADA LIFE INVESTMENTS FUND *continued*

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Investment Management Association Statement of Recommended Practice (the 'IMA SORP'), the FCA Collective Investment Schemes Sourcebook, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators. We corroborated our enquiries through our review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence net asset value, revenue and amounts available for distribution. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of material special dividends as either a capital or revenue return.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF CANADA LIFE INVESTMENTS FUND *continued*

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
Edinburgh
9 December 2022

ACCOUNTING AND DISTRIBUTION POLICIES

for the year ended 15 August 2022

1. Accounting Policies

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

(A) BASIS OF ACCOUNTING

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

These financial statements are prepared on a going concern basis. The ACD has made an assessment of each sub-fund's ability to continue as a going concern, and is satisfied they have the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made as at the date of issue of these financial statements, covering the subsequent 12 months, and considers liquidity, declines in global capital markets, known redemption levels and key service provider's operational resilience. The ACD also considered each sub-fund's continued ability to meet ongoing costs, and is satisfied they have the resources to meet these costs and to continue in business.

The financial statements for the LF Canlife Global High Yield Bond Fund have been prepared on a break-up basis as the ACD made the decision to close the sub-fund, therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Under this basis assets were recorded at their recoverable value and liabilities were recorded at their expected settlement value. Any additional costs in respect of the termination of the sub-fund will be borne by the ACD.

No adjustments were necessary except for reclassifying fixed assets as current assets. The financial statements for the remaining sub-funds of the Company have been prepared on the going concern basis.

(B) RECOGNITION OF REVENUE

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

US REIT dividend revenue is accounted for partly as revenue and partly as capital, depending on the underlying REIT distribution. All REIT dividend revenue is recognised on an accruals basis.

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.

ACCOUNTING AND DISTRIBUTION POLICIES *continued*

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.

Revenue from stock lending is accounted for net of associated costs and is recognised on an accruals basis.

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Company is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

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

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

(C) TREATMENT OF EXPENSES

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

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

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

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

(E) TAXATION

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

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

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

ACCOUNTING AND DISTRIBUTION POLICIES *continued*

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

(F) BASIS OF VALUATION OF INVESTMENTS

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

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

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

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.

Structured products for which a price can only be obtained from the issuer are valued at the fair value per the issuer and the value is confirmed by an independent price provider by reference to the terms as defined in the term sheet of the structured product.

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

(G) EXCHANGE RATES

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

(H) DILUTION 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.

ACCOUNTING AND DISTRIBUTION POLICIES *continued*

(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.

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

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

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

LF CANLIFE ASIA PACIFIC FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Asia Pacific Fund ('the Fund') is to achieve capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest directly and/or indirectly at least 80% of the assets by value in the shares of companies which are incorporated or domiciled in the Asia Pacific region excluding Japan but including regional Emerging Markets. As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

The Fund may also invest up to 20% of the assets by value in debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

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

The Fund can invest across different industry sectors without limitation.

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

The Fund may use derivatives for the purpose of efficient portfolio management.

Benchmark

The Fund's comparator benchmark is the Bloomberg APAC ex Japan Large & Mid Cap Total Return China Capped Index.

The Fund's performance may be compared against the Bloomberg APAC ex Japan Large & Mid Cap Total Return China Capped Index. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against Asia Pacific region excluding Japan equity returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Asia Pacific Fund
9 December 2022

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Stock markets in the Asia Pacific (excluding Japan) region underperformed many of other major markets during the period under review as a result of weaker economic activity due to COVID-19 as well as higher inflation, rising interest rates, a stronger US dollar and softer demand for exports.

China's stock market was one of the region's worst performers during the period, with its economy being adversely affected by tight liquidity and ongoing regulatory concerns. The country's COVID-zero policy also had a negative effect, with strict lockdowns hurting factory activity and dampening domestic consumption, especially in the services sector, where activity has not yet returned to pre-COVID levels.

Inflation was a key concern heading into the new year, with the prospect of rising interest rates in the US, and their potential impact on Asian markets, denting investor sentiment. As the quarter progressed, Russia's invasion of Ukraine, along with a spike in COVID-19 cases in China, proved more detrimental to Asian economies than inflation and interest rates. China bore the brunt of both the war in Ukraine and rising COVID-19 cases. Given its perceived relationship with Russia, there was speculation that economic sanctions would be used as a means to deter China's involvement with the Russian invasion of Ukraine.

The second quarter of 2022 was challenging for stock markets in Asia Pacific as concerns about inflation and ongoing supply chain disruptions, as well as slower global growth and deteriorating international trade took their toll. South Korea and Taiwan, which have export-driven economies, were hit particularly hard during this time due to mounting fears of a global recession. Australia's stock market initially performed relatively better in relation to the regional index on the back of strong global commodity prices. This changed towards the end of the period, as a result of high inflation and rising interest rates, as well as the correction in global energy and commodity prices from June onwards.

China's stock markets rebounded dramatically in the second quarter, after falling significantly in the first three months of this year, as lockdown restrictions in Shanghai were lifted, monetary policy continued to be loosened and investors began to believe the government's regulatory crackdown was over. As a result, factory activity in China strengthened during the quarter and exports increased.

Late in the period, China's stock market again turned negative. The key drivers of this were weak domestic confidence as a result of the country's COVID-zero policy and a prolonged deterioration in the property market.

Fund Review

During the period under review, the Fund changed its benchmark from the MSCI All Countries Asia Pacific Ex Japan Net Return Index to the Bloomberg APAC ex Japan Large & Mid Cap Total Return China Capped Index. This therefore affected the Fund's country allocations relative to its index. As a result, the Fund was behind the benchmark in relative returns over the period due to a material underweight to India and an overweight to China, which was accentuated by the change of benchmark.

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

At the start of the review period, the Fund was positioned for a synchronised global economic recovery from previous year's steep downturn brought on by the pandemic.

Throughout the period the Fund maintained an overweight position in energy and financials, while a key country allocation was changed from underweight last year to an overweight position in China since the beginning of 2022.

The Fund had positive contributions from its holdings in Woodside energy and Santos, both oil and gas producers that benefited from the global rise in energy prices. It also had a positive contribution from Telkom Indonesia, which had strong performance over the period. On the other hand, the Fund's holding in Alibaba, the online retailer, was the biggest detractor from performance over the period. This was followed by negative contributions from WuXi Biologics and Innovent Biologics, which operate in the biotech sector.

While the Fund remained overweight energy, it adjusted its position by reducing holdings in Indian refineries due to the windfall tax there and sold its position in PTT Public Company Limited, an oil and gas company in Thailand.

While the sectoral allocations were maintained, the manager shook up individual country weightings with new holdings added to Taiwan, India and some ASEAN markets.

Outlook

While we do not anticipate a major downturn in the region, we have taken a slightly more cautious view on China, and Asia Pacific in general, for the months ahead. The market has shifted and China's fortunes appear to have turned.

China's economy and markets will have the biggest influence on the region and, while its economy remains relatively robust with low interest rates and lower inflation than other parts of the world, there are clear downside risks. First, its zero-COVID policies are likely to cause further economic pain if there are further outbreaks of COVID-19. Second, while demand for exports remains strong, this is likely to weaken at some point as key trading partners, such as the US, fall into recession.

In addition, central banks in Asia Pacific are behind other parts of the world in their rate-hiking cycle, apart from Korea. Because the US Federal Reserve has raised interest rates to higher levels than other markets, this has a negative effect on emerging market currencies.

On the positive side, there are clear signs that China's markets are diversifying away from traditional sectors and into more economically resilient industries, such as renewable energy, solar power and battery production. This is a key structural change in the country's approach to international trade that will help to stoke continued demand for its goods.

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Overall, we are aware that global growth is beginning to slow down, which will have a negative impact on Asia's export-driven markets. With US and other major central banks raising interest rates and the US dollar strengthening against currencies in Asia. This may lead central banks in Asia Pacific to raise interest rates further to arrest weakening currencies and imported inflation, which will have a negative impact on domestic markets.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

16 September 2022

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



During the year the indicator for 'A' Accumulation Shares, 'C' Accumulation Shares and 'G' Accumulation Shares changed from 6 to 5. The 'A' Accumulation Shares, 'C' Accumulation Shares and 'G' Accumulation Shares have been classed as 5 because their volatility has been measured as above average.



'C' Accumulation Shares (Euro) has been classed as 6 because its volatility has been measured as above average to high.

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.

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

Emerging Markets Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

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

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

Liquidity Risk: The Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Risk and Reward Profile *continued*

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	1,437.42	1,275.90	1,095.33
Return before operating charges*	(68.81)	185.09	199.44
Operating charges	(22.62)	(23.57)	(18.87)
Return after operating charges	(91.43)	161.52	180.57
Distributions	(15.45)	(5.26)	(8.49)
Retained distributions on accumulation shares	15.45	5.26	8.49
Closing net asset value per share	1,345.99	1,437.42	1,275.90
* after direct transaction costs of:	1.24	0.82	3.58

PERFORMANCE

Return after charges	(6.36)%	12.66%	16.49%
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OTHER INFORMATION

Closing net asset value (£'000)	3,320	3,714	3,355
Closing number of shares	246,682	258,381	262,921
Operating charges	1.63%	1.62%	1.64%
Direct transaction costs	0.09%	0.06%	0.31%

PRICES

Highest share price	1,476.09	1,623.05	1,304.58
Lowest share price	1,256.35	1,268.54	962.81

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	1,539.80	1,356.59	1,155.89
Return before operating charges*	(73.96)	196.72	211.55
Operating charges	(13.13)	(13.51)	(10.85)
Return after operating charges	(87.09)	183.21	200.70
Distributions	(27.83)	(17.25)	(18.15)
Retained distributions on accumulation shares	27.83	17.25	18.15
Closing net asset value per share	1,452.71	1,539.80	1,356.59
* after direct transaction costs of:	1.33	0.88	3.79

PERFORMANCE

Return after charges	(5.66)%	13.51%	17.36%
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OTHER INFORMATION

Closing net asset value (£'000)	6,228	366	285
Closing number of shares	428,738	23,801	21,047
Operating charges	0.88%	0.87%	0.89%
Direct transaction costs	0.09%	0.06%	0.31%

PRICES

Highest share price	1,584.25	1,732.26	1,386.04
Lowest share price	1,351.70	1,348.90	1,020.58

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES (EUR)

CHANGE IN NET ASSETS PER SHARE	15.08.22 € per share	15.08.21 € per share	15.08.20 € per share
Opening net asset value per share	18.0975	15.0407	12.6084
Return before operating charges*	(0.7200)	3.2089	2.5560
Operating charges	(0.1552)	(0.1521)	(0.1237)
Return after operating charges	(0.8752)	3.0568	2.4323
Distributions	(33.0290)	(0.2015)	(0.2050)
Retained distributions on accumulation shares	33.0290	0.2015	0.2050
Closing net asset value per share	17.2223	18.0975	15.0407
* after direct transaction costs of:	0.0157	0.0100	0.0432

PERFORMANCE

Return after charges	(4.84)%	20.32%	19.29%
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OTHER INFORMATION

Closing net asset value (£'000)	27,591	28,919	3
Closing number of shares	1,898,315	1,877,194	250
Operating charges	0.88%	0.86%	0.89%
Direct transaction costs	0.09%	0.06%	0.31%

PRICES

Highest share price	18.7503	19.9158	15.4773
Lowest share price	16.0680	14.9282	10.9610

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	1,594.51	1,399.52	1,188.00
Return before operating charges*	(76.62)	203.02	217.92
Operating charges	(7.89)	(8.03)	(6.40)
Return after operating charges	(84.51)	194.99	211.52
Distributions	(34.69)	(23.85)	(23.40)
Retained distributions on accumulation shares	34.69	23.85	23.40
Closing net asset value per share	1,510.00	1,594.51	1,399.52
* after direct transaction costs of:	1.38	0.91	3.90

PERFORMANCE

Return after charges	(5.30)%	13.93%	17.80%
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OTHER INFORMATION

Closing net asset value (£'000)	104,274	75,518	67,639
Closing number of shares	6,905,581	4,736,153	4,833,030
Operating charges	0.51%	0.50%	0.51%
Direct transaction costs	0.09%	0.06%	0.31%

PRICES

Highest share price	1,642.10	1,790.51	1,429.36
Lowest share price	1,402.80	1,391.66	1,051.28

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Asia Pacific Fund	(6.14)	25.58	30.59
Bloomberg APAC ex Japan Large & Mid Cap Total Return China Capped Index ¹	(3.02)	21.31	27.90

¹ Source: Bloomberg.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 81 to 83.

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 CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	AUSTRALIA – 15.66% (15.08.21 – 14.43%)		
89,110	Australia & New Zealand Banking	1,248	0.88
125,900	BHP	2,854	2.02
45,300	Commonwealth Bank of Australia	2,652	1.87
13,120	CSL	2,242	1.59
49,500	Goodman	595	0.42
14,730	Macquarie	1,552	1.10
98,900	National Australia Bank	1,775	1.25
11,620	Rio Tinto	645	0.46
541,590	Santos	2,237	1.58
22,770	Sonic Healthcare	446	0.32
172,500	Transurban	1,455	1.03
25,680	Wesfarmers	714	0.50
106,080	Westpac Banking	1,386	0.98
123,250	Woodside Energy	2,342	1.66
	TOTAL AUSTRALIA	22,143	15.66
	CHINA – 24.59% (15.08.21 – 30.82%)		
412,000	Alibaba ADS	3,993	2.82
179,000	Anhui Conch Cement 'H'	582	0.41
37,200	Anta Sports Products	343	0.24
47,200	Autohome	338	0.24
59,280	Baidu ADR	845	0.60
627,000	Bank of China class 'H'	183	0.13
1,366,000	China Animal Health ¹	–	–
2,576,000	China Construction Bank 'H'	1,341	0.95
304,400	China International Capital	466	0.33
181,500	China Merchants Bank 'H'	781	0.55
380,000	China Yongda Auto	248	0.18
542,000	CITIC Securities 'H'	934	0.66
165,200	Ganfeng Lithium	1,307	0.92
118,000	Hengan International	475	0.34
1,925,000	Industrial and Commercial Bank of China 'H'	832	0.59
57,552	JD.com	1,350	0.95
252,200	JD Logistics	381	0.27
4,900	Kweichow Moutai	1,147	0.81
309,500	Longfor Properties	722	0.51

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
60,500	LONGi Green Energy	443	0.31
123,300	Meituan Dianping	2,355	1.67
63,900	NetEase	956	0.68
199,000	Ping An Insurance	928	0.66
2,063,000	Postal Savings Bank of China	1,068	0.75
75,400	Shenzhou International	655	0.46
4,918,000	Sinopec Shanghai Petrochemical 'H'	644	0.46
16,300	Sunny Optical Technology	208	0.15
179,500	Tencent	5,692	4.02
708,000	Topsports	485	0.34
42,900	Wuliangye Yibin	921	0.65
85,840	WuXi AppTec	855	0.60
188,000	WuXi Biologics	1,396	0.99
294,200	Xiaomi	377	0.27
19,246	Yunnan Energy New Material	506	0.36
46,700	ZTO Express	1,012	0.72
	TOTAL CHINA	34,769	24.59
	HONG KONG – 8.53% (15.08.21 – 9.27%)		
438,200	AIA	3,571	2.52
126,000	China Mengniu Dairy	461	0.33
190,000	China Resources Enterprise	1,107	0.78
217,000	CK Asset	1,245	0.88
194,000	CK Hutchison	1,077	0.76
180,000	Galaxy Entertainment	900	0.64
828,000	Guangdong Investment	665	0.47
277,450	Hong Kong & China Gas	242	0.17
54,200	Hong Kong Exchanges and Clearing	1,985	1.40
81,000	Sun Hung Kai Properties	814	0.58
	TOTAL HONG KONG	12,067	8.53
	INDIA – 13.86% (15.08.21 – 8.34%)		
139,300	Axis Bank	1,100	0.78
20,000	Bharti Airtel	148	0.10
190,390	Bharat Petroleum	661	0.47
117,250	Container Of India	852	0.60
156,200	HDFC Bank	2,407	1.70

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
42,300	Housing Development Finance	1,079	0.76
243,600	ICICI Bank	2,219	1.57
78,170	Infosys	1,295	0.92
66,000	Larsen & Toubro	1,268	0.90
10,400	Maruti Suzuki India	940	0.66
806,500	Oil & Natural Gas	1,169	0.83
455,050	Power Grid	1,077	0.76
94,460	Reliance Industries	2,582	1.83
44,670	Tata Consultancy Services	1,579	1.12
149,000	UPL	1,222	0.86
	TOTAL INDIA	19,598	13.86
	INDONESIA – 3.31% (15.08.21 – 2.18%)		
2,268,500	Bank Central Asia	1,009	0.71
4,812,867	Bank Rakyat Indonesia	1,162	0.82
6,649,000	Telekomunikasi Indonesia 'B'	1,658	1.17
470,700	United Tractors	858	0.61
	TOTAL INDONESIA	4,687	3.31
	MALAYSIA – 1.30% (15.08.21 – 0.95%)		
30,900	Kuala Lumpur Kepong	128	0.09
255,400	Malayan Banking Berhad	422	0.30
1,486,800	Public Bank	1,286	0.91
	TOTAL MALAYSIA	1,836	1.30
	PHILIPPINES – 0.58% (15.08.21 – 0.00%)		
159,780	ACEN	21	0.01
53,260	Ayala	590	0.42
115,500	BDO Unibank	205	0.15
	TOTAL PHILIPPINES	816	0.58
	SINGAPORE – 3.01% (15.08.21 – 3.51%)		
82,300	Ascendas Real Estate Investment Trust	147	0.10
60,000	DBS	1,183	0.84
102,200	Oversea-Chinese Banking	750	0.53

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
4,800	Sea ADR	357	0.25
619,400	Singapore Telecommunications	987	0.70
51,100	United Overseas Bank	836	0.59
	TOTAL SINGAPORE	4,260	3.01
	SOUTH KOREA – 10.50% (15.08.21 – 12.53%)		
3,830	E-Mart	256	0.18
5,050	Hyundai Motor	629	0.44
15,520	Kakao	813	0.57
23,800	KB Financial	788	0.56
11,500	Kia Motors	602	0.43
1,070	LG Chem	452	0.32
5,620	Naver	947	0.67
4,570	POSCO	752	0.53
148,740	Samsung Electronics	5,682	4.02
21,300	Samsung Electronics <i>preference shares</i>	746	0.53
2,190	Samsung SDI	866	0.61
30,500	Shinhan Financial	700	0.50
14,300	SK hynix	848	0.60
13,400	S-Oil	767	0.54
	TOTAL SOUTH KOREA	14,848	10.50
	TAIWAN – 12.32% (15.08.21 – 13.78%)		
19,000	Andes Technology Corporation	163	0.12
150,000	ASE Technology	374	0.26
819,000	China Steel	659	0.47
749,000	CTBC Financial	501	0.35
79,000	Delta Electronics	596	0.42
749,309	E.Sun Financial	586	0.41
853,000	Hon Hai Precision Industry	2,637	1.86
42,000	MediaTek	819	0.58
580,000	Nan Ya Plastic	1,130	0.80
667,000	Taiwan Semiconductor Manufacturing	9,611	6.80
292,000	United Micro Electronics	350	0.25
	TOTAL TAIWAN	17,426	12.32

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
486,100	THAILAND – 0.48% (15.08.21 – 0.65%) CP ALL (Alien Market)	674	0.48
469,500	FAR EAST (EX JAPAN) – 4.39% (15.08.21 – 2.18%) iShares MSCI China A UCITS ETF Fund ²	2,048	1.45
77,815	Lyxor MSCI AC Asia Pacific Ex Japan UCITS ETF ²	4,157	2.94
	TOTAL FAR EAST (EX JAPAN)	6,205	4.39
	Portfolio of investments	139,329	98.53
	Net other assets	2,084	1.47
	Net assets	141,413	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.

¹ Suspended security.

² Collective investment scheme.

Definitions:

ADR – American Depositary Receipts.

ADS – American Depositary Shares.

LF CANLIFE ASIA PACIFIC FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 16)	83,873	Total sales for the year £'000 (note 16)	46,716
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Lyxor MSCI AC Asia Pacific Ex Japan UCITS ETF	19,998	Lyxor MSCI AC Asia Pacific Ex Japan UCITS ETF	18,495
Xtrackers MSCI Asia UCITS ETF	3,484	Xtrackers MSCI Asia UCITS ETF	3,458
iShares MSCI China A UCITS ETF	3,247	China Steel	1,486
Taiwan Semiconductor Manufacturing	2,517	Taiwan Semiconductor Manufacturing	1,143
HDFC Bank	2,355	iShares MSCI China A UCITS ETF	1,029
Tencent	1,902	DBS	984
BHP	1,699	Hong Kong & China Gas	928
Samsung Electronics	1,552	PTT	885
Ganfeng Lithium	1,482	Ascendas Real Estate Investment Trust	860
Oil & Natural Gas	1,325	WuXi AppTec	747

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

LF CANLIFE ASIA PACIFIC FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital (losses)/gains	3		(8,487)		15,223
Revenue	4	3,767		2,652	
Expenses	5	(777)		(855)	
Interest payable and similar charges	7	(4)		–	
Net revenue before taxation		2,986		1,797	
Taxation	6	(261)		(265)	
Net revenue after taxation			2,725		1,532
Total return before distributions			(5,762)		16,755
Distributions	8		(2,725)		(1,570)
Change in net assets attributable to shareholders from investment activities			(8,487)		15,185

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			112,076		115,471
Amounts receivable on issue of shares		46,450		9,267	
Amounts payable on redemption of shares		(11,534)		(29,409)	
			34,916		(20,142)
Dilution levy	1(H)		59		26
Change in net assets attributable to shareholders from investment activities			(8,487)		15,185
Retained distributions on Accumulation shares	8		2,849		1,536
Closing net assets attributable to shareholders			141,413		112,076

LF CANLIFE ASIA PACIFIC FUND
FINANCIAL STATEMENTS *continued*
BALANCE SHEET
as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		139,329	110,551
Current assets			
Debtors	9	708	731
Cash and bank balances	10	1,443	1,236
Total assets		<u>141,480</u>	<u>112,518</u>
LIABILITIES			
Creditors			
Other creditors	11	(67)	(442)
Total liabilities		<u>(67)</u>	<u>(442)</u>
Net assets attributable to shareholders		<u>141,413</u>	<u>112,076</u>

LF CANLIFE ASIA PACIFIC FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 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:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(8,425)	15,340
Transaction charges	(13)	(7)
Currency losses	(49)	(110)
Net capital (losses)/gains	(8,487)	15,223

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	3,654	2,545
Taxable dividends	58	87
Non-taxable stock dividends	13	20
Stock lending revenue	42	–
Total revenue	3,767	2,652

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	627	713
Legal and professional fees	8	9
Typesetting costs	2	2
Registration and dealing fees	39	39
	676	763
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	41	41
Safe custody and other bank charges	36	32
	77	73
Other expenses:		
Audit fees	11	11
Legal and professional fees	13	8
	24	19
Total expenses	777	855

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	261	265
Current tax charge	261	265
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	261	265

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	2,986	1,797
Corporation tax at 20%	597	359
Effects of:		
Non-taxable dividends	(734)	(513)
Foreign tax expensed	(1)	–
Unutilised excess management expenses	138	154
Corporation tax charge	–	–
Overseas tax	261	265
Total tax charge (note 6a)	261	265

c) Deferred tax

At the year end there is a potential deferred tax asset of £1,974,000 (15.08.21: £1,836,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	4	–
Total interest payable and similar charges	4	–

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	649	474
Final	2,200	1,062
	2,849	1,536

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Add: Revenue deducted on redemption of shares	50	69
Deduct: Revenue received on issue of shares	(174)	(35)
Net distributions for the year	2,725	1,570

Details of the distributions per share are set out in the table on pages 81 to 83.

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	2,725	1,532
Equalisation on conversions ¹	–	38
Net distributions for the year	2,725	1,570

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	292	99
Sales awaiting settlement	–	373
Accrued revenue:		
Non-taxable dividends	390	233
Taxable dividends	26	24
	416	257
Prepaid expenses	–	1
Taxation recoverable:		
Overseas withholding tax	–	1
Total debtors	708	731

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

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	1,443	1,236
Total cash and bank balances	1,443	1,236

11. Other Creditors

	15.08.22 £'000	15.08.21 £'000
Amounts payable for redemption of shares	7	–
Purchases awaiting settlement	–	338
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	28	77
Typesetting costs	1	1
Registration and dealing fees	6	5
	35	83
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	5
Transaction charges	5	1
Safe custody and other bank charges	5	4
	12	10
Other expenses	13	11
Total other creditors	67	442

12. Related Party Transactions

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

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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 67 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 107,152 (15.08.21: 109,167) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 3,202,658 (15.08.21: 2,889,261) of the Fund's shares at the balance sheet date. These shares have also been reflected in the following disclosure.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited) held 4,061,501 (15.08.21: 3,657,196) of the Fund's shares at the balance sheet date.

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

Canada Life Asset Management Limited and its associates	42.85% (15.08.21: 51.29%)
Fundsettle Nominees Limited	20.08% (15.08.21: 26.37%)

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

14. Shares in Issue

	'A' Accumulation	'B' Accumulation ¹	'B' (EUR) Accumulation
Annual Management Charge	1.50%	1.00%	1.00%
Opening shares in issue	258,381	236,249	250
Issues	8,218	35	–
Redemptions	(19,749)	(777)	(250)
Conversions	(168)	(235,507)	–
Closing shares in issue	246,682	–	–

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	'C' Accumulation	'C' (EUR) Accumulation	'G' Accumulation
Annual Management Charge	0.75%	0.75%	0.375%
Opening shares in issue	23,801	1,877,194	4,736,153
Issues	185,879	33,238	2,644,031
Redemptions	(11,316)	(12,117)	(474,603)
Conversions	230,374	–	–
Closing shares in issue	428,738	1,898,315	6,905,581

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 CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(B) INTEREST RATE RISK

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

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. 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 CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000	15.08.21 £'000
Currency:		
Australian dollars	22,199	16,187
Chinese yuan	3,106	2,865
Hong Kong dollars	43,862	33,503
Indian rupees	19,635	9,366
Indonesian rupiah	4,687	2,444
Malaysian ringgit	1,836	1,070
Philippine peso	818	–
Singapore dollars	3,973	3,969
South Korean won	14,916	14,085
Taiwan dollars	17,657	15,614
Thai baht	674	732
US dollars	6,624	11,229
	<u>139,987</u>	<u>111,064</u>
Pounds sterling	1,426	1,012
Net assets	<u>141,413</u>	<u>112,076</u>

A 5% change in the pounds Sterling exchange rate against all other currencies, assuming all other factors remained the same, would have an impact of £6,999,000 on the net assets of the Fund (15.08.21: £5,553,000).

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Based on this analysis 96.22% of the portfolio can be liquidated within 5 days and 96.84% within 21 working days (15.08.21: 97.22% within 5 days and 97.40% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £6,966,000 (15.08.21: £5,528,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

16. Portfolio Transaction Costs

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.22				
Ordinary shares	57,082	26	36	57,144
Collective investment schemes	26,729	–	–	26,729
Purchases total	83,811	26	36	83,873
<i>Transaction cost % of purchases total</i>		0.03%	0.04%	
<i>Transaction cost % of average NAV</i>		0.02%	0.03%	
Ordinary shares	23,781	(15)	(32)	23,734
Collective investment schemes	22,982	–	–	22,982
Sales total	46,763	(15)	(32)	46,716
<i>Transaction cost % of sales total</i>		0.03%	0.07%	
<i>Transaction cost % of average NAV</i>		0.01%	0.03%	

Average portfolio dealing spread at 15.08.22 is 0.13% (15.08.21: 0.13%).

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.21				
Ordinary shares	13,224	16	8	13,248
Collective investment schemes	1,980	–	–	1,980
Purchases total	15,204	16	8	15,228
<i>Transaction cost % of purchases total</i>		0.11%	0.05%	
<i>Transaction cost % of average NAV</i>		0.01%	0.01%	
Ordinary shares	29,243	(14)	(31)	29,198
Collective investment schemes	4,764	–	–	4,764
Sales total	34,007	(14)	(31)	33,962
<i>Transaction cost % of sales total</i>		0.04%	0.09%	
<i>Transaction cost % of average NAV</i>		0.01%	0.03%	

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

17. Fair Value Hierarchy

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

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
15.08.22				
Investment assets	139,329	–	–	139,329
15.08.21				
Investment assets	110,551	–	–	110,551

LF CANLIFE ASIA PACIFIC FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'A' ACCUMULATION SHARES (PENCE)

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.2027	–	1.2027	–
Group 2	–	1.2027	1.2027	–

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	14.2446	–	14.2446	5.2560
Group 2	14.2446	0.0000	14.2446	5.2560

'B' ACCUMULATION SHARES (PENCE)¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	2.4558
Group 2	N/A	N/A	N/A	2.4558

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	10.6277
Group 2	N/A	N/A	N/A	10.6277

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE ASIA PACIFIC FUND **FINANCIAL STATEMENTS** *continued* **DISTRIBUTION TABLE** *continued*

‘B’ ACCUMULATION SHARES (EUR) (€ CENTS)¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	2.3840
Group 2	N/A	N/A	N/A	2.3840
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	12.5400
Group 2	N/A	N/A	N/A	12.5400

‘C’ ACCUMULATION SHARES (PENCE)

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	7.0760	–	7.0760	4.3861
Group 2	0.1471	6.9289	7.0760	4.3861
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	20.7506	–	20.7506	12.8668
Group 2	12.8609	7.8897	20.7506	12.8668

‘C’ ACCUMULATION SHARES (EUR) (€ CENTS)

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	8.4282	–	8.4282	5.0294
Group 2	2.8071	5.6211	8.4282	5.0294
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	24.6008	–	24.6008	15.1231
Group 2	24.6008	0.0000	24.6008	15.1231

¹ On 17 September 2021, ‘B’ share class holdings were converted to the equivalent ‘C’ share class and the ‘B’ share class closed.

LF CANLIFE ASIA PACIFIC FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

'G' ACCUMULATION SHARES (PENCE)

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	10.3313	–	10.3313	7.4419
Group 2	5.7258	4.6055	10.3313	7.4419
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	24.3571	–	24.3571	16.4129
Group 2	18.5755	5.7816	24.3571	16.4129

LF CANLIFE MANAGED 40% – 85% FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Managed 40% – 85% Fund ('the Fund') is to achieve capital growth over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest at least 90% indirectly, via collective investment schemes, in the following asset classes: equities, debt securities (such as corporate bonds, convertible bonds and government and public securities), alternative investments (such as hedge fund strategies and infrastructure) and cash (including deposits and money market instruments).

The Fund's exposure to equities can be between 40% and 85% of the assets by value, but it will typically hold between 50% and 80%. The Fund's exposure to investment grade government and corporate bonds will typically be between 10% and 40%.

The Fund can invest across different geographic areas and industry sectors without limitation.

The Fund will gain exposure to these asset classes by investing in collective investment schemes managed by the Investment Manager. It may also invest in other collective investment schemes (open and closed ended), Exchange Traded Funds and other transferable securities (such as Real Estate Investment Trusts). Indirect investments may include instruments managed or advised by the ACD or the Investment Manager or their associates.

The Fund may also invest up to 10% directly in the asset classes stated above by investing in securities issued by companies and governments.

The Fund may not have exposure to all asset classes at all times.

The Fund may use derivatives for efficient portfolio management purposes.

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the IA Mixed Investment 40-85% Shares sector.

The Fund's performance may be compared against the IA Mixed Investment 40-85% Shares sector. The ACD believes that this is an appropriate comparator benchmark for the Fund given the investment objective and policy of the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Managed 40% – 85% Fund

9 December 2022

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Global stock markets became increasingly volatile during the period under review as supply chain constrictions, concerns about higher inflation, rising interest rates, the war in Ukraine and fears of recession weighed on investor sentiment.

Early in the period, financial markets continued to rise as a result of supportive policy from central banks and governments. Technology stocks and high-growth companies were a major driver of investment returns, both in the US and in Europe. However, worries about rising interest rates in the closing months of 2021 started to dampen investor sentiment, with the technology sector being the first to struggle when it became clear that central banks would soon start raising interest rates. Market conditions deteriorated even further at the end of February when Russia invaded Ukraine, causing the price of oil and gas to rise around the world and sending already high inflation even higher.

With inflation reaching 40-year highs in many developed economies and the US Federal Reserve and Bank of England rapidly raising interest rates, stock markets fell significantly in the first half of 2022, then rallied in July and August when investors started to believe a deep recession was less likely than previously feared. Despite waiting longer than its counterparts to raise rates, the European Central Bank took on a more aggressive stance towards inflation late in the period under review. Having previously signalled that it would not raise interest rates until the final three months of the year, after it finished winding down its asset purchasing programme, it changed course and started raising interest rates in July.

The UK stock market was one of the better performing stock markets throughout the period under review, driven largely by a number of companies in the oil, mining, healthcare and banking sectors. The US stock market was hit particularly hard during the period as its concentration of high-growth companies struggled in an environment of rising interest rates. However, it recovered some losses in July and early August as markets rallied on hopes that a recession might be avoided. It was also a challenging time for many markets in Asia Pacific, where concerns about global inflation, supply chain disruptions caused by COVID-19, rising interest rates and a stronger US dollar all pushed equities downwards.

Global bond markets struggled during the period, as rising interest rates pushed down prices for benchmark government bonds, causing their yields to rise. Corporate bonds underperformed government bonds as spreads widened (the difference between yields on government bonds and corporate bonds).

Fund Review

Over the period under review, the Fund delivered a negative return owing to the challenging market environment.

The main contributors to performance during the period were the Fund's holdings in the LF Canlife North American Fund, LF Canlife UK Equity Income Fund and LF Canlife UK Equity Fund. Each of these funds were positive over the period, with the LF Canlife North American Fund performing well given that it had limited exposure to US technology companies, while the two UK equities funds were boosted by the return of positive sentiments towards the UK stock market.

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

The main detractors from performance were the Fund's holdings in the LF Canlife Corporate Bond Fund, LF Canlife Global Macro Bond Fund, as well as its exposure to European and Asia Pacific equities.

During this time, the manager elected not to make any major changes to the Fund's asset allocation targets and, as a result, this meant that overall weightings were largely unchanged. However, the manager exited the Fund's position in the iShares STOXX Europe 600 Automobiles & Parts ETF given the changing investment landscape during the war in Ukraine and Europe's reliance on Russian energy. The only notable addition to the portfolio was a small position in the iShares S&P US Banks ETF. Financials typically perform well in periods of rising interest rates. Given the challenges facing technology stocks at the beginning of 2022 (and their weighting in US equity markets), US financial companies would provide some diversification in the portfolio.

Outlook

Financial markets around the world had a difficult time throughout much of the period under review as supply chain constrictions, higher inflation, rising interest rates and the war in Ukraine all took their toll. There was a sharp rotation out of growth-orientated companies and into so-called value companies, such as banks and utilities, because investors started to believe that technology companies and other high-growth businesses would see lower profit levels in the future.

Likewise, with interest rates rising, bond prices have fallen because investors are demanding a higher yield (the amount of income they receive in relation to the price paid) for holding them. Given how far stock markets have fallen from their peaks, we believe that, for the most part, the worst is likely behind us. Certain sectors of the stock market have been significantly rerated and valuations in some areas now appear attractive.

That is not to say that a fair amount of uncertainty does not still exist amongst investors. At present it is unclear if inflation has reached a peak and just how far interest rates will rise. As central banks hike rates, there is a strong possibility that this may trigger a recession, with the only question being how much of an economic deceleration will take place.

Against this backdrop, we continue to monitor the current economic and market environment, taking a balanced and cautiously optimistic view for the months ahead.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

16 September 2022

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

Currency Risk: As the Fund invests in collective investment schemes that can be exposed to different currencies, changes in exchange rates may decrease the value of your investment.

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

Emerging Markets Risk: The Fund invests in other collective investment schemes which have exposure to the shares of emerging market companies. These tend to be more susceptible to large short term swings than shares in more established markets. There is also a greater risk of being unable to buy or sell shares or that other parties may default and not meet their obligations, causing loss to the Fund.

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

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

Liquidity Risk: The Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

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

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

Where the Fund has significant investment in collective investment schemes, exchange-traded funds and similar products, the operating charges figure takes account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date. Following an update to industry guidance, with effect from 1 July 2021, the operating charges figure also takes account of the ongoing charges incurred in closed end underlying schemes calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date.

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	212.13	183.24	182.69
Return before operating charges*	0.18	32.36	3.74
Operating charges	(3.68)	(3.47)	(3.19)
Return after operating charges	(3.50)	28.89	0.55
Distributions	(1.99)	(1.49)	(2.27)
Retained distributions on accumulation shares	1.99	1.49	2.27
Closing net asset value per share	208.63	212.13	183.24
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(1.65)%	15.77%	0.30%
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OTHER INFORMATION

Closing net asset value (£'000)	111,766	115,270	99,303
Closing number of shares	53,571,166	54,338,335	54,192,114
Operating charges	1.77%	1.76%	1.75%
Direct transaction costs	–	–	–

PRICES

Highest share price	217.86	212.17	195.44
Lowest share price	193.69	178.34	150.07

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	222.33	190.79	188.97
Return before operating charges*	(0.02)	33.62	3.71
Operating charges	(2.23)	(2.08)	(1.89)
Return after operating charges	(2.25)	31.54	1.82
Distributions	(3.50)	(2.92)	(3.57)
Retained distributions on accumulation shares	3.50	2.92	3.57
Closing net asset value per share	220.08	222.33	190.79
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(1.01)%	16.53%	0.96%
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OTHER INFORMATION

Closing net asset value (£'000)	12,988	1,541	1,342
Closing number of shares	5,901,427	693,071	703,241
Operating charges	1.02%	1.01%	1.00%
Direct transaction costs	–	–	–

PRICES

Highest share price	228.68	222.36	202.70
Lowest share price	204.08	185.79	155.67

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	227.39	194.54	192.11
Return before operating charges*	(0.09)	34.19	3.64
Operating charges	(1.43)	(1.34)	(1.21)
Return after operating charges	(1.52)	32.85	2.43
Distributions	(4.35)	(3.61)	(4.20)
Retained distributions on accumulation shares	4.35	3.61	4.20
Closing net asset value per share	225.87	227.39	194.54
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(0.67)%	16.89%	1.26%
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OTHER INFORMATION

Closing net asset value (£'000)	71,841	74,827	69,612
Closing number of shares	31,806,584	32,907,625	35,782,597
Operating charges	0.64%	0.64%	0.63%
Direct transaction costs	–	–	–

PRICES

Highest share price	234.17	227.41	206.33
Lowest share price	209.32	189.56	158.34

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Managed 40% – 85% Fund	(1.13)	16.22	21.88
IA Mixed Investment 40–85% Shares sector ¹	(3.67)	15.71	24.01

¹ Source: Morningstar Direct.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 109 and 110.

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 CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	UNITED KINGDOM – 43.23% (15.08.21 – 44.15%)		
1,086,107	HICL Infrastructure ¹	1,951	0.99
612,516	iShares UK Property UCITS ETF	3,571	1.82
6,785,664	LF Canlife Corporate Bond ²	18,384	9.35
9,048,818	LF Canlife Short Duration Corporate Bond ²	9,332	4.75
16,749,353	LF Canlife UK Equity ²	24,390	12.41
3,998,109	LF Canlife UK Equity Income ²	27,355	13.91
	TOTAL UNITED KINGDOM	84,983	43.23
	CONTINENTAL EUROPE – 10.22% (15.08.21 – 11.36%)		
6,048,789	iShares Continental European Equity Index	18,278	9.30
31,986	iShares STOXX Europe 600 Industrial Goods & Services UCITS ETF	1,810	0.92
	TOTAL CONTINENTAL EUROPE	20,088	10.22
	NORTH AMERICA – 17.40% (15.08.21 – 16.23%)		
171,000	iShares S&P U.S. Banks UCITS ETF	817	0.41
1,340,326	LF Canlife North American ²	33,400	16.99
	TOTAL NORTH AMERICA	34,217	17.40
	FAR EAST – 10.08% (15.08.21 – 10.25%)		
2,081,884	iShares Japan Equity Index	5,407	2.75
767,588	LF Canlife Asia Pacific ²	11,591	5.90
52,749	Xtrackers MSCI Japan UCITS ETF	2,809	1.43
	TOTAL FAR EAST	19,807	10.08
	GLOBAL – 15.76% (15.08.21 – 15.28%)		
187,724	iShares Developed Markets Property Yield UCITS ETF	4,042	2.06
1,566,499	LF Canlife Global Equity Income ²	4,218	2.14
1,800,439	LF Canlife Global Infrastructure ²	3,732	1.90
14,469,119	LF Canlife Global Macro Bond ²	18,988	9.66
	TOTAL GLOBAL	30,980	15.76
	EMERGING MARKETS – 2.41% (15.08.21 – 1.89%)		
2,522,915	iShares Emerging Markets Equity Index	4,746	2.41

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
157,155	COMMODITIES 0.75% (15.08.21 – 0.81%) iShares Gold Producers UCITS ETF	1,469	0.75
796	MONEY MARKETS – 0.00% (15.08.21 – 0.00%) LF Canlife Sterling Liquidity ²	1	–
	Portfolio of investments	196,291	99.85
	Net other assets	304	0.15
	Net assets	196,595	100.00

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

¹ Closed end fund.

² Related party holding (see note 12).

LF CANLIFE MANAGED 40% – 85% FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 15)	7,050	Total sales for the year £'000 (note 15)	13,683
	Cost		Proceeds
Purchases	£'000	Sales	£'000
LF Canlife Asia Pacific	1,304	LF Canlife North American	3,637
LF Canlife Global Macro Bond	1,247	LF Canlife UK Equity Income	2,193
LF Canlife Corporate Bond	1,196	LF Canlife UK Equity	2,192
iShares Emerging Markets Equity Index	1,060	iShares STOXX Europe 600 Automobiles & Parts UCITS ETF	1,645
iShares S&P U.S. Banks UCITS ETF	848	LF Canlife Short Duration Corporate Bond	1,398
iShares Continental European Equity Index	796	Xtrackers MSCI Japan UCITS ETF	1,000
iShares Japan Equity Index	401	LF Canlife Asia Pacific	949
LF Canlife North American	198	LF Canlife Global Equity Income	349
		LF Canlife Global Infrastructure	200
		iShares Developed Markets Property Yield UCITS ETF	120

In addition to the above, purchases totalling £500,000 and sales totalling £500,000 were made in short term investments during the year.

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

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital (losses)/gains	3		(5,165)		26,734
Revenue	4	4,880		4,344	
Expenses	5	(2,195)		(2,140)	
Net revenue before taxation		2,685		2,204	
Taxation	6	–		–	
Net revenue after taxation			2,685		2,204
Total return before distributions			(2,480)		28,938
Distributions	7		(2,727)		(2,243)
Change in net assets attributable to shareholders from investment activities			(5,207)		26,695

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	Note	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			204,016		181,248
Amounts receivable on issue of shares		17,453		6,522	
Amounts payable on redemption of shares		(22,336)		(12,637)	
			(4,883)		(6,115)
Change in net assets attributable to shareholders from investment activities			(5,207)		26,695
Retained distributions on Accumulation shares	7		2,669		2,188
Closing net assets attributable to shareholders			196,595		204,016

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		196,291	203,956
Current assets			
Debtors	8	217	589
Cash and bank balances	9	394	99
Total assets		<u>196,902</u>	<u>204,644</u>
LIABILITIES			
Creditors			
Other creditors	10	(307)	(628)
Total liabilities		<u>(307)</u>	<u>(628)</u>
Net assets attributable to shareholders		<u>196,595</u>	<u>204,016</u>

LF CANLIFE MANAGED 40% – 85% FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 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:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(5,361)	26,537
Transaction charges	(1)	(3)
AMC rebates from underlying investments	200	197
Currency (losses)/gains	(3)	3
Net capital (losses)/gains	(5,165)	26,734

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	3,393	2,782
Interest distributions on CIS holdings	1,279	1,360
AMC rebates from underlying investments	208	202
Total revenue	4,880	4,344

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,049	1,997
Legal and professional fees	6	7
Typesetting costs	2	2
Registration and dealing fees	65	63
	2,122	2,069
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	52	52
Safe custody and other bank charges	12	10
	64	62
Other expenses:		
Audit fees	9	9
Total expenses	2,195	2,140

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	—	—
Current tax charge	—	—
Deferred tax – origination and reversal of timing differences (note 6c)	—	—
Total taxation (note 6b)	—	—

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	2,685	2,204
Corporation tax at 20%	537	441
Effects of:		
Non-taxable dividends	(679)	(557)
AMC rebates taken to capital	40	39
Unutilised excess management expenses	102	77
Corporation tax charge	–	–
Total tax charge (note 6a)	–	–

c) Deferred tax

At the year end there is a potential deferred tax asset of £528,000 (15.08.21: £426,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	1,852	1,615
Final	817	573
	2,669	2,188
Add: Revenue deducted on redemption of shares	258	105
Deduct: Revenue received on issue of shares	(200)	(50)
Net distributions for the year	2,727	2,243

Details of the distributions per share are set out in the table on pages 109 and 110.

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	2,685	2,204
Allocations to capital:		
Tax relief on capitalised AMC rebates from underlying securities	42	39
Net distributions for the year	2,727	2,243

8. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	96	90
Sales awaiting settlement	–	400
Accrued revenue:		
Non-taxable dividends	71	47
AMC rebates from underlying investments	50	52
	121	99
Total debtors	217	589

9. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	394	99
Total cash and bank balances	394	99

10. Other Creditors

	15.08.22 £'000	15.08.21 £'000
Amounts payable for redemption of shares	3	236
Purchases awaiting settlement	199	99

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	83	266
Typesetting costs	1	1
Registration and dealing fees	8	8
	92	275
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	7
Transaction charges	–	1
Safe custody and other bank charges	2	1
	4	9
Other expenses	9	9
Total other creditors	307	628

11. Related Party Transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 96 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 4,443,725 (15.08.21: 4,784,731) of the Fund's shares at the balance sheet date.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 81,629,557 (15.08.21: 83,205,567) of the Fund's shares at the balance sheet date.

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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:

Canada Life Asset Management Limited and its associates 89.43% (15.08.21: 88.91%)

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

	15.08.22 £'000	15.08.21 £'000
ACD and Investment Manager in common	151,391	156,281

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

13. Shares in Issue

	'A' Accumulation	'B' Accumulation ¹	'C' Accumulation	'G' Accumulation
Annual Management Charge	1.50%	1.00%	0.75%	0.375%
Opening shares in issue	54,338,335	5,650,143	693,071	32,907,625
Issues	1,358,174	–	93,969	1,062,540
Redemptions	(2,125,343)	(24,604)	(430,707)	(2,163,581)
Conversions	–	(5,625,539)	5,545,094	–
Closing shares in issue	53,571,166	–	5,901,427	31,806,584

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.

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

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

(A) CREDIT RISK

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

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

The Fund has no direct holdings in corporate bonds but invests in a number of bond funds which may hold a proportion of non-investment grade bonds.

(B) INTEREST RATE RISK

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

The Fund invests in collective investment schemes only and as such does not have any significant direct exposure to interest rate risk. The Fund may indirectly be exposed to interest rate risk through its investment in collective investment schemes. As the Fund has no direct exposure to interest rate risk, no interest rate risk table or sensitivity analysis has been presented.

LF CANLIFE MANAGED 40% – 85% FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

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

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000	15.08.21 £'000
Currency:		
Euros	1,810	4,091
US dollars	2,329	1,665
	<u>4,139</u>	<u>5,756</u>
Pounds sterling	192,456	198,260
Net assets	<u>196,595</u>	<u>204,016</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 £207,000 on the net assets of the Fund (15.08.21: £288,000).

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Based on this analysis 79.83% of the portfolio can be liquidated within 5 days and 82.93% within 21 working days (15.08.21: 79.04% within 5 days and 81.37% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £9,815,000 (15.08.21: £10,198,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

15. Portfolio Transaction Costs

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.22				
Collective investment schemes	7,050	–	–	7,050
Purchases total	7,050	–	–	7,050
<i>Transaction cost % of purchases total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	
Collective investment schemes	13,683	–	–	13,683
Sales total	13,683	–	–	13,683
<i>Transaction cost % of sales total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 15.08.22 is 0.05% (15.08.21: 0.04%).

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.21				
Collective investment schemes	21,539	–	1	21,540
Purchases total	21,539	–	1	21,540
<i>Transaction cost % of purchases total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	
Collective investment schemes	29,030	–	–	29,030
Sales total	29,030	–	–	29,030
<i>Transaction cost % of sales total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	

The collective investment schemes include closed end funds.

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

16. Fair Value Hierarchy

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

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
15.08.22				
Investment assets	14,518	181,773	–	196,291
15.08.21				
Investment assets	19,618	184,338	–	203,956

LF CANLIFE MANAGED 40% – 85% FUND**FINANCIAL STATEMENTS** *continued***DISTRIBUTION TABLE**

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

‘A’ ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.5294	–	1.5294	1.2876
Group 2	–	1.5294	1.5294	1.2876

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	0.4581	–	0.4581	0.2008
Group 2	–	0.4581	0.4581	0.2008

‘B’ ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	1.7634
Group 2	N/A	N/A	N/A	1.7634

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	0.6829
Group 2	N/A	N/A	N/A	0.6829

¹ On 17 September 2021, ‘B’ share class holdings were converted to the equivalent ‘C’ share class and the ‘B’ share class closed.

LF CANLIFE MANAGED 40% – 85% FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	2.2703	–	2.2703	1.9932
Group 2	–	2.2703	2.2703	1.9932
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.2277	–	1.2277	0.9297
Group 2	–	1.2277	1.2277	0.9297

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	2.7816	–	2.7816	2.3371
Group 2	–	2.7816	2.7816	2.3371
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.5684	–	1.5684	1.2735
Group 2	0.1040	1.4644	1.5684	1.2735

LF CANLIFE CORPORATE BOND FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Corporate Bond Fund ('the Fund') is to provide an income and the potential for capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest, directly and/or indirectly, at least 80% of the assets by value, worldwide in sterling denominated investment grade corporate bonds.

The Fund may also invest up to 20% of the assets by value, worldwide in other debt securities (such as government and public securities, non-investment grade corporate bonds, non-sterling denominated bonds), money market instruments, deposits and cash.

Bonds are rated to indicate the probability that the issuer will repay the loan. Investment grade bonds are considered to have a lower risk of the issuer not repaying the loan.

Credit ratings are internally derived and assigned by Canada Life Asset Management. They will generally be in line with the major external rating agencies and should not be higher than the highest external rating agency rating.

The Fund can invest across different industry sectors and geographical regions without limitation.

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

Investment in collective investment schemes is limited to 10% of the assets by value.

The Fund may use derivatives for efficient portfolio management purposes.

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the Markit iBoxx GBP Corporate Bond Index.

The Fund's performance may be compared against the Markit iBoxx GBP Corporate Bond Index. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against GBP Corporate bond returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Corporate Bond Fund

9 December 2022

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Major issues such as inflation, rising interest rates and the outbreak of war in Ukraine were key challenges for fixed income investors during the period under review. Initial predictions that inflation would be 'transitory' in nature proved incorrect and was soon upgraded to a more enduring problem at a global level.

In the US, the Federal Reserve ('the Fed') began tilting its monetary policy towards fighting inflation in the second half of 2021, signalling that interest rate rises were required to rein in inflation. The Fed was not alone in its thinking, with all major economies and central banks, excluding the European Central Bank ('the ECB'), communicating the need for action. Against this backdrop, bond yields began to rise in the closing months of 2021 as investors anticipated an environment of higher inflation and rising interest rates.

The spring of 2022 was a particularly challenging period for fixed income investors. Russia's invasion of Ukraine in February 2022 caused a major spike in oil, gas and grain prices, which pushed inflation rates up even higher and caused a cost-of-living crisis. Headline inflation rates in many parts of the world soared to levels not seen since the early 1980s as strong consumer demand continued to meet ongoing supply chain disruptions. In the UK, inflation reached 10.1% by the end of the period, while in the US it climbed as high as 8.6% and in the eurozone it reached a historic high of 8.9%.

Major central banks such as the Fed and the Bank of England ('the BoE') sought to reel in rising consumer prices by further tightening monetary policy, raising interest rates and reaffirming their commitment to get inflation under control even at the cost of precipitating a recession. The ECB also took on a more aggressive stance towards inflation. Having previously signalled that it would not raise interest rates until the final three months of the year, after it finished winding down its asset purchasing programme, it changed course and delivered a 50bp hike at its July meeting.

During the review period, UK gilts outperformed their corporate bond counterparts as risk sentiment deteriorated. The sell-off observed throughout 2022 was driven primarily by recessionary fears on the back of the BoE's rapid shift in policy stance on raising rates, ending quantitative easing and potentially earlier beginning of quantitative tightening. Overall, gilt yields increased over the review period, with short maturities (less than 10 years) underperforming longer tenors.

Fund Review

During the review period, we have been moving the duration of the Fund closer to the benchmark, and with less of a short bias.

We have also been focusing our purchases on businesses with low cyclicity (such as consumer non-discretionary and regulated utilities) and the ability to weather the global downturn. Some examples of such purchases include Rentokil 5% 2032, McDonalds 3.75% 2038 and Cadent finance 3.125% 2040.

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

We have also been performing several quality improvement switches along the credit curve or up the capital structure. Some examples of such trades were – selling Tier 2 Natwest 2.105% callable in 2026 to buy Senior Natwest 3.619% and selling BPLN 4.25% corporate hybrid to buy senior debt of BG group (Shell) 5.0% 2036.

The Fund's overall short duration added to the outperformance relative to the benchmark, as did our overall credit selection. Securitized debt outperformed in absolute terms, especially COVID-impacted sectors such as pubs and office space, while higher beta and subordinated debt (financials and corporates) underperformed and detracted from returns.

Outlook

It has become clear that the inflation we are seeing is unlikely to evaporate quickly, as was first described by policymakers. The preliminary announcement from the UK government to tackle the cost of living crisis is expected to keep a cap on inflation early next year with inflation now peaking early next year around 10.5%. Although markets are liable to remain volatile, especially in an environment of quantitative tightening, we do not expect to see the same degree of downward movement in bond prices as we saw in 2022, given that UK bond markets are already pricing in a terminal rate in the region of 4% for bank rates. As yields rose sharply this year we have been reducing our short duration position. Once we believe yields have peaked, we would be looking to increase duration further, we expect this to happen as we approach the end of current rate-hiking cycle.

The risk of recession in the upcoming year has gone up considerably over the year, driven by high inflation and interest rates and the impacts these are having on businesses and consumers. Corporate bond yields are at the highest over last decade, so are providing much better value now than in previous years. Despite the more attractive valuations we still believe that this environment requires a cautious approach; in particular we are wary of companies that are heavily indebted, exposed to discretionary spending or exposed to the worst of the cost increases. We remain positive on well capitalised banks and insurance companies, whose earnings benefit from higher interest rates.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

16 September 2022

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

Emerging Markets Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

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

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

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. bonds) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	223.21	221.22	220.49
Return before operating charges*	(26.22)	10.09	9.17
Operating charges	(0.98)	(1.23)	(1.26)
Return after operating charges	(27.20)	8.86	7.91
Distributions	(6.52)	(6.87)	(7.18)
Closing net asset value per share	189.49	223.21	221.22
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(12.19)%	4.01%	3.59%
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OTHER INFORMATION

Closing net asset value (£'000)	10,316	1,048	1,528
Closing number of shares	5,444,067	469,760	690,731
Operating charges	0.47%	0.55% ¹	0.57%
Direct transaction costs	–	–	–

PRICES

Highest share price	224.77	232.66	228.36
Lowest share price	186.04	218.14	194.27

¹ Effective 25 June 2021, the Annual Management Charge was reduced from 0.50% to 0.40%.

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	304.71	292.95	282.78
Return before operating charges*	(36.04)	13.41	11.80
Operating charges	(1.35)	(1.65)	(1.63)
Return after operating charges	(37.39)	11.76	10.17
Distributions	(8.98)	(9.16)	(9.29)
Retained distributions on accumulation shares	8.98	9.16	9.29
Closing net asset value per share	267.32	304.71	292.95
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(12.27)%	4.01%	3.60%
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OTHER INFORMATION

Closing net asset value (£'000)	957	917	821
Closing number of shares	358,102	300,994	280,288
Operating charges	0.47%	0.55% ¹	0.57%
Direct transaction costs	–	–	–

PRICES

Highest share price	306.83	308.07	292.75
Lowest share price	257.99	293.06	253.20

¹ Effective 25 June 2021, the Annual Management Charge was reduced from 0.50% to 0.40%.

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	308.74	296.49	285.84
Return before operating charges*	(36.54)	13.58	11.92
Operating charges	(1.28)	(1.33)	(1.27)
Return after operating charges	(37.82)	12.25	10.65
Distributions	(9.10)	(9.28)	(9.39)
Retained distributions on accumulation shares	9.10	9.28	9.39
Closing net asset value per share	270.92	308.74	296.49
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(12.25)%	4.13%	3.73%
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OTHER INFORMATION

Closing net asset value (£'000)	250,158	285,001	289,946
Closing number of shares	92,335,416	92,310,791	97,792,824
Operating charges	0.44%	0.44%	0.44%
Direct transaction costs	–	–	–

PRICES

Highest share price	310.89	311.94	300.33
Lowest share price	261.45	296.62	256.14

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Corporate Bond Fund	(12.51)	(5.75)	2.08
Markit iBoxx GBP Corporate Bond Index ¹	(13.27)	(6.83)	1.92

¹ Source: Morningstar Direct.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 137 and 138.

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 CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	DEBT SECURITIES – 94.77% (15.08.21 – 97.29%)		
	UK GOVERNMENT BONDS – 0.86% (15.08.21 – 0.00%)		
£2,400,000	UK Treasury 0.125% 30/1/2026	2,259	0.86
	CORPORATE BONDS – 93.91% (15.08.21 – 97.29%)		
£1,800,000	3i 3.75% 5/6/2040	1,573	0.60
£2,500,000	AA Bond 4.875% 31/7/2043	2,478	0.95
£2,000,000	Admiral 5.5% 25/7/2024	2,015	0.77
£1,500,000	America Movil 4.375% 7/8/2041	1,506	0.58
£3,750,000	Amgen 4% 13/9/2029	3,900	1.49
£2,500,000	Anglian Water 1.625% 10/8/2025	2,395	0.92
£2,400,000	Annington Funding 2.308% 6/10/2032	1,998	0.76
£2,500,000	Annington Funding 2.646% 12/7/2025	2,412	0.92
£4,125,000	APT Pipelines 2.5% 15/3/2036	3,196	1.22
£2,079,550	Aspire Defence Finance B 4.674% 31/3/2040	2,325	0.89
£3,000,000	Athene Global 1.75% 24/11/2027	2,653	1.01
£2,550,000	Aviva 4% 3/6/2055	2,212	0.85
£3,500,000	AXA 5.625% <i>floating rate notes</i> 16/1/2054	3,584	1.37
£3,000,000	Bank of America 1.667% 2/6/2029	2,690	1.03
£2,800,000	Bank of America Corporation 3.584% 27/4/2031	2,763	1.06
£2,100,000	Banque Populaire Caisse D'Epargne 2.5% 30/11/2032	1,858	0.71
£1,200,000	Bazalgette Finance 2.75% 10/3/2034	1,098	0.42
£2,800,000	Berkshire Hathaway Finance 2.375% 19/6/2039	2,392	0.91
£2,000,000	BG Energy Capital 5% 04/11/2036	2,180	0.83
£3,000,000	BHP Billiton Finance 6.5% 22/10/2077	3,004	1.15
£1,973,084	Bishopsgate Asset Finance 4.808% 14/8/2044	1,679	0.64
£1,500,000	Blackstone 2.625% 20/10/2028	1,295	0.50
£2,500,000	Blend Funding 3.459% 21/9/2049	2,330	0.89
£2,700,000	BP Capital Markets 4.25% <i>Perpetual</i>	2,513	0.96
£485,000	British Land 5.264% 24/9/2035	545	0.21
£3,000,000	Cadent Finance 3.125% 21/3/2040	2,534	0.97
£2,956,176	Canary Wharf Finance II 6.8% 22/10/2033	3,362	1.29
£1,300,000	Chancellor Masters and Scholars of the University of Oxford 2.544% 8/12/2117	993	0.38
£1,800,000	Close Brothers Finance 1.625% 3/12/2030	1,523	0.58
£900,000	CPPIB Capital 1.125% 14/12/2029	815	0.31

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£2,300,000	Credit Suisse 2.25% 9/6/2028	2,000	0.77
£3,450,000	Dali Capital (Series 29) 4.79924% 21/12/2037	3,889	1.49
£1,955,429	Delamare Finance 5.5457% 19/2/2029	2,071	0.79
£4,800,000	Deutsche Bank 4% 24/6/2026	4,662	1.78
£3,182,000	DWR Cymru Financing 6.015% 31/3/2028	3,637	1.39
£3,800,000	Électricité de France 6% <i>floating rate notes Perpetual</i>	3,534	1.35
£1,500,000	ENW Finance 1.415% 30/7/2030	1,285	0.49
£1,000,000	Equinor ASA 6.875% 11/3/2031	1,266	0.48
£1,500,000	Experian Finance 2.125% 27/9/2024	1,465	0.56
£3,100,000	Fidelity National Information Services 3.36% 21/5/2031	2,951	1.13
£1,000,000	Fiserv 3% 1/7/2031	929	0.36
£3,000,000	Gatwick Funding 2.875% 5/7/2051	2,186	0.84
£2,500,000	GE Capital UK Funding 5.875% 18/1/2033	2,827	1.08
£1,601,400	Greene King Finance 3.593% 15/3/2035	1,521	0.58
£1,930,118	Greene King Finance 5.318% 15/9/2031	1,997	0.76
£2,500,000	GSK Consumer Healthcare Capital 2.875% 29/10/2028	2,420	0.93
£2,500,000	Heathrow Funding 2.75% 9/8/2051	1,823	0.70
£2,000,000	High Speed Rail Finance 1 4.375% 1/11/2038	2,132	0.82
£1,420,566	Housing Association Funding 8.25% 7/6/2027	1,596	0.61
£3,359,463	Housing Finance 8.625% 13/11/2023	3,561	1.36
£1,500,000	HSBC 6% 29/3/2040	1,587	0.61
£2,000,000	IG 3.125% 18/11/2028	1,712	0.65
£2,400,000	ING 3% 18/2/2026	2,336	0.89
£3,080,000	Intu Metrocentre Finance 8.75% 6/12/2028	1,542	0.59
£2,500,000	John Lewis 6.125% 21/1/2025	2,577	0.99
£2,300,000	Land Securities Capital Markets 2.75% 22/9/2059	1,929	0.74
£2,500,000	Leeds Building Society 1.5% 16/3/2027	2,279	0.87
£2,800,000	Legal & General 5.5% <i>floating rate notes</i> 27/6/2064	2,776	1.06
£1,550,000	Lloyds Bank 1.985% 15/12/2031	1,379	0.53
£2,000,000	Lloyds Bank Corporate Markets 1.75% 11/7/2024	1,934	0.74
£2,400,000	Logicor 2019-I UK 1.875% 17/11/2031	2,251	0.86
£3,000,000	Longstone 4.774% 19/4/2036	3,155	1.21
£3,000,000	M&G 5.625% 20/10/2051	3,026	1.16
£3,466,354	Marstons Issuer 1.81944% <i>floating rate notes</i> 15/10/2027	3,135	1.20
£1,000,000	MassMutual Global Funding II 1.375% 15/12/2026	922	0.35
£1,100,000	McDonald's 3.75% 31/5/2038	1,094	0.42
£1,750,000	McKesson 3.125% 17/2/2029	1,667	0.64

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£3,500,000	Metropolitan Life Global Funding I 1.625% 21/9/2029	3,150	1.20
£3,337,245	Mitchells & Butlers Finance 6.013% 15/12/2030	3,373	1.29
£2,800,000	National Grid Electricity Transmission 2% 16/9/2038	2,121	0.81
£2,500,000	National Grid Gas 1.625% 14/1/2043	1,567	0.60
£2,600,000	National Grid Gas 1.699% 15/9/2031	2,286	0.87
£3,800,000	Nationwide Building Society 5.769% <i>Perpetual</i>	3,933	1.50
£3,600,000	NATS (En Route) 1.375% 31/3/2031	3,288	1.26
£1,300,000	NatWest 3.619% 29/3/2029	1,246	0.48
£3,500,000	Next 3.625% 18/5/2028	3,256	1.25
£500,000	Northern Powergrid Yorkshire 2.25% 9/10/2059	360	0.14
£1,000,000	Northern Powergrid Yorkshire 3.25% 1/4/2052	903	0.35
£1,700,000	Orsted A/S 2.5% 18/2/3021	1,268	0.49
£1,607,282	Peterborough (Progress Health) 5.58% 2/10/2042	1,734	0.66
£3,000,000	Petroleos Mexicanos 3.75% 16/11/2025	2,601	0.99
£1,300,000	Pfizer 2.735% 15/6/2043	1,166	0.45
£2,500,000	Phoenix 5.625% 28/4/2031	2,456	0.94
£1,500,000	Phoenix 5.75% <i>Perpetual</i>	1,367	0.52
£3,500,000	Places For People Homes 5.09% 31/7/2043	3,623	1.39
£1,800,000	Rentokil Initial 5% 27/6/2032	1,914	0.73
£3,000,000	RL Finance NO 4 4.875% 7/10/2049	2,647	1.01
£3,900,000	Sage 2.875% 8/2/2034	3,503	1.34
£2,000,000	Sanctuary Capital 6.697% 23/3/2039	2,707	1.04
£700,000	Severn Trent Utilities Finance 2.625% 22/2/2033	646	0.25
£1,300,000	Severn Trent Utilities Finance 2.75% 5/12/2031	1,230	0.47
£3,500,000	Society of Lloyd's 4.75% 30/10/2024	3,503	1.34
£2,270,000	Southern Gas Network 4.875% 21/3/2029	2,460	0.94
£2,761,290	Telereal Secured Finance 4.01% 10/12/2033	2,756	1.05
£2,100,000	Telereal Securitisation 3.5625% 10/12/2036	2,092	0.80
£2,500,000	TP ICAP 2.625% 18/11/2028	2,042	0.78
£1,279,000	TP ICAP 5.25% 26/1/2024	1,264	0.48
£2,600,000	UBS Jersey 8.75% 18/12/2025	2,970	1.14
£3,000,000	Unite Usaf II 3.921% 30/6/2030	3,062	1.17
£3,000,000	United Utilities Water Finance 1.75% 10/2/2038	2,345	0.90
£2,900,000	Vattenfall 2.5% 29/6/2083	2,374	0.91
£4,200,000	Verizon Communications 1.875% 3/11/2038	3,161	1.21
£3,300,000	Vodafone 3% 12/8/2056	2,544	0.97
£1,500,000	Volkswagen Financial Services 3.25% 13/4/2027	1,424	0.54

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£1,000,000	Volkswagen International Finance 3.375% 16/11/2026	959	0.37
£846,096	Wellington 6.735% 15/1/2029	831	0.32
£3,000,000	Wells Fargo 5.25% 1/8/2023	3,041	1.16
£1,250,000	Western Power Distribution East Midlands 1.75% 9/9/2031	1,069	0.41
£3,000,000	Yorkshire Water Services Finance 5.5% 28/5/2037	3,582	1.37
£2,799,000	Zurich Finance UK 6.625% <i>floating rate notes Perpetual</i>	2,792	1.07
	TOTAL CORPORATE BONDS	245,490	93.91
	TOTAL DEBT SECURITIES	247,749	94.77
	MONEY MARKETS – 1.46% (15.08.21 – 0.56%)		
3,821,994	BlackRock ICS Sterling Liquidity ¹	3,822	1.46
	Portfolio of investments	251,571	96.23
	Net other assets	9,860	3.77
	Net assets	261,431	100.00

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

¹ Collective investment scheme.

LF CANLIFE CORPORATE BOND FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000	55,545	Total sales for the year £'000	54,592
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Deutsche Bank 4% 24/6/2026	4,782	Housing Finance 8.625% 13/11/2023	4,116
UK Treasury 0.125% 30/1/2026	4,006	Barclays Bank 9.25% <i>floating rate notes</i>	
TP ICAP 2.625% 18/11/2028	3,977	<i>Perpetual</i>	3,500
Housing Finance 8.625% 13/11/2023	3,959	Westfield America Management 2.125%	
Sage 2.875% 8/2/2034	3,879	30/3/2025	3,309
IG 3.125% 18/11/2028	2,992	Reckitt Benckiser Treasury Services 1.75%	
Bank of America Corporation 3.584%		19/5/2032	2,970
27/4/2031	2,800	Standard Chartered 7.75% <i>Perpetual</i>	2,900
Cadent Finance 3.125% 21/3/2040	2,640	Munich Re 6.625% <i>floating rate notes</i>	
National Grid Gas 1.699% 15/9/2031	2,600	26/5/2042	2,800
GSK Consumer Healthcare Capita 2.875%		HSBC 6% 29/3/2040	2,722
29/10/2028	2,499	BNP Paribas 2% 24/5/2031	2,438
		CPPIB Capital 1.125% 14/12/2029	2,435
		Total Capital International 1.405% 3/9/2031	2,176

In addition to the above, purchases totalling £5,255,000 and sales totalling £3,100,000 were made in short term investments during the year.

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

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital (losses)/gains	3		(43,143)		4,646
Revenue	4	8,641		9,408	
Expenses	5	(1,225)		(1,402)	
Net revenue before taxation		7,416		8,006	
Taxation	6	–		9	
Net revenue after taxation			7,416		8,015
Total return before distributions			(35,727)		12,661
Distributions	7		(8,641)		(9,417)
Change in net assets attributable to shareholders from investment activities			(44,368)		3,244

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	Note	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			299,474		304,914
Amounts receivable on issue of shares		31,638		19,582	
Amounts payable on redemption of shares		(33,626)		(37,031)	
			(1,988)		(17,449)
Change in net assets attributable to shareholders from investment activities			(44,368)		3,244
Retained distributions on Accumulation shares			8,311		8,762
Unclaimed distributions	2		2		3
Closing net assets attributable to shareholders			261,431		299,474

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		251,571	293,042
Current assets			
Debtors	8	5,021	3,792
Cash and bank balances	9	5,136	3,034
Total assets		<u>261,728</u>	<u>299,868</u>
LIABILITIES			
Creditors			
Distribution payable	10	(178)	(201)
Other creditors	10	(119)	(193)
Total liabilities		<u>(297)</u>	<u>(394)</u>
Net assets attributable to shareholders		<u>261,431</u>	<u>299,474</u>

LF CANLIFE CORPORATE BOND FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policies described below have also been applied to this Fund.

The Fund has satisfied the qualifying investments test of Section 493 of the Corporation Taxes Act 2009, throughout the year. All distributions made are therefore made as gross interest distributions.

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

3. Net Capital (Losses)/Gains

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

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(43,142)	4,647
Transaction charges	(1)	(1)
Net capital (losses)/gains	(43,143)	4,646

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Interest on debt securities	8,610	9,408
Interest distributions on CIS holdings	7	–
Bank interest	2	–
Stock lending revenue	22	–
Total revenue	8,641	9,408

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1,041	1,203
Legal and professional fees	6	8
Typesetting costs	2	2
Registration and dealing fees	86	95
	1,135	1,308
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	62	66
Safe custody and other bank charges	19	19
	81	85
Other expenses:		
Audit fees	9	9
Total expenses	1,225	1,402

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	—	(9)
Current tax charge	—	(9)
Deferred tax – origination and reversal of timing differences (note 6c)	—	—
Total taxation (note 6b)	—	(9)

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	7,416	8,006
Corporation tax at 20%	1,483	1,601
Effects of:		
Prior year adjustment	–	(9)
Tax deductible interest distributions	(1,483)	(1,601)
Corporation tax charge	–	(9)
Total tax charge (note 6a)	–	(9)

c) Deferred tax

There is no deferred tax asset recognised in the current or prior year.

7. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	4,226	4,709
Final	4,451	4,468
	8,677	9,177
Add: Revenue deducted on redemption of shares	182	382
Deduct: Revenue received on issue of shares	(218)	(142)
Net distributions for the year	8,641	9,417

Details of the distributions per share are set out in the table on pages 137 and 138.

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	7,416	8,015
Allocations to capital:		
Expenses	1,225	1,402
Net distributions for the year	8,641	9,417

8. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	1,540	75
Accrued revenue:		
Interest distributions CIS holdings	2	–
Stock lending revenue	2	–
Interest from debt securities	3,477	3,717
	3,481	3,717
Total debtors	5,021	3,792

9. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	5,136	3,034
Total cash and bank balances	5,136	3,034

10. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	178	201
Other Creditors		
Amounts payable for redemption of shares	54	6

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	40	153
Typesetting costs	1	1
Legal and professional fees	–	1
Registration and dealing fees	10	12
	51	167
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	8
Safe custody and other bank charges	2	2
	4	10
Other expenses	10	10
Total other creditors	119	193

11. Related Party Transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 125 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 2,289,642 (15.08.21: 2,556,802) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset management Limited as the Investment Manager held 30,468,732 (15.08.21: 28,316,383) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset management Limited) held 60,298,939 (15.08.21: 60,844,012) of the Fund's shares at the balance sheet date.

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

Canada Life Asset Management Limited and its associates	61.44% (15.08.21: 61.60%)
The Bank of New York (Nominees) Limited	35.18% (15.08.21: 34.66%)

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

13. Shares in Issue

	'B' Income ¹	'B' Accumulation ¹	'C' Income
Annual Management Charge	1.00%	1.00%	0.40%
Opening shares in issue	5,607,412	92,411	469,760
Issues	540	–	270,372
Redemptions	(41,905)	(585)	(733,750)
Conversions	(5,566,047)	(91,826)	5,437,685
Closing shares in issue	–	–	5,444,067

	'C' Accumulation	'G' Accumulation
Annual Management Charge	0.40%	0.375%
Opening shares in issue	300,994	92,310,791
Issues	21,942	6,644,160
Redemptions	(54,739)	(6,619,535)
Conversions	89,905	–
Closing shares in issue	358,102	92,335,416

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE CORPORATE BOND FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

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.

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	15.08.22 %	15.08.21 %
Investment grade debt securities	79.12	80.80
Non-investment grade debt securities	8.04	10.24
Non-rated debt securities	7.61	6.25
Other investments	1.46	0.56
Net other assets	3.77	2.15
	<u>100.00</u>	<u>100.00</u>

LF CANLIFE CORPORATE BOND FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

(B) INTEREST RATE RISK

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

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 15 August 2022 a one basis point change in the yield would have an impact of £176,000 on the direct net assets of the Fund (15.08.21: £234,000).

The table below shows the interest rate risk profile:

	15.08.22 £'000	15.08.21 £'000
Floating rate investments	19,643	27,360
Fixed rate investments	231,928	265,682
Total investments	251,571	293,042

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movements 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 CANLIFE CORPORATE BOND FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000
Currency:	
Euros	16
Pounds sterling	261,415
Net assets	261,431

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 £800 on the net assets of the Fund (15.08.21: Nil).

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 64.84% of the portfolio can be liquidated within 5 days and 95.13% within 21 working days (15.08.21: 53.93% within 5 days and 99.17% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

Market price risk represents the potential loss the Fund may suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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 £12,579,000 (15.08.21: £14,652,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

15. Portfolio Transaction Costs

Securities have been bought and sold at the dealt price with no further transaction costs added or deducted from purchases or sales respectively.

16. Fair Value Hierarchy

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

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

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

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

All investments in the current and prior year are bonds and open-ended collective investment schemes categorised as Level 2.

17. Subsequent Events

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

Share class	Balance sheet date	05.12.22	Movement
'C' Income	192.83	179.48	(6.92)%
'C' Accumulation	267.40	253.18	(5.32)%
'G' Accumulation	270.99	256.61	(5.31)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 9 December 2022.

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'B' INCOME SHARES¹

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	N/A	–	N/A	3.4141
Group 2	N/A	N/A	N/A	3.4141

Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	N/A	–	N/A	3.3046
Group 2	N/A	N/A	N/A	3.3046

'B' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	4.5295
Group 2	N/A	N/A	N/A	4.5295

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	4.4535
Group 2	N/A	N/A	N/A	4.4535

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'C' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	3.2437	–	3.2437	3.4866
Group 2	2.0971	1.1466	3.2437	3.4866
Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	3.2805	–	3.2805	3.3791
Group 2	3.2303	0.0502	3.2805	3.3791

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	4.4324	–	4.4324	4.6154
Group 2	2.7449	1.6875	4.4324	4.6154
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	4.5487	–	4.5487	4.5434
Group 2	2.0861	2.4626	4.5487	4.5434

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	4.4915	–	4.4915	4.6727
Group 2	2.2254	2.2661	4.4915	4.6727
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	4.6097	–	4.6097	4.6027
Group 2	1.7505	2.8592	4.6097	4.6027

LF CANLIFE EUROPEAN FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife European Fund ('the Fund') is to achieve capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest, directly and/or indirectly, at least 80% of the assets by value in the shares of companies which are incorporated or domiciled in Europe (excluding United Kingdom). As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

The Fund may also invest up to 20% of the assets by value in debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

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

The Fund can invest across different industry and market capitalisation without limitation.

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

The Fund may use derivatives for the purpose of efficient portfolio management.

Benchmark

The Fund's comparator benchmark is the Bloomberg Europe Developed Market ex-UK Large & Mid Cap Total Return Index.

The Fund's performance may be compared against the Bloomberg Europe Developed Market ex-UK Large & Mid Cap Total Return Index. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against Europe excluding UK equity returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife European Fund

9 December 2022

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Stock markets in Europe performed well throughout the first half of the review period, with strong late 2021 gains leading into all-time highs across some continental markets at the beginning of 2022.

As the world continued to gradually re-open following the pandemic, the enforced shift towards digitisation powered the upward trajectory of technology and IT stocks. In particular, the European semiconductor industry was a key driver of returns, with the space growing rapidly as demand levels grew.

In late 2021, markets were briefly buffered on fears around the Omicron variant, however these were quickly dispelled once the severity of the strain was revealed to have been less than originally thought.

Following a positive start to 2022, markets began to wobble on fears of lingering inflation, which appeared more resilient than initially forecast. The European Central Bank ('the ECB') however was at this stage reluctant to engage in any tightening of monetary policy, following the Bank of England's decision to raise interest rates in late 2021 and the US Federal Reserve's more hawkish tone.

In late February, Russia began its invasion of Ukraine. While global stock markets reeled in reaction to the news, European markets were hit particularly hard due to their proximity to the warzone. The price of oil and gas, typically sourced from Russia into mainland Europe, surged, alongside the cost of agricultural supplies typically sourced from Ukraine. As a result, inflation spiralled to multi-year highs in the Eurozone.

Rhetoric from the ECB shifted, with the bank mooting multiple interest rate rises in a bid to curb runaway inflation as the populous was plunged into a cost-of-living crisis.

Fund Review

The steep rise of inflation was a huge factor for the Fund, which only grew as we moved deeper into 2022. The rise in energy prices led to negative performance within our materials allocation, particularly within our overweight holdings in packaging provider Smurfit Kappa and paint manufacturer Akzo Nobel, respectively. Performance was also negatively impacted by our underweight allocation towards energy stocks.

In terms of positive relative contributors, our allocations towards financials, utilities and healthcare were all of great benefit. From a stock-specific standpoint, our holdings in pharmaceutical manufacturer Novo Nordisk, German financials company Deutsche Boerse and Spanish utility provider Iberdrola were among the strongest performers.

The volatile investment backdrop afforded ample opportunities to identify quality investment opportunities at lower valuation points. A good example of this is recent position in KONE.

KONE are an international outfit and market leaders in manufacturing lifts, escalators and automatic doors. We view this as a resilient industrial business with a global outlook which also offers a unique play on the economic recovery of China, which unlike much of the rest of the world, is still stimulating its economy.

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Outlook

We anticipate continued volatility in European markets as Russia's invasion of Ukraine continues to impact upon the price of commodities.

Much of Europe is reliant upon Russia for its gas and oil supply, and it is expected that this may be leveraged by the Putin regime in response to the economic sanctions that have been imposed upon Russia.

With inflation making its way towards an all-time high across the continent, we expect the ECB to move swiftly in raising interest rates and tightening monetary policy.

However, as highlighted with our addition of KONE, volatility breeds opportunity for those with dry powder to deploy. We see some exciting investment opportunities at very palatable valuation metrics. We therefore remain cognisant of the challenging market conditions but upbeat on the potential of adding further quality additions to the portfolio on weakness.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

16 September 2022

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund may have risen and fallen in the past, and therefore how much a fund's returns may have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

The Fund has been classed as 6 because its volatility has been measured as above average to high.

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

Emerging Market Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

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

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

Liquidity Risk: The Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Risk and Reward Profile *continued*

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	169.63	138.38	136.31
Return before operating charges*	(11.23)	33.58	4.28
Operating charges	(2.65)	(2.33)	(2.21)
Return after operating charges	(13.88)	31.25	2.07
Distributions	(1.93)	(1.14)	(0.55)
Retained distributions on accumulation shares	1.93	1.14	0.55
Closing net asset value per share	155.75	169.63	138.38
* after direct transaction costs of:	0.04	0.09	0.06

PERFORMANCE

Return after charges	(8.18)%	22.58%	1.52%
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OTHER INFORMATION

Closing net asset value (£'000)	750	836	722
Closing number of shares	481,470	493,141	521,832
Operating charges	1.65%	1.55% ¹	1.63%
Direct transaction costs	0.02%	0.06%	0.05%

PRICES

Highest share price	175.26	169.63	147.29
Lowest share price	139.69	127.08	102.09

¹ Includes a one off expense write off relating to the proposed termination.

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	179.30	145.17	141.93
Return before operating charges*	(11.90)	35.40	4.49
Operating charges	(1.53)	(1.27)	(1.25)
Return after operating charges	(13.43)	34.13	3.24
Distributions	(3.42)	(2.39)	(1.64)
Retained distributions on accumulation shares	3.42	2.39	1.64
Closing net asset value per share	165.87	179.30	145.17
* after direct transaction costs of:	0.04	0.10	0.06

PERFORMANCE

Return after charges	(7.49)%	23.51%	2.28%
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OTHER INFORMATION

Closing net asset value (£'000)	14,693	172	86
Closing number of shares	8,858,251	95,828	59,442
Operating charges	0.90%	0.80% ¹	0.88%
Direct transaction costs	0.02%	0.06%	0.05%

PRICES

Highest share price	185.56	179.29	153.86
Lowest share price	148.27	133.53	106.77

¹ Includes a one off expense write off relating to the proposed termination.

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	183.79	148.25	144.40
Return before operating charges*	(12.22)	36.24	4.59
Operating charges	(0.91)	(0.70)	(0.74)
Return after operating charges	(13.13)	35.54	3.85
Distributions	(4.07)	(3.05)	(2.22)
Retained distributions on accumulation shares	4.07	3.05	2.22
Closing net asset value per share	170.66	183.79	148.25
* after direct transaction costs of:	0.04	0.10	0.06

PERFORMANCE

Return after charges	(7.14)%	23.97%	2.67%
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OTHER INFORMATION

Closing net asset value (£'000)	35,109	43,287	38,924
Closing number of shares	20,573,216	23,552,565	26,254,795
Operating charges	0.52%	0.43% ¹	0.51%
Direct transaction costs	0.02%	0.06%	0.05%

PRICES

Highest share price	190.36	183.78	156.79
Lowest share price	152.30	136.46	108.87

¹ Includes a one off expense write off relating to the proposed termination.

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife European Fund	(7.48)	17.13	17.04
Bloomberg Europe Developed Market ex-UK Large & Mid Cap Total Return Index ¹	(7.36)	22.34	27.46

¹ Source: Bloomberg.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 165 and 166.

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 CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	BELGIUM – 0.63% (15.08.21 – 0.78%)		
7,112	KBC	318	0.63
	DENMARK – 6.73% (15.08.21 – 6.10%)		
5,527	Carlsberg 'B'	602	1.19
6,314	DSV	881	1.74
20,447	Novo Nordisk 'B'	1,794	3.55
5,821	Vestas	126	0.25
	TOTAL DENMARK	3,403	6.73
	FINLAND – 3.95% (15.08.21 – 2.67%)		
10,205	KONE 'B'	358	0.71
82,500	Metso Outotec	572	1.13
69,746	Nordea Bank	573	1.13
12,960	Sampo 'A'	492	0.98
	TOTAL FINLAND	1,995	3.95
	FRANCE – 19.67% (15.08.21 – 20.89%)		
4,445	Air Liquide	515	1.02
6,071	Airbus	558	1.10
15,070	BNP Paribas	637	1.26
19,835	Bureau Veritas	450	0.89
4,690	Eiffage	368	0.73
31,838	ENGIE	345	0.68
2,485	EssilorLuxottica	346	0.69
318	Euroapi	4	0.01
239	Hermes International	280	0.55
274	Kering	130	0.26
1,356	L'Oréal	416	0.82
3,249	LVMH Moët Hennessy Louis Vuitton	1,917	3.79
13,888	Michelin	313	0.62
30,766	Orange	264	0.52
1,452	Pernod Ricard	239	0.47
5,309	Safran	501	0.99
7,314	Sanofi	525	1.04
4,126	Schneider Electric	473	0.94

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
975	Teleperformance	260	0.51
20,150	Total	862	1.71
6,765	Vinci	539	1.07
	TOTAL FRANCE	9,942	19.67
	GERMANY – 15.96% (15.08.21 – 17.94%)		
4,654	Adidas	679	1.34
6,469	Allianz	974	1.93
8,103	BASF	301	0.59
8,140	Bayer	367	0.73
6,080	Brenntag	362	0.72
7,291	Daimler	372	0.73
3,747	Daimler Truck	90	0.18
5,559	Deutsche Börse	792	1.57
8,966	Deutsche Post	305	0.60
36,243	Deutsche Telekom	574	1.13
17,224	Infineon	399	0.79
3,744	Merck	587	1.16
9,037	RWE	323	0.64
13,476	SAP	1,061	2.10
5,572	Siemens	527	1.04
12,537	Siemens Energy	175	0.35
6,835	Vonovia	180	0.36
	TOTAL GERMANY	8,068	15.96
	IRELAND – 5.88% (15.08.21 – 5.70%)		
23,262	CRH	759	1.50
5,455	Flutter Entertainment	588	1.16
9,194	Kerry 'A'	819	1.62
2,296	Ryanair ADR	144	0.28
20,994	Smurfit Kappa	665	1.32
	TOTAL IRELAND	2,975	5.88

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	ITALY – 1.78% (15.08.21 – 2.04%)		
50,346	Enel	214	0.42
34,337	Eni	337	0.67
221,832	Intesa Sanpaolo	347	0.69
	TOTAL ITALY	898	1.78
	NETHERLANDS – 9.45% (15.08.21 – 11.62%)		
205	Adyen	322	0.64
8,424	Akzo Nobel	499	0.99
4,552	ASML	2,152	4.26
54,115	ING	434	0.86
5,917	Koninklijke DSM	734	1.45
7,535	Prosus	402	0.79
7,383	STMicroelectronics	233	0.46
	TOTAL NETHERLANDS	4,776	9.45
	NORWAY – 0.65% (15.08.21 – 0.55%)		
19,860	DNB	331	0.65
	SPAIN – 6.30% (15.08.21 – 4.58%)		
159,739	Banco Santander	355	0.70
20,843	Cellnex Telecom	751	1.48
33,904	Grifols	394	0.78
146,868	Iberdrola	1,344	2.66
96,189	Telefonica	344	0.68
	TOTAL SPAIN	3,188	6.30
	SWEDEN – 2.95% (15.08.21 – 2.89%)		
38,925	Atlas Copco	363	0.72
12,406	Ericsson 'B'	78	0.16
17,524	Investor 'B'	260	0.51
34,834	Sandvik	507	1.00
19,431	Volvo 'B'	282	0.56
	TOTAL SWEDEN	1,490	2.95

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	SWITZERLAND – 19.03% (15.08.21 – 18.82%)		
6,014	Alcon	345	0.68
4,090	Compagnie Financière Richemont	411	0.81
71	Givaudan	214	0.42
4,184	LafargeHolcim	168	0.33
515	Lonza	257	0.51
28,307	Nestlé	2,870	5.68
18,094	Novartis	1,277	2.53
321	Partners	290	0.57
7,373	Roche	2,056	4.07
2,732	Sika	593	1.17
33,348	UBS	469	0.93
1,769	Zurich Insurance	671	1.33
	TOTAL SWITZERLAND	9,621	19.03
	COLLECTIVE INVESTMENT SCHEMES – 6.42% (15.08.21 – 4.91%)		
353,469	iShares Edge MSCI Europe Value Factor UCITS ETF	2,098	4.15
11,893	iShares STOXX Europe 600 Automobiles & Parts UCITS ETF	515	1.02
1,991	SPDR MSCI Europe Energy UCITS ETF	281	0.56
7,043	SPDR MSCI Europe Financials UCITS ETF	351	0.69
	TOTAL COLLECTIVE INVESTMENT SCHEMES	3,245	6.42
	Portfolio of investments	50,250	99.40
	Net other assets	302	0.60
	Net assets	50,552	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.

Definition:

ADR – American Depositary Receipts.

LF CANLIFE EUROPEAN FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 16)	6,918	Total sales for the year £'000 (note 16)	11,873
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
iShares Edge MSCI Europe Value Factor UCITS ETF	1,810	iShares Edge MSCI Europe Value Factor UCITS ETF	1,054
Grifols	597	Koninklijke Philips	574
KONE 'B'	478	Nestlé	572
Sandvik	347	ASML	512
Carlsberg 'B'	334	Novo Nordisk 'B'	462
STMicroelectronics	288	LVMH Moët Hennessy Louis Vuitton	387
Metso Outotec	258	L'Oréal	329
Akzo Nobel	252	Hermes International	328
Cellnex Telecom	244	Kering	313
iShares STOXX Europe 600 Automobiles & Parts UCITS ETF	236	SPDR MSCI Europe Energy UCITS ETF	296

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

LF CANLIFE EUROPEAN FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital (losses)/gains	3		(5,391)		11,113
Revenue	4	1,683		1,222	
Expenses	5	(343)		(332)	
Interest payable and similar charges	7	–		(1)	
Net revenue before taxation		1,340		889	
Taxation	6	(149)		51	
Net revenue after taxation			1,191		940
Total return before distributions			(4,200)		12,053
Distributions	8		(1,191)		(940)
Change in net assets attributable to shareholders from investment activities			(5,391)		11,113

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			60,704		53,986
Amounts receivable on issue of shares		16,297		471	
Amounts payable on redemption of shares		(22,219)		(5,787)	
			(5,922)		(5,316)
Dilution levy	1(H)		–		1
Change in net assets attributable to shareholders from investment activities			(5,391)		11,113
Retained distributions on Accumulation shares	8		1,161		920
Closing net assets attributable to shareholders			50,552		60,704

LF CANLIFE EUROPEAN FUND
FINANCIAL STATEMENTS *continued*
BALANCE SHEET
as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		50,250	60,395
Current assets			
Debtors	9	319	425
Cash and bank balances	10	62	139
Total assets		50,631	60,959
LIABILITIES			
Creditors			
Bank overdraft		(48)	–
Other creditors	11	(31)	(255)
Total liabilities		(79)	(255)
Net assets attributable to shareholders		50,552	60,704

LF CANLIFE EUROPEAN FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 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:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(5,373)	11,132
Transaction charges	(11)	(7)
Currency losses	(7)	(12)
Net capital (losses)/gains	(5,391)	11,113

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	1,623	1,164
Non-taxable stock dividends	58	58
Stock lending revenue	2	–
Total revenue	1,683	1,222

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	275	310
Legal and professional fees	6	7
Typesetting costs	2	2
Registration and dealing fees	20	22
	303	341
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	20	20
Safe custody and other bank charges	9	8
	29	28
Other expenses:		
Audit fees	11	11
Solvency and termination costs ¹	–	(48)
	11	(37)
Total expenses	343	332

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	149	(51)
Current tax charge/(credit)	149	(51)
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	149	(51)

¹ As the decision to terminate the Fund has been revoked, the solvency and termination costs are no longer chargeable to the Fund.

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	1,340	889
Corporation tax at 20%	268	178
Effects of:		
Non-taxable dividends	(336)	(244)
Unutilised excess management expenses	68	66
Corporation tax charge	-	-
Overseas tax	149	(51)
Total tax charge/(credit) (note 6a)	149	(51)

c) Deferred tax

At the year end there is a potential deferred tax asset of £3,315,000 (15.08.21: £3,247,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	-	1
Total interest payable and similar charges	-	1

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	243	328
Final	918	592
	1,161	920

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Add: Revenue deducted on redemption of shares	32	21
Deduct: Revenue received on issue of shares	(2)	(1)
Net distributions for the year	1,191	940

Details of the distributions per share are set out in the table on pages 165 and 166.

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	1	–
Sales awaiting settlement	–	151
Accrued revenue:		
Non-taxable dividends	13	4
Taxation recoverable:		
Overseas withholding tax	305	270
Total debtors	319	425

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	62	139
Total cash and bank balances	62	139
Bank overdraft	48	–
Total bank overdraft	48	–

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

11. Other Creditors

	15.08.22 £'000	15.08.21 £'000
Amounts payable for redemption of shares	–	42
Amounts payable to investors	–	150
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	10	42
Legal and professional fees	2	2
Typesetting costs	1	1
Registration and dealing fees	2	3
	15	48
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1	3
Transaction charges	3	–
Safe custody and other bank charges	1	1
	5	4
Other expenses	11	11
Total other creditors	31	255

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 153 and amounts due at the year end are disclosed in note 11.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 6,229,211 (15.08.21: 2,756,853) of the Fund's shares at the balance sheet date.

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited) held 3,617,477 (15.08.21: 3,794,964) of the Fund's shares at the balance sheet date.

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

Link Fund Solutions Limited	20.82% (15.08.21: 9.84%)
The Bank of New York (Nominees) Limited	58.49% (15.08.21: 72.56%)

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

14. Shares in Issue

	'A' Accumulation	'B' Accumulation ¹	'C' Accumulation	'G' Accumulation
Annual Management Charge	1.50%	1.00%	0.75%	0.375%
Opening shares in issue	493,141	3,862,078	95,828	23,552,565
Issues	3,470	–	80,487	22,539
Redemptions	(15,141)	(12,544)	(437,698)	(3,001,888)
Conversions	–	(3,849,534)	9,119,634	–
Closing shares in issue	481,470	–	8,858,251	20,573,216

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.

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

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

(A) CREDIT RISK

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

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

(B) INTEREST RATE RISK

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

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movements in foreign exchange rates.

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000	15.08.21 £'000
Currency:		
Danish krone	3,465	3,749
Euros	34,918	42,324
Norwegian krone	394	419
Swedish krona	2,063	2,420
Swiss francs	9,620	11,427
US dollars	170	16
	<u>50,630</u>	<u>60,355</u>
Pounds sterling	(78)	349
Net assets	<u>50,552</u>	<u>60,704</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 £2,532,000 on the net assets of the Fund (15.08.21: £3,018,000).

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 94.38% of the portfolio can be liquidated within 5 days and 96.76% within 21 working days (15.08.21: 97.70% within 5 days and 98.88% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(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 £2,513,000 (15.08.21: £3,020,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

16. Portfolio Transaction Costs

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.22				
Ordinary shares	4,863	1	8	4,872
Collective investment schemes	2,046	–	–	2,046
Purchases total	6,909	1	8	6,918
<i>Transaction cost % of purchases total</i>		0.01%	0.14%	
<i>Transaction cost % of average NAV</i>		–	0.02%	
Ordinary shares	10,059	(2)	–	10,057
Collective investment schemes	1,816	–	–	1,816
Sales total	11,875	(2)	–	11,873
<i>Transaction cost % of sales total</i>		0.02%	–	
<i>Transaction cost % of average NAV</i>		–	–	

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Average portfolio dealing spread at 15.08.22 is 0.07% (15.08.21: 0.05%).

15.08.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	20,218	4	23	20,245
Collective investment schemes	7,809	–	–	7,809
Purchases total	28,027	4	23	28,054
<i>Transaction cost % of purchases total</i>		0.01%	0.08%	
<i>Transaction cost % of average NAV</i>		0.01%	0.04%	
Ordinary shares	27,370	(6)	–	27,364
Collective investment schemes	5,244	–	–	5,244
Sales total	32,614	(6)	–	32,608
<i>Transaction cost % of sales total</i>		0.02%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

17. Fair Value Hierarchy

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

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

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

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

All investments held in the current year are ordinary shares and exchange trade funds categorised as Level 1 and all investments held in the prior year were ordinary shares categorised as Level 1.

LF CANLIFE EUROPEAN FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'A' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	–	–	–	0.2120
Group 2	–	0.0000	–	0.2120

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.9286	–	1.9286	0.9259
Group 2	0.1234	1.8052	1.9286	0.9259

'B' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	1.4247
Group 2	N/A	N/A	N/A	1.4247

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	3.2917
Group 2	N/A	N/A	N/A	3.2917

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE EUROPEAN FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

‘C’ ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.6046	–	0.6046	0.8005
Group 2	0.0893	0.5153	0.6046	0.8005
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	2.8161	–	2.8161	1.5939
Group 2	1.5977	1.2184	2.8161	1.5939

‘G’ ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.8680	–	0.8680	1.0977
Group 2	0.0165	0.8515	0.8680	1.0977
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	3.2047	–	3.2047	1.9485
Group 2	0.2950	2.9097	3.2047	1.9485

LF CANLIFE GLOBAL MACRO BOND FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Global Macro Bond Fund ('the Fund') is to achieve income with the potential for capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest, directly and/or indirectly, at least 80% of the assets by value, worldwide in investment grade bonds (such as corporate bonds and government and public securities).

The Fund may also invest up to 20% of the assets by value, worldwide in non-investment grade bonds, money market instruments, deposits and cash.

Bonds are rated to indicate the probability that the issuer will repay the loan. Investment grade bonds are considered to have a lower risk of the issuer not repaying the loan.

Credit ratings are internally derived and assigned by Canada Life Asset Management. They will generally be in line with the major external rating agencies and should not be higher than the highest external rating agency rating.

The Fund can invest across different industry sectors and geographic regions without limitation.

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

Investment in collective investment schemes is limited to 10% of the assets by value.

The Fund may use derivatives for efficient portfolio management purposes.

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the IA Global Mixed Bond sector.

The Fund's performance may be compared against the IA Global Mixed Bond sector. The ACD believes that this is an appropriate comparator benchmark for the Fund given the investment objective and policy of the Fund. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Global Macro Bond Fund

9 December 2022

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Major issues such as inflation, rising interest rates and the outbreak of war in Ukraine were key challenges for fixed income investors during the period under review. Initial predictions that inflation would be 'transitory' in nature proved incorrect and was soon upgraded to a more enduring problem at a global level.

In the US, the Federal Reserve ('the Fed') began tilting its monetary policy towards fighting inflation in the second half of 2021, signalling that interest rate rises were required to rein in inflation. The Fed was not alone in its thinking, with all major economies and central banks, excluding the European Central Bank ('the ECB'), communicating the need for action. Against this backdrop, bond yields began to rise in the closing months of 2021 as investors anticipated an environment of higher inflation and rising interest rates.

The spring of 2022 was a particularly challenging period for fixed income investors. Russia's invasion of Ukraine in February 2022 caused a major spike in oil, gas and grain prices, which pushed inflation rates up even higher and caused a cost-of-living crisis. Headline inflation rates in many parts of the world soared to levels not seen since the early 1980s as strong consumer demand continued to meet ongoing supply chain disruptions. In the UK, inflation reached 10.1% by the end of the period, while in the US it climbed as high as 8.6% and in the eurozone it reached a historic high of 8.9%.

Major central banks such as the Fed and the Bank of England ('the BoE') sought to reel in rising consumer prices by further tightening monetary policy, raising interest rates and reaffirming their commitment to get inflation under control even at the cost of precipitating a recession. The ECB also took on a more aggressive stance towards inflation. Having previously signalled that it would not raise interest rates until the final three months of the year, after it finished winding down its asset purchasing programme, it changed course and delivered a 50 basis point hike at its July meeting.

Over the period, corporate bonds underperformed their government counterparts, driven first by a souring of risk sentiment due to rapid emergence of the Omicron variant of COVID-19. The fears around its severity were assuaged in December with better-than-expected hospital admission numbers and death figures. The next big sell-off was driven primarily by recessionary fears on the back of central banks' rapid shift in policy stance on raising rates, ending quantitative easing and potentially earlier beginning of quantitative tightening.

Fund Review

The Fund delivered a negative total return during the period, driven by the widening of corporate bond spreads and the increase in government bond yields.

The Fund's corporate bond holdings were a major driver of negative performance, as corporate bonds underperformed government bonds during the period. The Fund's exposure to financial companies, such as banks and insurers, as well as the lower-rated segment of the investment grade market, were

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

notable underperformers. Also contributing to negative returns was the sharp move higher in bond yields (which means prices fell), particularly for short tenors, with yield curves generally flattening on the back of central banks hiking rates to fight inflation. The Fund's Japanese exposures also suffered from currency depreciation as the Bank of Japan continued to defend its bond yield target.

The main contributor to relative performance in the Fund was the portfolio's overall short duration positioning, in particular for US dollar and sterling rates. Also contributing to performance was the sharp rise in the US dollar which benefited from its safer-haven status and the start of a rate-hiking cycle by the Fed. Canadian dollar assets were also supported by strong commodity prices and the Bank of Canada embarking on a rapid hiking cycle.

Within the Fund, the managers took profits on bonds issued by Airbus (European aeroplane manufacturer), London Stock Exchange, Fidelity International (global investment management firm) and Bayer (German chemical group).

The managers made new investments in BFCM (French banking group), BNP Paribas (French banking group), States of Jersey, Rabobank (Dutch banking group), Volkswagen (German car manufacturer) and AXA (French insurance group).

Outlook

It has become clear that the inflation we are seeing is unlikely to evaporate quickly, as was first described by policymakers. The broad expectation is for the closing months of 2022 to follow a similar path to the start of the year, with inflation continuing to run high and markets to remain volatile. That said, we do not expect to see the same degree of downward movement in bond markets given how far they have already fallen this year.

While we believe this environment requires a cautious approach, it is also one where we can find attractive opportunities in corporate bonds given lower valuations. We continue to favour strong brands in the financial sector, particularly banks and insurance companies, and see value emerging in companies with strong liquidity and/or government support.

Given the current environment, we continue to favour short-duration bonds in a market where high inflation and rising interest rates are pushing up yields. We expect to increase duration near the end of the current rate-hiking cycle.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

13 September 2022

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

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

Emerging Markets Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

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

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Investment Risk: The Fund may receive additional income for lending the investments it holds (e.g. bonds) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	112.27	116.88	119.18
Return before operating charges*	(8.51)	(0.87)	1.54
Operating charges	(0.62)	(0.91)	(0.96)
Return after operating charges	(9.13)	(1.78)	0.58
Distributions	(2.91)	(2.83)	(2.88)
Closing net asset value per share	100.23	112.27	116.88
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(8.13)%	(1.52)%	0.49%
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OTHER INFORMATION

Closing net asset value (£'000)	825	658	231
Closing number of shares	823,382	585,829	197,759
Operating charges	0.58%	0.79% ¹	0.83%
Direct transaction costs	–	–	–

PRICES

Highest share price	113.77	121.80	120.76
Lowest share price	97.15	110.31	109.62

¹ Effective 25 June 2021, the Annual Management Charge was reduced from 0.75% to 0.50%.

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	137.12	139.25	138.48
Return before operating charges*	(10.43)	(1.04)	1.89
Operating charges	(0.76)	(1.09)	(1.12)
Return after operating charges	(11.19)	(2.13)	0.77
Distributions	(3.58)	(3.40)	(3.36)
Retained distributions on accumulation shares	3.58	3.40	3.36
Closing net asset value per share	125.93	137.12	139.25
* after direct transaction costs of:	—	—	—

PERFORMANCE

Return after charges	(8.16)%	(1.53)%	0.56%
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OTHER INFORMATION

Closing net asset value (£'000)	10,654	6,476	3,586
Closing number of shares	8,460,525	4,722,855	2,575,002
Operating charges	0.58%	0.79% ¹	0.83%
Direct transaction costs	—	—	—

PRICES

Highest share price	138.96	145.11	142.04
Lowest share price	120.24	133.11	127.38

¹ Effective 25 June 2021, the Annual Management Charge was reduced from 0.75% to 0.50%.

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	142.72	144.44	143.11
Return before operating charges*	(10.88)	(1.07)	1.96
Operating charges	(0.61)	(0.65)	(0.63)
Return after operating charges	(11.49)	(1.72)	1.33
Distributions	(3.72)	(3.53)	(3.48)
Retained distributions on accumulation shares	3.72	3.53	3.48
Closing net asset value per share	131.23	142.72	144.44
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(8.05)%	(1.19)%	0.93%
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OTHER INFORMATION

Closing net asset value (£'000)	183,899	193,105	184,764
Closing number of shares	140,130,330	135,305,438	127,914,829
Operating charges	0.45%	0.45%	0.45%
Direct transaction costs	–	–	–

PRICES

Highest share price	144.69	150.70	147.30
Lowest share price	125.28	138.47	131.80

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Global Macro Bond Fund	(8.30)	(9.45)	1.07
IA Global Mixed Bond sector ¹	(6.88)	(5.92)	0.80

¹ Source: Morningstar Direct.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 193 and 194.

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 CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	DEBT SECURITIES – 94.39% (15.08.21 – 94.06%)		
	GOVERNMENT BONDS – 21.17% (15.08.21 – 17.05%)		
AUS\$1,750,000	Australia (Commonwealth of) 1.25% 21/5/2032	844	0.43
AUS\$2,500,000	Australia (Commonwealth of) 2.75% 21/11/2029	1,409	0.72
AUS\$330,000	Australia (Commonwealth of) 2.75% 21/5/2041	167	0.08
AUS\$2,400,000	Australia (Commonwealth of) 4.75% 21/4/2027	1,495	0.76
CAS\$392,000	Canadian Government Bond 1.5% 1/6/2023	248	0.13
CAS\$2,401,000	Canadian Government Bond 1.5% 1/6/2026	1,462	0.75
CAS\$1,000,000	Canadian Government Bond 2% 1/12/2051	534	0.27
CAS\$1,841,000	Canadian Government Bond 2.25% 1/6/2025	1,155	0.59
CAS\$800,000	Canadian Government Bond 4% 1/6/2041	597	0.31
¥500,000,000	Japan Government Bond 0.1% 1/3/2023 (2 Year issue)	3,117	1.59
¥312,150,000	Japan Government Bond 0.1% 20/9/2027 (10 Year issue)	1,953	1.00
¥274,000,000	Japan Government Bond 0.1% 20/9/2029 (10 Year issue)	1,711	0.88
¥256,150,000	Japan Government Bond 0.3% 20/12/2025 (10 Year issue)	1,615	0.83
¥460,000,000	Japan Government Bond 0.5% 20/12/2040 (20 Year issue)	2,750	1.41
¥512,300,000	Japan Government Bond 0.6% 20/6/2024 (10 Year issue)	3,230	1.65
¥58,900,000	Japan Government Bond 0.8% 20/6/2023 (10 Year issue)	369	0.19
¥80,850,000	Japan Government Bond 0.8% 20/6/2023 (20 Year issue)	507	0.26
¥200,100,000	Japan Government Bond 1.4% 20/12/2045 (30 Year issue)	1,368	0.70
¥160,100,000	Japan Government Bond 1.7% 20/6/2032 (20 Year issue)	1,144	0.58
¥100,050,000	Japan Government Bond 1.7% 20/6/2033 (20 Year issue)	718	0.37
¥392,200,000	Japan Government Bond 1.9% 20/9/2030 (20 Year issue)	2,793	1.43
¥200,100,000	Japan Government Bond 1.9% 20/9/2042 (30 Year issue)	1,500	0.77
¥200,100,000	Japan Government Bond 2.3% 20/3/2039 (30 Year issue)	1,573	0.80
¥300,000,000	Mexican Government Bond 0.6% 20/4/2023	1,869	0.96
US\$400,000	Portugal Government International Bond 5.125% 15/10/2024	339	0.17
£500,000	States of Jersey 2.875% 6/5/2052	462	0.24
US\$4,000,000	US Treasury 1.375% 15/8/2050	2,194	1.12
US\$2,100,000	US Treasury 1.75% 15/11/2029	1,624	0.83
US\$190,000	US Treasury 2% 31/5/2024	154	0.08
US\$2,550,000	US Treasury 3% 15/2/2049	2,029	1.04
US\$500,000	US Treasury 3.5% 15/2/2039	442	0.23
	TOTAL GOVERNMENT BONDS	41,372	21.17

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	CORPORATE BONDS – 73.22% (15.08.21 – 77.01%)		
US\$2,250,000	3M 3.7% 15/4/2050	1,656	0.85
US\$1,601,000	A.P. Møller-Mærsk 3.875% 28/9/2025	1,317	0.67
€800,000	ADO Properties 1.5% 26/7/2024	432	0.22
€2,100,000	Air France 3.875% 1/7/2026	1,578	0.81
€2,100,000	Alliander 1.625% <i>floating rate notes Perpetual</i>	1,650	0.84
US\$4,800,000	Allianz 3.2% <i>floating rate notes Perpetual</i>	3,127	1.60
US\$3,442,000	Argentum Netherlands BV 5.125% <i>floating rate notes</i> 1/6/2048	2,809	1.44
€1,501,000	AT&T 3.15% 4/9/2036	1,255	0.64
€2,100,000	Ausnet Services 1.625% 11/3/2081	1,389	0.71
£1,550,000	Aviva 4% 3/6/2055	1,345	0.69
€3,700,000	AXA 0.875% Bonds 15/11/2029	2,584	1.32
€2,320,000	AXA 1.875% <i>floating rate notes</i> 10/7/2042	1,662	0.85
US\$3,394,000	AXA 5.125% 17/1/2047	2,794	1.43
US\$2,802,000	Bank of Ireland 4.125% 19/9/2027	2,267	1.16
€3,600,000	Banque Federative du Credit Mutuel 3.875% 16/6/2032	3,107	1.59
£1,601,000	Barclays 7.25% <i>Perpetual</i>	1,607	0.82
US\$1,601,000	BAT 3.557% 15/8/2027	1,254	0.64
€1,200,000	Bayer 3.125% 12/11/2079	871	0.45
€550,000	Becton Dickinson 1.213% 12/2/2036	369	0.19
€1,000,000	BNP Paribas 2.75% 25/7/2028	846	0.43
US\$2,500,000	BNP Paribas 3.132% 20/1/2033	1,772	0.91
US\$2,250,000	BNP Paribas 5.125% <i>Perpetual</i>	1,629	0.83
€1,600,000	BNP Paribas Cardiff 4.032% <i>floating rate notes Perpetual</i>	1,362	0.70
£3,000,000	BP Capital Markets 4.25% <i>Perpetual</i>	2,793	1.43
US\$480,000	Citigroup 5.5% 13/9/2025	413	0.21
US\$1,601,000	Cloverie 4.5% <i>floating rate notes</i> 11/9/2044	1,306	0.67
US\$5,000,000	CNP Assurances 4.875% <i>floating rate notes Perpetual</i>	3,394	1.74
€3,400,000	Credit Agricole 1.5% 6/10/2031	2,367	1.21
€2,100,000	Credit Agricole 2.625% <i>floating rate notes</i> 29/1/2048	1,666	0.85
US\$2,340,000	Credit Agricole 3.25% 14/1/2030	1,684	0.86
¥44,000,000	EIB 1.9% 26/1/2026	291	0.15
€3,200,000	Électricité de France 2.625% <i>Perpetual</i>	2,158	1.10
€800,000	Électricité de France 3% <i>Perpetual</i>	559	0.29
US\$720,000	Électricité de France 5.625% <i>Perpetual</i>	565	0.29
£600,000	Électricité de France 6% 23/1/2114	682	0.35

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£300,000	Électricité de France 6% <i>floating rate notes Perpetual</i>	279	0.14
€2,800,000	ENI 3.375% <i>floating rate notes Perpetual</i>	2,003	1.03
US\$5,000,000	Fiserv 2.65% 1/6/2030	3,649	1.87
£2,200,000	Gatwick Airport Finance 4.375% 7/4/2026	1,972	1.01
US\$2,400,000	Goldman Sachs 3.5% 1/4/2025	1,972	1.01
€2,800,000	HowogeWo 1.125% 1/11/2033	2,009	1.03
US\$720,000	HSBC USA 3.5% 23/6/2024	590	0.30
€3,300,000	Iberdrola 1.825% <i>floating rate notes Perpetual</i>	2,221	1.14
£2,050,000	Intesa Sanpaolo 2.5% 15/1/2030	1,752	0.90
€2,401,000	Intesa Sanpaolo 7.75% <i>Perpetual</i>	2,046	1.05
US\$4,000,000	JPMorgan Chase & Co. 4.6% <i>Perpetual</i>	2,981	1.53
£600,000	Legal & General 3.75% 26/11/2049	549	0.28
US\$2,500,000	Lloyds Banking 3.9% 12/3/2024	2,071	1.06
€800,000	Lloyds Banking 4.5% 18/3/2030	677	0.35
€4,000,000	Logicor 1.625% 17/1/2030	2,874	1.47
US\$5,000,000	Magallane 3.755% 15/3/2027	3,945	2.02
€3,500,000	Medtronic 1.375% 15/10/2040	2,325	1.19
€2,500,000	Merck 2.875% 25/6/2079	1,933	0.99
£450,000	NatWest Markets 2.105% 28/11/2031	399	0.20
£1,700,000	NatWest Markets 3.619% 29/3/2029	1,629	0.83
US\$1,000,000	NVIDIA 3.5% 1/4/2040	747	0.38
£1,700,000	Orsted A/S 2.5% 18/2/3021	1,268	0.65
US\$1,601,000	Phoenix 5.375% 6/7/2027	1,309	0.67
£700,000	Phoenix 5.625% 28/4/2031	688	0.35
US\$775,000	Phoenix 5.625% <i>floating rate notes Perpetual</i>	623	0.32
£2,561,000	Phoenix 5.75% <i>floating rate notes Perpetual</i>	2,333	1.19
€3,000,000	Public Storage 0.875% 24/1/2032	2,156	1.10
US\$4,000,000	Rabobank 1.98% 15/12/2027	2,971	1.52
€3,600,000	Rabobank 3.1% <i>Perpetual</i>	2,438	1.25
US\$2,000,000	Rabobank 4% 10/4/2029	1,613	0.83
€2,000,000	Rabobank 4.875% <i>Perpetual</i>	1,527	0.78
€2,100,000	Repsol International Finance 4.247% <i>Perpetual</i>	1,635	0.84
£2,950,000	RL Finance NO 4 4.875% 7/10/2049	2,603	1.33
US\$400,000	Société Générale 7.875% <i>Perpetual</i>	334	0.17
US\$2,401,000	Standard Life Aberdeen 4.25% 30/6/2048	1,839	0.94
US\$2,350,000	Stanley Black & Decker 4% 15/3/2060	1,809	0.93
€3,000,000	Suez 1.625% <i>Perpetual</i>	2,237	1.14

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
US\$2,401,000	Sumitomo Life Insurance 4% <i>floating rate notes</i> 14/9/2077	1,891	0.97
US\$2,200,000	Svenska Handelsbanken 4.75% <i>Perpetual</i>	1,561	0.80
€1,601,000	Telecom Italia 2.375% 12/10/2027	1,209	0.62
€2,000,000	Telefonica Europe 3.875% <i>Perpetual</i>	1,587	0.81
€1,500,000	Total 1.75% <i>Perpetual</i>	1,220	0.62
€3,500,000	Upjohn Finance BV 1.908% 23/6/2032	2,343	1.20
£1,100,000	Vattenfall 2.5% 29/6/2083	901	0.46
€1,850,000	VIA Outlets 1.75% 15/11/2028	1,362	0.70
€3,000,000	Volkswagen International Finance 3.748% <i>Perpetual</i>	2,323	1.19
€2,700,000	WPC Eurobond BV 0.95% Bonds 1/6/2030	1,887	0.97
US\$6,100,000	Zurich Finance 3% <i>floating rate notes</i> 19/4/2051	4,197	2.15
	TOTAL CORPORATE BONDS	143,047	73.22
	TOTAL DEBT SECURITIES	184,419	94.39
	Portfolio of investments	184,419	94.39
	Net other assets	10,959	5.61
	Net assets	195,378	100.00

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

LF CANLIFE GLOBAL MACRO BOND FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000	52,240	Total sales for the year £'000	40,719
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Magallane 3.755% 15/3/2027	3,803	Airbus 2.375% 7/4/2032	3,504
Allianz 3.2% <i>floating rate notes Perpetual</i>	3,489	Berkshire Hathway Finance 0.965%	
Japan Government Bond 0.1% 1/3/2023		13/9/2039	3,355
(2 Year issue)	3,324	BNP Paribas 0.367% 28/2/2023	3,316
Logicor 1.625% 17/1/2030	3,310	Bayer 0.625% 12/7/2031	3,266
AXA 0.875% Bonds 15/11/2029	3,144	FIL 2.5% 4/11/2026	2,933
Japan Government Bond 0.5% 20/12/2040		Asahi 0.336% 19/4/2027	2,493
(20 Year issue)	3,110	LSEG Netherlands 0.25% 6/4/2028	2,221
Banque Federative du Credit Mutuel		NatWest Markets 2.105% 28/11/2031	2,113
3.875% 16/6/2032	3,074	CK Hutchison	1,967
Rabobank 1.98% 15/12/2027	3,027	BNP Paribas 2.75% 25/7/2028	1,521
Credit Agricole 1.5% 6/10/2031	2,887		
HowogeWo 1.125% 1/11/2033	2,863		

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

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital losses	3		(21,261)		(6,522)
Revenue	4	5,484		5,002	
Expenses	5	(925)		(978)	
Interest payable and similar charges	7	(12)		(9)	
Net revenue before taxation		4,547		4,015	
Taxation	6	(32)		–	
Net revenue after taxation			4,515		4,015
Total return before distributions			(16,746)		(2,507)
Distributions	8		(5,440)		(4,993)
Change in net assets attributable to shareholders from investment activities			(22,186)		(7,500)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders		207,063		195,505
Amounts receivable on issue of shares	22,461		25,755	
Amounts payable on redemption of shares	(17,448)		(11,751)	
		5,013		14,004
Change in net assets attributable to shareholders from investment activities		(22,186)		(7,500)
Retained distributions on Accumulation shares		5,488		5,054
Closing net assets attributable to shareholders		195,378		207,063

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		184,419	194,766
Current assets			
Debtors	9	2,676	2,172
Cash and bank balances	10	8,446	10,268
Total assets		<u>195,541</u>	<u>207,206</u>
LIABILITIES			
Creditors			
Distribution payable	11	(13)	(8)
Other creditors	11	(150)	(135)
Total liabilities		<u>(163)</u>	<u>(143)</u>
Net assets attributable to shareholders		<u>195,378</u>	<u>207,063</u>

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year.

The Fund has satisfied the qualifying investments test of Section 493 of the Corporation Act 2009, throughout the year. All distributions made are therefore made as gross interest distributions.

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

3. Net Capital Losses

The net capital losses during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(21,690)	(6,067)
Currency gains/(losses)	429	(455)
Net capital losses	(21,261)	(6,522)

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Interest on debt securities	5,464	5,002
Bank interest	3	–
Stock lending revenue	17	–
Total revenue	5,484	5,002

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	766	818
Legal and professional fees	7	8
Typesetting costs	2	2
Registration and dealing fees	73	72
	848	900
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	52	53
Safe custody and other bank charges	15	15
	67	68
Other expenses:		
Audit fees	10	10
Total expenses	925	978

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	32	–
Current tax charge	32	–
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	32	–

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	4,547	4,015
Corporation tax at 20%	909	803
Effects of:		
Tax deductible interest distributions	(909)	(803)
Corporation tax charge	–	–
Overseas tax	32	–
Total tax charge (note 6a)	32	–

c) Deferred tax

There is no deferred tax recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	12	9
Total interest payable and similar charges	12	9

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	2,595	2,581
Final	2,916	2,486
	5,511	5,067
Add: Revenue deducted on redemption of shares	72	72
Deduct: Revenue received on issue of shares	(143)	(146)
Net distributions for the year	5,440	4,993

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Details of the distributions per share are set out in the table on pages 193 and 194.

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	4,515	4,015
Allocations to capital:		
Expenses	925	978
Net distributions for the year	5,440	4,993

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	700	300
Accrued revenue:		
Stock lending revenue	1	–
Interest from debt securities	1,975	1,872
	1,976	1,872
Total debtors	2,676	2,172

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	8,446	10,268
Total cash and bank balances	8,446	10,268

11. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	13	8
Other Creditors		
Amounts payable for redemption of shares	96	–

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	30	105
Legal and professional fees	–	1
Typesetting costs	1	1
Registration and dealing fees	9	8
	40	115
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	7
Safe custody and other bank charges	2	2
	4	9
Other expenses	10	11
Total other creditors	150	135

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 181 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, 7,167 (15.08.21: 7,298) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 50,711,341 (15.08.21: 46,704,177) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 58,297,443 (15.08.21: 54,862,061) of the Fund's shares at the balance sheet date.

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

Canada Life Asset Management Limited and its associates	39.02% (15.08.21: 37.66%)
The Bank of New York (Nominees) Limited	57.87% (15.08.21: 58.70%)

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

14. Shares in Issue

	'B' Income ¹	'B' Accumulation ¹	'C' Income
Annual Management Charge	1.00%	1.00%	0.50%
Opening shares in issue	18,433	5,050,865	585,829
Issues	–	–	296,663
Redemptions	(250)	(42,764)	(76,860)
Conversions	(18,183)	(5,008,101)	17,750
Closing shares in issue	–	–	823,382

	'C' Accumulation	'G' Accumulation
Annual Management Charge	0.50%	0.375%
Opening shares in issue	4,722,855	135,305,438
Issues	1,343,235	10,077,712
Redemptions	(2,636,120)	(5,252,820)
Conversions	5,030,555	–
Closing shares in issue	8,460,525	140,130,330

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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.

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	15.08.22 %	15.08.21 %
Investment grade debt securities	79.23	78.74
Non-investment grade debt securities	10.28	11.78
Non-rated debt securities	4.88	3.54
Net other assets	5.61	5.94
	<u>100.00</u>	<u>100.00</u>

LF CANLIFE GLOBAL MACRO BOND FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

(B) INTEREST RATE RISK

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

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 15 August 2022 a one basis point change in the yield would have an impact of £114,000 on the direct net assets of the Fund (15.08.21: £126,000).

The table below shows the interest rate risk profile:

	15.08.22 £'000	15.08.21 £'000
Floating rate investments	30,523	25,301
Fixed rate investments	153,896	169,465
Total investments	184,419	194,766

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

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

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000	15.08.21 £'000
Currency:		
Australian dollars	4,927	3,545
Canadian dollars	4,909	4,140
Euros	62,840	71,543
Japanese yen	27,600	29,735
US dollars	69,692	69,094
	<u>169,968</u>	<u>178,057</u>
Pounds sterling	25,410	29,006
Net assets	<u>195,378</u>	<u>207,063</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 £8,498,000 on the net assets of the Fund (15.08.21: £8,903,000).

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 62.46% of the portfolio can be liquidated within 5 days and 94.16% within 21 working days (15.08.21: 76.56% within 5 days and 98.70% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £9,221,000 (15.08.21: £9,738,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

16. Portfolio Transaction Costs

Securities have been bought and sold at the dealt price with no further transaction costs added or deducted from purchases or sales respectively.

17. Fair Value Hierarchy

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

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
15.08.22				
Investment assets	34,787	149,632	–	184,419
15.08.21				
Investment assets	31,436	163,330	–	194,766

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'B' INCOME SHARES¹

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	N/A	–	N/A	1.4377
Group 2	N/A	N/A	N/A	1.4377

Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	N/A	–	N/A	1.3330
Group 2	N/A	N/A	N/A	1.3330

'B' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	1.7246
Group 2	N/A	N/A	N/A	1.7246

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	1.6196
Group 2	N/A	N/A	N/A	1.6196

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL MACRO BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'C' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	1.3877	–	1.3877	1.4683
Group 2	0.3380	1.0497	1.3877	1.4683
Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	1.5192	–	1.5192	1.3647
Group 2	1.0475	0.4717	1.5192	1.3647

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.6970	–	1.6970	1.7504
Group 2	1.0576	0.6394	1.6970	1.7504
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.8796	–	1.8796	1.6472
Group 2	1.0215	0.8581	1.8796	1.6472

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.7646	–	1.7646	1.8184
Group 2	0.5436	1.2210	1.7646	1.8184
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.9582	–	1.9582	1.7130
Group 2	0.8235	1.1347	1.9582	1.7130

LF CANLIFE GLOBAL EQUITY FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Global Equity Fund ('the Fund') is to achieve capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest directly and/or indirectly at least 80% of the assets by value worldwide (including emerging markets) in equities. As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

The Fund may also invest up to 20% of the assets by value in debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

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

The Fund can invest across different geographic regions, industry sectors and market capitalisations without limitation.

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

The Fund may use derivatives for the purpose of efficient portfolio management.

Benchmark

The Fund's comparator benchmark is the Bloomberg Developed Market Large & Mid Cap Total Return Index.

The Fund's performance may be compared against the Bloomberg Developed Market Large & Mid Cap Total Return Index. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against Global equity returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Global Equity Fund

9 December 2022

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

At the beginning of the period, stock markets were relatively upbeat as the global economy continued to re-open in the wake of the COVID-19 pandemic. Both governments and central banks alike maintained the supportive monetary policies which had aided businesses throughout the various periods of lockdown.

Investor sentiment briefly dipped towards the end of the year on fears around the Omicron variant, however these were quickly quelled once the severity of the strain was discovered to have been less than anticipated.

Inflation had crept into the system earlier in 2021 and had been perpetuated by ongoing restrictions in the global supply chain. While initially waved off as 'transient' by US Federal Reserve ('the Fed') chairman Jerome Powell, concerns over lasting inflation and rising interest rates began to filter into the investor psyche in early 2022.

As 2022 continued, the global investment backdrop began to deteriorate over concerns around higher levels of inflation and interest rate rises, particularly coming out of the US. This was exacerbated at the end of February, when Russia launched its invasion of Ukraine, with oil and gas prices rising dramatically as a result, and subsequently pushing inflation even higher.

Central banks across the world began to react. The Bank of England, which began raising interest rates in 2021, continued its tightening cycle as inflation reached a 40-year high in the UK, while the European Central Bank moved towards rate rises also. However, it was the Fed's decision to raise interest rates, paired with a more hawkish outlook, that created turmoil for many growth-oriented companies, with US interest rates pushed up to 2.5%, a level last seen in 2019.

Fund Review

During the first half of the period, the Fund's allocations towards high quality growth stocks, and in particular its allocation towards Europe, were the key contributors towards positive performance. Within this area, our holdings in the healthcare sector, such as Novo Nordisk, were of particular benefit.

Conversely, our allocations towards the Asia Pacific region, and more pertinently, China, were detractors from performance. Many Asian economies have stuttered in their re-opening due to the continued presence of COVID-19 and more specifically in the case of China, the pursuit of zero-COVID, which has led to strict city-wide lockdowns across the country. That said, we believe the investment thesis for China remains in place, and thus we took the opportunity to add to our allocation on weakness, with a view of capturing their country's economic recovery post-COVID-19.

As inflation began to rise in 2022, growth-oriented companies began to suffer, and particularly those in the technology sector. During this period, the Fund benefitted significantly from its holdings in energy stocks, which outperformed the market as oil and gas prices soared. We did, however, take the opportunity to trim our exposure to this area at the end of the first quarter, as we sought to crystallise our gains and remove some risk from the portfolio.

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Several of our longer-term thematic plays were positive contributors also, including healthcare and our more patient travel recovery theme, which provides exposure to industries and companies set to benefit from the continued re-opening of the global economy.

We have also continued to build out our allocation towards nuclear energy holdings – an area of the market that we feel has great potential.

In terms of notable trading activity, we have built a position in Netflix, the subscription streaming company, as well in BWX Technologies and NuScale Power, both of which sit in the nuclear power generation supply chain.

Positions in ConocoPhillips, Exxon Mobil and Duke Energy have been removed from the Fund.

Outlook

The macroeconomic backdrop has become increasingly challenging, and we anticipate this continuing in the short- to mid-term. Having been mooted for much of the year, a global growth deceleration has now been priced into investment markets, although much of this is reflected in economic growth forecasts already.

Most central banks have so far shown little sign of curbing their respective tightening cycles, and we expect more interest rate rises over the coming months. That said, much of this has been priced into markets, and from a Fed perspective, we believe we are near to 'peak hawkishness', which could see markets supported going forward as US inflation expectations peak.

Growth stocks around the world have underperformed. This, and the ongoing market volatility, may present some exciting investment opportunities going forwards.

At a sector-specific level, we see significant opportunity in the renewable energy space, and in particular, in nuclear energy. The danger of relying on Russian oil and gas has been starkly exposed this year and we expect global governments, and more pertinently European governments, to expedite their energy transition programmes to help mitigate this. We see nuclear energy as a likely beneficiary of this move.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

13 September 2022

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

Emerging Markets Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

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

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

Liquidity Risk: The Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Risk and Reward Profile *continued*

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	1,197.53	950.48	869.32
Return before operating charges*	113.27	263.45	94.97
Operating charges	(18.78)	(16.40)	(13.81)
Return after operating charges	94.49	247.05	81.16
Distributions	–	(0.30)	(1.70)
Retained distributions on accumulation shares	–	0.30	1.70
Closing net asset value per share	1,292.02	1,197.53	950.48
* after direct transaction costs of:	0.92	0.64	1.62

PERFORMANCE

Return after charges	7.89%	25.99%	9.34%
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OTHER INFORMATION

Closing net asset value (£'000)	2,807	2,560	2,061
Closing number of shares	217,276	213,767	216,880
Operating charges	1.54%	1.54%	1.54%
Direct transaction costs	0.08%	0.06%	0.18%

PRICES

Highest share price	1,293.84	1,201.22	965.10
Lowest share price	1,109.08	926.63	728.80

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	1,283.44	1,011.09	917.84
Return before operating charges*	122.07	281.33	100.76
Operating charges	(10.36)	(8.98)	(7.51)
Return after operating charges	111.71	272.35	93.25
Distributions	(9.65)	(8.89)	(8.93)
Retained distributions on accumulation shares	9.65	8.89	8.93
Closing net asset value per share	1,395.15	1,283.44	1,011.09
* after direct transaction costs of:	0.99	0.68	1.72

PERFORMANCE

Return after charges	8.70%	26.94%	10.16%
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OTHER INFORMATION

Closing net asset value (£'000)	7,702	1,728	1,421
Closing number of shares	552,047	134,655	140,524
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.08%	0.06%	0.18%

PRICES

Highest share price	1,389.99	1,287.34	1,022.92
Lowest share price	1,196.16	987.23	772.88

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	1,327.37	1,041.77	942.15
Return before operating charges*	126.40	290.41	103.73
Operating charges	(5.57)	(4.81)	(4.11)
Return after operating charges	120.83	285.60	99.62
Distributions	(15.11)	(13.57)	(12.85)
Retained distributions on accumulation shares	15.11	13.57	12.85
Closing net asset value per share	1,448.20	1,327.37	1,041.77
* after direct transaction costs of:	1.03	0.70	1.77

PERFORMANCE

Return after charges	9.10%	27.41%	10.57%
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OTHER INFORMATION

Closing net asset value (£'000)	715,608	824,219	721,529
Closing number of shares	49,413,450	62,093,889	69,259,598
Operating charges	0.41%	0.41%	0.42%
Direct transaction costs	0.08%	0.06%	0.18%

PRICES

Highest share price	1,441.76	1,331.38	1,052.43
Lowest share price	1,240.99	1,017.99	795.11

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Global Equity Fund	7.89	51.96	69.02
Bloomberg Developed Market Large & Mid Cap Total Return Index ¹	6.20	44.49	72.49

¹ Source: Bloomberg.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 224 and 225.

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 CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	UNITED KINGDOM – 6.09% (15.08.21 – 6.33%)		
8,824,479	Barclays	9,921	1.37
5,800,801	easyJet	4,884	0.67
4,467,960	Informa	5,184	0.71
10,729,799	JD Sports	8,903	1.23
5,990,615	National Grid	7,354	1.01
8,454,210	WH Smith	7,996	1.10
	TOTAL UNITED KINGDOM	44,242	6.09
	CONTINENTAL EUROPE – 9.80% (15.08.21 – 13.42%)		
	DENMARK – 0.75% (15.08.21 – 1.85%)		
2,277,647	Novo Nordisk 'B'	5,408	0.75
	FINLAND – 0.70% (15.08.21 – 0.00%)		
5,921,685	KONE 'B'	5,117	0.70
	FRANCE – 2.12% (15.08.21 – 3.05%)		
5,518,841	Eiffage	5,136	0.71
6,156,273	LVMH Moët Hennessy Louis Vuitton	10,272	1.41
	TOTAL FRANCE	15,408	2.12
	GERMANY – 0.00% (15.08.21 – 1.23%)	–	–
	IRELAND – 2.50% (15.08.21 – 2.70%)		
4,505,059	CRH	5,470	0.75
6,105,512	Kerry 'A'	5,438	0.75
7,280,084	Smurfit Kappa	7,217	1.00
	TOTAL IRELAND	18,125	2.50
	NETHERLANDS – 0.85% (15.08.21 – 1.84%)		
1,843,072	ASML	6,171	0.85
	SPAIN – 1.22% (15.08.21 – 0.79%)		
12,525,096	Grifols	8,878	1.22

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	SWITZERLAND – 1.66% (15.08.21 – 1.96%)		
5,130,287	Nestlé	6,412	0.89
5,286,890	Roche	5,604	0.77
	TOTAL SWITZERLAND	12,016	1.66
	TOTAL CONTINENTAL EUROPE	71,123	9.80
	NORTH AMERICA – 72.37% (15.08.21 – 70.30%)		
	CANADA – 0.98% (15.08.21 – 0.64%)		
3,061,112	Cameco	7,152	0.98
	UNITED STATES – 71.39% (15.08.21 – 69.66%)		
1,858,849	Accenture	3,051	0.42
7,457,862	Adobe	9,447	1.30
3,889,502	Align Technology	4,706	0.65
11,273,931	Alphabet 'A'	19,206	2.65
10,291,332	Amazon.com	17,795	2.45
8,697,052	Amedisys	6,891	0.95
4,580,511	American Express	8,483	1.17
8,529,944	Apple	28,178	3.89
3,987,805	AT&T	3,447	0.47
3,616,379	Bank of America	4,927	0.68
13,264,453	Boeing	8,530	1.17
5,999,653	BorgWarner	6,123	0.84
2,866,953	Broadcom	6,861	0.94
8,807,730	BWX Technologies	11,947	1.65
4,908,015	Cadence Design Systems	11,694	1.61
5,575,308	Camping World	6,150	0.85
2,455,762	Caterpillar	3,583	0.49
5,675,239	Cisco Systems	5,951	0.82
4,010,103	Citigroup	3,632	0.50
3,607,719	Comcast 'A'	3,504	0.48
5,342,496	Costco	9,246	1.27
3,940,626	Danaher	7,782	1.07
3,480,765	DocuSign	3,900	0.54
4,982,341	Exact Sciences	5,744	0.79
13,278,403	Fidelity National Information Services	12,673	1.75

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
2,442,698	First Solar	5,471	0.75
6,290,897	Flowserve	7,614	1.05
2,608,548	Fortune Brands Home & Security	3,647	0.50
4,369,779	Hillman Solutions	4,449	0.61
2,603,261	Home Depot	3,787	0.52
5,427,602	Illinois Tool Works	6,027	0.83
7,866,211	Johnson & Johnson	9,541	1.31
11,103,486	JPMorgan Chase & Co	13,407	1.85
6,460,532	Lennox International	7,193	0.99
3,193,082	Lyondellbasell Industries 'A'	3,507	0.48
3,281,153	Mastercard	4,282	0.59
2,124,686	MetLife	3,089	0.43
4,914,864	Meta Platforms	5,650	0.78
10,989,938	Microsoft	29,436	4.05
4,955,316	National Vision	5,738	0.79
6,848,638	Netflix	9,113	1.26
4,750,376	Newmont	3,793	0.52
2,763,801	Nike 'B'	3,376	0.46
3,919,074	NuScale Power	5,712	0.79
1,875,493	Nvidia	7,791	1.07
7,327,272	PayPal	5,530	0.76
5,794,036	PepsiCo	7,148	0.99
4,522,081	Pfizer	6,229	0.86
3,266,380	PRA	4,514	0.62
6,210,195	Procter & Gamble	7,575	1.04
4,276,189	Progressive	6,669	0.92
6,976,322	Pulte Homes	6,964	0.96
6,627,572	Salesforce.com	7,356	1.01
3,336,259	Schlumberger	3,374	0.47
2,080,080	Stryker	2,892	0.40
4,364,130	Sun Country Airlines	4,012	0.55
3,061,332	Take-Two Interactive Software	3,639	0.50
675,888	Tesla	3,549	0.49
4,787,851	Thermo Fisher Scientific	7,429	1.02
7,030,616	TJX	9,568	1.32
4,119,368	Truist Financial	5,000	0.69
1,890,312	Union Pacific	2,518	0.35

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
4,334,735	UnitedHealth	8,148	1.12
5,522,671	ViaSat	4,874	0.67
3,355,980	Visa	4,953	0.68
8,871,021	Walgreens Boots Alliance	8,458	1.17
14,285,233	Wal-Mart Stores	16,320	2.25
5,707,925	Walt Disney	6,010	0.83
8,250,118	Wells Fargo	9,025	1.24
3,096,920	Weyerhaeuser	4,073	0.56
5,969,929	Zoom Video Communications	6,439	0.89
	TOTAL UNITED STATES	518,340	71.39
	TOTAL NORTH AMERICA	525,492	72.37
	AUSTRALIA – 0.47% (15.08.21 – 0.53%)		
3,573,292	Sonic Healthcare	3,392	0.47
	JAPAN – 6.43% (15.08.21 – 5.86%)		
9,564,668	FANUC	9,806	1.35
7,174,411	JAFECO	8,871	1.22
7,484,596	Keyence	8,723	1.20
7,235,441	Mitsubishi Electric	5,803	0.80
7,853,884	Sumitomo Mitsui Financial	7,311	1.01
4,726,131	Tokio Marine	6,207	0.85
	TOTAL JAPAN	46,721	6.43
	FAR EAST (EX JAPAN) – 3.94% (15.08.21 – 1.95%)		
6,920,715	Taiwan Semiconductor Manufacturing ADS	6,165	0.85
24,082,581	Xtrackers Harvest CSI300 Index UCITS ETF ¹	22,468	3.09
	TOTAL FAR EAST (EX JAPAN)	28,633	3.94

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	Portfolio of investments	719,603	99.10
	Net other assets	6,514	0.90
	Net assets	726,117	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.

¹ Collective investment scheme.

Definition:

ADS – American Depositary Shares.

LF CANLIFE GLOBAL EQUITY FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 16)	320,467	Total sales for the year £'000 (note 16)	475,296
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Xtrackers Harvest CSI300 Index UCITS ETF	18,354	Apple	17,369
FANUC	10,504	ExxonMobil	11,860
Schlumberger	10,173	AmerisourceBergen	11,683
WH Smith	9,260	Novo Nordisk 'B'	11,161
BWX Technologies	9,201	KDDI	11,074
Barclays	9,185	ConocoPhillips	10,966
Amedisys	9,054	AstraZeneca	10,347
Takeda Pharmaceutical	8,293	Merck	9,775
Iberdrola	7,879	Takeda Pharmaceutical	9,443
JD Sports	7,873	Clearway Energy	8,906

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

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital gains	3		57,131		180,884
Revenue	4	13,152		13,792	
Expenses	5	(3,232)		(3,252)	
Interest payable and similar charges	7	(7)		(10)	
Net revenue before taxation		9,913		10,530	
Taxation	6	(1,471)		(1,612)	
Net revenue after taxation			8,442		8,918
Total return before distributions			65,573		189,802
Distributions	8		(8,501)		(8,927)
Change in net assets attributable to shareholders from investment activities			57,072		180,875

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	Note	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			831,307		727,274
Amounts receivable on issue of shares		25,815		18,562	
Amounts payable on redemption of shares		(196,027)		(104,035)	
Stamp duty reserve tax			–		7
Change in net assets attributable to shareholders from investment activities			57,072		180,875
Retained distributions on Accumulation shares	8		7,950		8,624
Closing net assets attributable to shareholders			726,117		831,307

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		719,603	817,944
Current assets			
Debtors	9	3,790	11,553
Cash and bank balances	10	6,376	14,915
Total assets		<u>729,769</u>	<u>844,412</u>
LIABILITIES			
Creditors			
Bank overdraft	10	–	(2,518)
Other creditors	11	(3,652)	(10,587)
Total liabilities		<u>(3,652)</u>	<u>(13,105)</u>
Net assets attributable to shareholders		<u>726,117</u>	<u>831,307</u>

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year.

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

3. Net Capital Gains

The net capital gains during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	56,287	181,015
Transaction charges	(6)	(5)
Currency gains/(losses)	555	(175)
Property gains on US REITs	295	49
Net capital gains	57,131	180,884

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	12,776	13,505
Taxable dividends	172	285
Stock lending revenue	198	–
Bank interest	6	2
Total revenue	13,152	13,792

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,952	2,963
Legal and professional fees	11	10
Typesetting costs	2	2
Registration and dealing fees	103	102
	3,068	3,077
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	121	122
Safe custody and other bank charges	32	42
	153	164
Other expenses:		
Audit fees	11	11
Total expenses	3,232	3,252

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	1,471	1,612
Current tax charge	1,471	1,612
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	1,471	1,612

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	9,912	10,530
Corporation tax at 20%	1,982	2,106
Effects of:		
Non-taxable dividends	(2,555)	(2,701)
Property gains on US REITs	59	10
Prior year adjustment	–	24
Foreign tax expensed	(14)	(9)
Unutilised excess management expenses	528	570
Corporation tax charge	–	–
Overseas tax	1,471	1,612
Total tax charge (note 6a)	1,471	1,612

c) Deferred tax

At the year end there is a potential deferred tax asset of £3,826,000 (15.08.21: £3,298,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	7	10
Total interest payable and similar charges	7	10

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	3,375	3,476
Final	4,575	5,148
	<u>7,950</u>	<u>8,624</u>
Add: Revenue deducted on redemption of shares	621	343
Deduct: Revenue received on issue of shares	(70)	(40)
Net distributions for the year	<u>8,501</u>	<u>8,927</u>

Details of the distributions per share are set out in the table on pages 224 and 225.

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	8,442	8,918
Allocations to capital:		
Tax relief on property gains on US REITs	59	9
Net distributions for the year	<u>8,501</u>	<u>8,927</u>

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	17	–
Sales awaiting settlement	2,661	10,109
Accrued revenue:		
Non-taxable dividends	851	1,221
Stock lending revenue	22	–
	<u>873</u>	<u>1,221</u>

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Taxation recoverable:		
Overseas withholding tax	239	223
Total debtors	3,790	11,553

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	6,376	14,915
Total cash and bank balances	6,376	14,915
Bank overdraft	–	2,518
Total bank overdraft	–	2,518

11. Other Creditors

	15.08.22 £'000	15.08.21 £'000
Amounts payable for redemption of shares	3,505	247
Purchases awaiting settlement	–	9,900
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	111	392
Typesetting costs	1	1
Registration and dealing fees	13	13
	125	406
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	5	16
Transaction charges	3	2
Safe custody and other bank charges	3	5
	11	23

LF CANLIFE GLOBAL EQUITY FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Other expenses	11	11
Total other creditors	3,652	10,587

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 210 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 61,556 (15.08.21: 63,616) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 591,046 (15.08.21: 737,415) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associated) held 8,837,210 (15.08.21: 12,353,073) 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:

The Bank of New York (Nominees) Limited	81.52% (15.08.21: 79.90%)
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13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

14. Shares in Issue

	'A' Accumulation	'B' Accumulation ¹	'C' Accumulation	'G' Accumulation
Annual Management Charge	1.50%	1.00%	0.75%	0.375%
Opening shares in issue	213,767	223,363	134,655	62,093,889
Issues	10,293	909	1,251,153	504,951
Redemptions	(6,784)	(158)	(1,052,635)	(13,185,390)
Conversions	–	(224,114)	218,874	–
Closing shares in issue	<u>217,276</u>	<u>–</u>	<u>552,047</u>	<u>49,413,450</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.

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

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Investment Manager, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

(B) INTEREST RATE RISK

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

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movements 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 CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000	15.08.21 £'000
Currency:		
Australian dollars	3,392	4,392
Danish krone	5,557	15,502
Euros	53,701	73,311
Japanese yen	46,781	48,781
Swiss francs	12,016	16,252
US dollars	561,603	605,581
	<u>683,050</u>	<u>763,819</u>
Pounds sterling	43,067	67,488
Net assets	<u>726,117</u>	<u>831,307</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 £34,153,000 on the net assets of the Fund (15.08.21: £38,191,000).

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 95.61% of the portfolio can be liquidated within 5 days and 96.31% within 21 working days (15.08.21: 98.62% within 5 days and 99.44% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(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 £35,980,000 (15.08.21: £40,897,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

16. Portfolio Transaction Costs

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.22				
Ordinary shares	296,094	141	252	296,487
Collective investment schemes	23,980	–	–	23,980
Purchases total	<u>320,074</u>	<u>141</u>	<u>252</u>	<u>320,467</u>
<i>Transaction cost % of purchases total</i>		0.04%	0.08%	
<i>Transaction cost % of average NAV</i>		0.02%	0.03%	
Ordinary shares	467,710	(189)	(3)	467,518
Collective investment schemes	7,778	–	–	7,778
Sales total	<u>475,488</u>	<u>(189)</u>	<u>(3)</u>	<u>475,296</u>
<i>Transaction cost % of sales total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		0.03%	–	

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Average portfolio dealing spread at 15.08.22 is 0.04% (15.08.21: 0.03%).

15.08.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	285,303	130	188	285,621
Collective investment schemes	16,208	–	–	16,208
Purchases total	301,511	130	188	301,829
<i>Transaction cost % of purchases total</i>		0.04%	0.06%	
<i>Transaction cost % of average NAV</i>		0.02%	0.02%	
Ordinary shares	314,664	(138)	(10)	314,516
Collective investment schemes	70,777	–	–	70,777
Sales total	385,441	(138)	(10)	385,293
<i>Transaction cost % of sales total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		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 (see note 1(F) of the Accounting Policies).

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

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

18. Subsequent Events

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

Share class	Balance sheet date	05.12.22	Movement
'A' Accumulation	1,286.18	1,207.71	(6.10)%
'C' Accumulation	1,388.85	1,307.12	(5.88)%
'G' Accumulation	1,441.76	1,358.39	(5.78)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 9 December 2022.

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'A' ACCUMULATION SHARES

There were no interim distributions allocated in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	–	–	–	0.3039
Group 2	–	0.0000	–	0.3039

'B' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	1.7478
Group 2	N/A	N/A	N/A	1.7478

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	4.1720
Group 2	N/A	N/A	N/A	4.1720

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL EQUITY FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	3.2065	–	3.2065	3.1279
Group 2	1.5415	1.6650	3.2065	3.1279
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	6.4446	–	6.4446	5.7588
Group 2	3.2202	3.2244	6.4446	5.7588

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	5.9179	–	5.9179	5.3021
Group 2	3.0198	2.8981	5.9179	5.3021
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	9.1872	–	9.1872	8.2632
Group 2	3.0264	6.1608	9.1872	8.2632

LF CANLIFE GLOBAL EQUITY INCOME FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Global Equity Income Fund ('the Fund') is to provide an income and the potential for capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest directly and/or indirectly at least 90% of the assets by value, worldwide (including emerging markets) in equities. As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

The Fund may also invest up to 10% of the assets by value in debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

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

The Fund can invest across different geographic regions, industry sectors and market capitalisations without limitation.

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

The Fund may use derivatives for the purpose of efficient portfolio management.

Benchmark

The Fund's comparator benchmark is the Bloomberg Developed Market Large & Mid Cap Total Return Index.

The Fund's performance may be compared against the Bloomberg Developed Market Large & Mid Cap Total Return Index. The ACD believes this is an appropriate comparator given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against Global equity returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Global Equity Income Fund

9 December 2022

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

At the beginning of the period, stock markets were relatively upbeat as the global economy continued to re-open in the wake of the COVID-19 pandemic. Both governments and central banks alike maintained the supportive monetary policies which had aided businesses throughout the various periods of lockdown.

Investor sentiment briefly dipped towards the end of the year on fears around the Omicron variant, however, these were quickly quelled once the severity of the strain was discovered to have been less than anticipated.

Inflation had crept into the system earlier in 2021 and had been perpetuated by ongoing restrictions in the global supply chain. While initially waved off as 'transient' by US Federal Reserve ('the Fed') chairman Jerome Powell, concerns over lasting inflation and rising interest rates began to filter into the investor psyche in early 2022.

As 2022 continued, the global investment backdrop began to deteriorate over concerns around higher levels of inflation and interest rate rises, particularly coming out of the US. This was exacerbated at the end of February, when Russia launched its invasion of Ukraine, with oil and gas prices rising dramatically as a result, and subsequently pushing inflation even higher.

Central banks across the world began to react. The Bank of England, which began raising interest rates in 2021, continued its tightening cycle as inflation reached a 40-year high in the UK, while the European Central Bank moved towards rate rises also. However, it was the Fed's decision to raise interest rates, paired with a more hawkish outlook, that created turmoil for many growth-oriented companies, with US interest rates pushed up to 2.5%, a level last seen in 2019.

Fund Review

The Fund's positions in Synopsys, an electronic design automation company, Costco, a members-only retail store operator and Thermo Fisher Scientific, a scientific instruments and consumables supplier, performed particularly well.

The underweight position in the energy sector detracted from performance. The price of oil increased significantly during the review period, with particularly strong gains made in the first half of 2022.

In terms of notable trading activity, we opted to sell our positions in Air Liquide, SK Telecom and MarketAxess while reducing our position in Samsung Electronics. From a geographic perspective, we reduced our exposure to Asian markets.

The Fund has been underweight China throughout the review period.

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Outlook

The macroeconomic backdrop has become increasingly challenging, and we anticipate this continuing in the short- to mid-term. Having been mooted for much of the year, a global growth deceleration has now been priced into investment markets, although much of this is reflected in economic growth forecasts already.

Most central banks have so far shown little sign of curbing their respective tightening cycles, and we expect more interest rate rises over the coming months. That said, much of this has been priced into markets, and from a Fed perspective, we believe we are near to 'peak hawkishness', which could see markets supported going forward as US inflation expectations peak.

Growth stocks around the world have underperformed. This and the ongoing market volatility may present some exciting investment opportunities going forwards.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

13 September 2022

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

Emerging Markets Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

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

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

Liquidity Risk: The Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Risk and Reward Profile *continued*

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	179.57	151.60	157.11
Return before operating charges*	7.74	35.41	1.63
Operating charges	(1.64)	(1.52)	(1.45)
Return after operating charges	6.10	33.89	0.18
Distributions	(4.09)	(5.92)	(5.69)
Closing net asset value per share	181.58	179.57	151.60
* after direct transaction costs of:	0.06	0.20	0.11

PERFORMANCE

Return after charges	3.40%	22.35%	0.11%
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OTHER INFORMATION

Closing net asset value (£'000)	512	410	337
Closing number of shares	281,638	228,578	222,322
Operating charges	0.92%	0.93%	0.92%
Direct transaction costs	0.03%	0.12%	0.07%

PRICES

Highest share price	196.19	183.64	171.77
Lowest share price	156.91	142.86	128.33

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	249.43	203.61	203.57
Return before operating charges*	10.89	47.87	1.92
Operating charges	(2.29)	(2.05)	(1.88)
Return after operating charges	8.60	45.82	0.04
Distributions	(5.71)	(8.01)	(7.43)
Retained distributions on accumulation shares	5.71	8.01	7.43
Closing net asset value per share	258.03	249.43	203.61
* after direct transaction costs of:	0.08	0.27	0.15

PERFORMANCE

Return after charges	3.45%	22.50%	0.02%
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OTHER INFORMATION

Closing net asset value (£'000)	790	336	279
Closing number of shares	306,081	134,667	136,971
Operating charges	0.92%	0.93%	0.92%
Direct transaction costs	0.03%	0.12%	0.07%

PRICES

Highest share price	272.52	249.63	222.56
Lowest share price	219.96	191.85	168.23

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	259.30	210.88	210.05
Return before operating charges*	11.36	49.68	1.97
Operating charges	(1.42)	(1.26)	(1.14)
Return after operating charges	9.94	48.42	0.83
Distributions	(5.95)	(8.31)	(7.68)
Retained distributions on accumulation shares	5.95	8.31	7.68
Closing net asset value per share	269.24	259.30	210.88
* after direct transaction costs of:	0.09	0.28	0.15

PERFORMANCE

Return after charges	3.83%	22.96%	0.40%
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OTHER INFORMATION

Closing net asset value (£'000)	27,576	29,296	28,134
Closing number of shares	10,242,308	11,298,045	13,341,271
Operating charges	0.55%	0.55%	0.54%
Direct transaction costs	0.03%	0.12%	0.07%

PRICES

Highest share price	283.64	259.50	230.02
Lowest share price	229.38	198.85	173.98

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Global Equity Income Fund	3.03	26.02	37.70
Bloomberg Developed Market Large & Mid Cap Total Return Index ¹	6.20	44.49	72.49

¹ Source: Bloomberg.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 250 and 251.

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 CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	UNITED KINGDOM - 9.63% (15.08.21 - 6.57%)		
60,303	3i	754	2.61
314,218	Jupiter Fund Management	374	1.30
51,112	National Grid	589	2.04
17,117	Persimmon	318	1.10
15,728	Rio Tinto	745	2.58
	TOTAL UNITED KINGDOM	2,780	9.63
	CONTINENTAL EUROPE - 18.99% (15.08.21 - 25.13%)		
10,600	Aptiv <i>preference shares</i>	1,092	3.78
9,036	Coloplast 'B'	865	3.00
2,386	Deutsche Boerse	340	1.18
6,194	Kerry 'A'	552	1.91
5,822	Landis+Gyr	300	1.04
6,856	Medtronic	540	1.87
6,532	Nestlé	662	2.29
106,075	Terna	657	2.27
5,162	Verbund 'A'	477	1.65
	TOTAL CONTINENTAL EUROPE	5,485	18.99
	NORTH AMERICA - 65.61% (15.08.21 - 59.59%)		
1,493	American Tower 'A'	348	1.21
12,898	Apple	1,849	6.40
13,600	Becton Dickinson <i>preference shares</i>	585	2.03
3,800	Boston Scientific <i>preference shares</i>	343	1.19
570	Broadcom <i>preference shares</i>	823	2.85
27,216	Carrier Global	1,001	3.47
4,682	CME	784	2.71
2,335	Costco Wholesale	1,055	3.65
823	Danaher <i>preference shares</i>	1,064	3.68
4,573	Digital Realty Trust	504	1.75
5,950	GFL Environmental	326	1.13
16,288	Hannon Armstrong	581	2.01
4,115	McDonald's	904	3.13
6,817	Microsoft	1,656	5.73
1,840	Pool	592	2.05
8,972	Robert Half International	604	2.09

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
1,033	Roper Industries	376	1.30
3,666	Salesforce.com	579	2.00
36,346	Sixth Street Specialty Lending	587	2.03
3,399	Synopsys	1,099	3.81
2,638	Thermo Fisher Scientific	1,319	4.57
14,441	Truist Financial	615	2.13
3,737	Visa	670	2.32
7,977	Xylem	683	2.37
	TOTAL NORTH AMERICA	18,947	65.61
	ASIA PACIFIC (EXCLUDING JAPAN) - 4.52% (15.08.21 - 7.53%)		
7,978	Samsung Electronics <i>preference shares</i>	279	0.97
13,516	Taiwan Semiconductor Manufacturing ADS	1,025	3.55
	TOTAL ASIA PACIFIC (EXCLUDING JAPAN)	1,304	4.52
	Portfolio of investments	28,516	98.75
	Net other assets	362	1.25
	Net assets	28,878	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.

Definition:

ADS – American Depositary Shares.

LF CANLIFE GLOBAL EQUITY INCOME FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 15)	1,203	Total sales for the year £'000 (note 15)	3,346
	Cost		Proceeds
Purchases	£'000	Major sales	£'000
Rio Tinto	784	Samsung Electronics <i>preference shares</i>	602
Jupiter Fund Management	406	Air Liquide	468
Sixth Street Specialty Lending	13	Deutsche Boerse	460
		GFL Environmental	284
		Landis+Gyr	278
		Montrose Environmental	223
		SK Telecom	210
		National Grid	200
		Medtronic	200
		iShares Core S&P 500 UCITS ETF	181

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

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital gains	3		661		5,162
Revenue	4	707		1,165	
Expenses	5	(160)		(161)	
Net revenue before taxation		547		1,004	
Taxation	6	(59)		(118)	
Net revenue after taxation			488		886
Total return before distributions			1,149		6,048
Distributions	7		(648)		(1,046)
Change in net assets attributable to shareholders from investment activities			501		5,002

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders		30,385		29,063
Amounts receivable on issue of shares	1,692		650	
Amounts payable on redemption of shares	(4,327)		(5,326)	
		(2,635)		(4,676)
Change in net assets attributable to shareholders from investment activities		501		5,002
Retained distributions on Accumulation shares		627		996
Closing net assets attributable to shareholders		28,878		30,385

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		28,516	30,025
Current assets			
Debtors	8	244	584
Cash and bank balances	9	144	216
Total assets		<u>28,904</u>	<u>30,825</u>
LIABILITIES			
Creditors			
Distribution payable	10	(7)	(9)
Other creditors	10	(19)	(431)
Total liabilities		<u>(26)</u>	<u>(440)</u>
Net assets attributable to shareholders		<u>28,878</u>	<u>30,385</u>

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below has been applied to the Fund.

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

3. Net Capital Gains

The net capital gains during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	636	5,172
Derivative contracts	–	6
Transaction charges	–	(4)
Property gains on US REITs	25	2
Currency losses	–	(14)
Net capital gains	<u>661</u>	<u>5,162</u>

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	687	1,152
Taxable dividends	16	13
Stock lending revenue	4	–
Total revenue	<u>707</u>	<u>1,165</u>

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	111	114
Legal and professional fees	9	8
Typesetting costs	2	2
Registration and dealing fees	11	10
	133	134
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	10	10
Safe custody and other bank charges	3	6
	13	16
Other expenses:		
Audit fees	11	11
Total expenses	160	161

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	59	118
Current tax charge	59	118
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	59	118

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	547	1,004
Corporation tax at 20%	109	201
Effects of:		
Non-taxable dividends	(137)	(230)
Foreign tax expensed	(1)	(1)
Capitalised income subject to tax	2	–
Unutilised excess management expenses	27	30
Corporation tax charge	–	–
Overseas tax	59	118
Total tax charge (note 6a)	59	118

c) Deferred tax

At the year end there is a potential deferred tax asset of £261,000 (15.08.21: £234,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	248	361
Final	390	649
	638	1,010
Add: Revenue deducted on redemption of shares	17	42
Deduct: Revenue received on issue of shares	(7)	(6)
Net distributions for the year	648	1,046

Details of the distributions per share are set out in the table on pages 250 and 251.

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	488	886
Allocations to capital:		
Expenses, net of tax relief	160	160
Net distributions for the year	648	1,046

8. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	29	1
Sales awaiting settlement	–	414
Accrued revenue:		
Non-taxable dividends	98	43
Prepaid expenses	1	–
Taxation recoverable:		
Overseas withholding tax	116	126
Total debtors	244	584

9. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	144	216
Total cash and bank balances	144	216

10. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	7	9

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Other Creditors		
Amounts payable for redemption of shares	–	400
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	5	15
Typesetting costs	1	1
Registration and dealing fees	1	1
	7	17
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	–	1
Transaction charges	–	1
Safe custody and other bank charges	–	1
	–	3
Other expenses	12	11
Total other creditors	19	431

11. Related Party Transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 238 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held Nil (15.08.21: 676) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 1,566,499 (15.08.21: 1,702,115) of the Fund's shares at the balance sheet date. These shares have also been reflected in the following disclosure.

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 2,488,382 (15.08.21: 2,778,477) of the Fund's shares at the balance sheet date.

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

Canada Life Asset Management Fund and its associates	22.98% (15.08.21: 23.55%)
The Bank of New York (Nominees) Limited	72.74% (15.08.21: 73.27%)

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

13. Shares in Issue

	'B' Accumulation ¹	'C' Income	'C' Accumulation	'G' Accumulation
Annual Management Charge	1.00%	0.75%	0.75%	0.375%
Opening shares in issue	139,989	228,578	134,667	11,298,045
Issues	76	162,432	96,057	311,168
Redemptions	(250)	(109,372)	(61,845)	(1,366,905)
Conversions	(139,815)	–	137,202	–
Closing shares in issue	–	281,638	306,081	10,242,308

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.

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

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

(A) CREDIT RISK

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

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

(B) INTEREST RATE RISK

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

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000	15.08.21 £'000
Currency:		
Danish krone	868	1,173
Euros	2,134	3,139
Norwegian krone	7	6
South Korean won	281	1,579
Swiss francs	963	1,195
US dollars	21,632	21,328
	<u>25,885</u>	<u>28,420</u>
Pounds sterling	2,993	1,965
Net assets	<u>28,878</u>	<u>30,385</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 £1,294,000 on the net assets of the Fund (15.08.21: £1,421,000).

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 100% of the portfolio can be liquidated within 5 days and 100% within 21 working days (15.08.21: 99.70% within 5 days and 100% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £1,426,000 (15.08.21: £1,501,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

15. Portfolio Transaction Costs

15.08.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	1,197	–	6	1,203
Purchases total	1,197	–	6	1,203
<i>Transaction cost % of purchases total</i>		–	0.50%	
<i>Transaction cost % of average NAV</i>		–	0.02%	
Ordinary shares	3,168	(1)	(2)	3,165
Collective investment schemes	181	–	–	181
Sales total	3,349	(1)	(2)	3,346
<i>Transaction cost % of sales total</i>		0.03%	0.06%	
<i>Transaction cost % of average NAV</i>		–	0.01%	

Average portfolio dealing spread at 15.08.22 is 0.30% (15.08.21: 0.07%).

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

15.08.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	23,096	9	13	23,118
Collective investment schemes	151	–	–	151
Purchases total	23,247	9	13	23,269
<i>Transaction cost % of purchases total</i>		0.04%	0.06%	
<i>Transaction cost % of average NAV</i>		0.03%	0.05%	
Ordinary shares	27,032	(10)	(3)	27,019
Sales total	27,032	(10)	(3)	27,019
<i>Transaction cost % of sales total</i>		0.04%	0.01%	
<i>Transaction cost % of average NAV</i>		0.03%	0.01%	

16. Fair Value Hierarchy

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

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

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

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

All investments held by the Fund at the end of the current and prior year are ordinary shares and collective investment schemes categorised as Level 1.

17. Subsequent Events

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

Share class	Balance sheet date	05.12.22	Movement
'C' Income	183.47	166.77	(9.10)%
'C' Accumulation	257.19	236.96	(7.87)%
'G' Accumulation	268.36	247.54	(7.76)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 9 December 2022.

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'B' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	2.6349
Group 2	N/A	N/A	N/A	2.6349

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	5.2346
Group 2	N/A	N/A	N/A	5.2346

'C' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	1.6026	–	1.6026	1.9958
Group 2	0.9479	0.6547	1.6026	1.9958

Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	2.4880	–	2.4880	3.9215
Group 2	1.0819	1.4061	2.4880	3.9215

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	2.2237	–	2.2237	2.6801
Group 2	0.9997	1.2240	2.2237	2.6801
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	3.4871	–	3.4871	5.3304
Group 2	1.6255	1.8616	3.4871	5.3304

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	2.3138	–	2.3138	2.7786
Group 2	0.6383	1.6755	2.3138	2.7786
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	3.6379	–	3.6379	5.5357
Group 2	3.0017	0.6362	3.6379	5.5357

LF CANLIFE GLOBAL HIGH YIELD BOND FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Global High Yield Bond Fund ('the Fund') is to provide income and the potential for capital growth, over any five year period, after all costs and charges have been taken.

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

The Fund aims to achieve its objective by investing at least 85% of the scheme property by value in units of the Putnam Global High Yield Bond Fund (the Master Fund), a sub-fund of Putnam World Trust, an umbrella unit trust constituted by the Trust Deed and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011.

While it is envisaged that the Fund will normally be fully invested in the Putnam Global High Yield Bond Fund, the Fund may also hold up to 15% of the scheme property by value in cash or near cash.

Additional information in relation to the Putnam Global High Yield Bond Fund is presented below.

With effect from 16 September 2022, the Fund is in the course of being wound up and is no longer available for investment.

Information Regarding Putnam Global High Yield Bond Fund

The below is a summary description only of Putnam Global High Yield Bond Fund in which the Fund invests not less than 85% of its assets. For further information in relation to the Putnam Global High Yield Bond Fund, shareholders should refer to the Prospectus of the Putnam World Trust which is available on request (free of charge) from the ACD.

The Putnam Global High Yield Bond Fund is a sub-fund of Putnam World Trust, which is an umbrella unit trust and a UCITS scheme established and organised under the laws of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, and is authorised by the Central Bank of Ireland.

The Manager of the Putnam Global High Yield Bond Fund is Carne Global Fund Managers (Ireland) Limited. The Trustee of the Putnam Global High Yield Bond Fund is State Street Custodial Services (Ireland) Limited. The Manager has delegated performance of the investment management function in relation to the Putnam Global High Yield Bond Fund to the Putnam Investment Advisor, The Putnam Advisory Company, LLC (hereinafter the 'Putnam Investment Advisor').

The Putnam Global High Yield Bond Fund has been authorised by the Central Bank of Ireland as a master UCITS within the meaning of the relevant provisions of the UCITS Directive. It must therefore at all times have at least one feeder UCITS among its unitholders and it must not itself become a feeder UCITS or invest in a feeder UCITS.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

Investment Objective and Policy of the Putnam Global High Yield Bond Fund

The Putnam Global High Yield Bond Fund's investment objective is to seek high current income. Capital growth is a secondary objective when consistent with the objective of high current income.

The Putnam Global High Yield Bond Fund seeks to achieve this objective by investing at least two-thirds of its total assets (after deduction of ancillary liquid assets) in high-yielding, lower-rated debt securities worldwide such as those rated lower than S&P's BBB or Moody's Baa and listed or traded on Recognised Exchanges (including unleveraged freely transferable loan participations securitised and traded on a Recognised Exchange, zero-coupon bonds and payment-in-kind bonds) constituting a portfolio which the Putnam Investment Advisor believes does not involve undue risk to income or principal. Normally, at least 80% of the Putnam Global High Yield Bond Fund's assets will be invested in debt securities (such as (i) corporate and public utility debt securities (including treasury paper, commercial paper and convertible bonds), (ii) asset-backed and mortgage-backed securities, (iii) debt securities issued or guaranteed by national governments and their agencies, instrumentalities and political sub-divisions and (iv) debt securities issued or guaranteed by supranational organisations including, without limitation, the World Bank and the European Investment Bank (including treasury paper, commercial paper and convertible bonds)), convertible securities, or preferred stocks listed or traded on Recognised Exchanges that are consistent with its primary investment objective of high current income. The Putnam Global High Yield Bond Fund's remaining assets may be held in ancillary liquid assets or invested in common stocks and other equity securities listed or traded on Recognised Exchanges when these types of investments are consistent with the objective of high current income.

The Putnam Global High Yield Bond Fund seeks its secondary objective of capital growth, when consistent with its primary objective of high current income, by investing in securities (as described above) listed or traded on Recognised Exchanges which the Putnam Investment Advisor expects to appreciate in value as a result of declines in long-term interest rates or of favourable developments affecting the business or prospects of the issuer which may improve the issuer's financial condition and credit rating. Refer to the prospectus of the Putnam World Trust which is available on request (free of charge) from the ACD.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the ICE BofAML Global High Yield Investment Grade Country Constrained Index GBP Hedged.

The Fund may be compared against the ICE BofAML Global High Yield Investment Grade Country Constrained Index GBP Hedged. The ACD believes that this is an appropriate comparator benchmark for the Fund given the investment objective and policy of the Fund and considers it may assist investors in evaluating the Fund's performance against Global High Yield Bond returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

With effect from 16 September 2022, as the Fund commenced wind-up the requirement to meet the objective of the Fund and its returns compared to the comparator benchmark fell away.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Global High Yield Bond Fund
9 December 2022

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

The LF Canlife Global High Yield Bond Fund ('the Feeder Fund') invests in the Putnam Global High Yield Bond Fund ('the Master Fund') through a master-feeder structure. The Feeder Fund must invest at least 85% in value of its assets in the Master Fund and throughout the review period it was effectively wholly invested in the Master Fund. The below investment review relates to the Master Fund.

Market Commentary

During the period under review, high yield investors faced an environment of higher inflation, rising interest rates and geopolitical tensions such as the war in Ukraine. Growing concerns crept into equity markets in September. This included worries over timing of the US Federal Reserve ('the Fed') moving to a less accommodative monetary policy stance, supply chain and labour issues potentially impacting corporate earnings, political wrangling over the US infrastructure bill and debt ceiling, the Evergrande debt issue in China, and continued COVID-19 related news, particularly whether or not a booster is widely approved.

During the fourth quarter of 2021, large-cap stocks rallied to close out a strong year, with US stock markets delivering strong double-digit gains. Despite a positive final three months of the year, the typical 'Santa Claus rally' was on pause, with stocks falling in the last week of the year due to the emergence of the Omicron variant and the impact it may have on the return to offices and schools.

The first quarter of 2022 began with significant news flow, leaving investors to consider what may come in the year ahead. Russia invaded Ukraine on 24 February, only adding to already troubling inflation, and the Fed began its hiking cycle in March. These broader macro implications weighed significantly on risk assets.

The second quarter closed out one of the weakest starts to the year in history. Ultimately, there was no place to hide as both equity and bond markets saw broad-based losses due to stubbornly high inflation, increasingly hawkish central bank rhetoric, and geopolitical tensions stemming from Russia's invasion of Ukraine. The S&P 500 ended the quarter down more than 16%, the second worst quarterly return since the 2008 global financial crisis.

Similar to the first quarter, Treasury rates sold off and the curve flattened as the Fed raised rates by 50bps at their May meeting and 75bps at their June meeting, the largest rate hike since 1994. Higher interest rates and geopolitical tensions continued to weigh on the corporate credit market. High yield bond yields and spreads declined sharply in July, as company earnings reports turned out better than feared and the Fed struck a less hawkish tone than in prior meetings, leading to a rally in risk assets. Against this backdrop, high yield bonds experienced a meaningful bounce in July. The trend continued during the first two weeks of August, as spreads continued to tighten.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Performance Review/Fund Activity

The Fund generated a negative return over the period. From a sector perspective, underweight positioning and security selection within financials and utilities sectors, plus overweight positioning and security selection within the energy sector, contributed to positive relative returns compared with the Fund's benchmark. On the other hand, overweight exposure and security selection within healthcare and services sectors detracted from relative returns.

At the issuer level, avoiding Kasia Group Holdings and Yuzhou Group Holdings proved effective early in the period under review, as these decisions were contributors to relative returns during this time. Meanwhile, overweight positioning to Antero Resources in the second half of the review period was a contributor to relative returns during this time, as oil prices rose during the period and the energy sector rallied. On the other hand, the Fund's overweight positioning to VodafoneZiggo detracted from relative returns, as compared with the benchmark, due to uncertainty surrounding its plans for a merger. Overweight positioning to Community Health Systems detracted from relative returns due to disappointing earnings results and lowered guidance, while overweight exposure to Mallinckrodt and Audacy also detracted from relative returns.

Outlook and Strategy

As we continue through the second half of 2022, we have a modestly constructive outlook for the high yield market. Valuations are substantially more attractive than at the start of the year. Corporate fundamentals remain solid overall, but likely will weaken in the face of slower growth and margin pressure. Issues such as high inflation, rising interest rates from central banks and geopolitical impacts on energy supplies remain considerable headwinds to markets.

We remain focused on industry and company fundamentals, the health of balance sheets, generation and use of free cash flow, and the resiliency of credits to slower economic growth. The US high yield default rate remained well below historical averages in July. Regarding technicals, bond issuance remained light in July but was met with the first month of positive flows for the asset class in 2022.

From a valuation standpoint, there has been volatility in credit spreads as markets react to the developments of Fed rate hikes and geopolitical concerns. The high yield market, like other risk assets, experienced a meaningful bounce in July as spreads tightened. Despite July's decline in spreads and yields, valuations have improved year-to-date. High yield may also be an attractive investment opportunity for investors in the face of lower global rates. Risks to our moderately constructive outlook include ongoing supply chain disruptions, commodity price volatility, policy missteps from global central banks, a more severe slowdown or recession, heightened geopolitical tension, and/or surges in COVID-19 cases.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

16 September 2022

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

Currency Risk: The Master Fund invests in global assets and is subject to currency movements. The Fund invests in the 'S' share class of the Master Fund which is hedged to sterling, the Master Fund's base currency is USD. Mismatches in hedging may occur. Either may impact on the value of your investment.

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

Emerging Market Risk: The Master Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

Changes in Interest Rate Risk: The Master Fund invests in bonds. A rise in interest rates generally causes bond prices to fall.

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

Liquidity Risk: The Master Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Master Fund may defer withdrawals or suspend dealing, which in turn would require the Manager to defer withdrawals or suspend dealing in the Fund.

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

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

Where the Fund has significant investment in collective investment schemes, exchange-traded funds and similar products, the operating charges figure takes account of the ongoing charges incurred in the underlying schemes, calculated as the expense value of such holdings at the year end weighted against the net asset value of the share class at that date.

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	126.20	115.61	115.62
Return before operating charges*	(8.65)	12.96	2.19
Operating charges	(2.62)	(2.37)	(2.20)
Return after operating charges	(11.27)	10.59	(0.01)
Distributions	(9.17)	(3.39)	(3.94)
Retained distributions on accumulation shares	9.17	3.39	3.94
Closing net asset value per share	114.93	126.20	115.61
* after direct transaction costs of:	—	—	—

PERFORMANCE

Return after charges	(8.93)%	9.16%	(0.01)%
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OTHER INFORMATION

Closing net asset value (£'000)	108	125	119
Closing number of shares	93,548	98,734	102,817
Operating charges ¹	2.17%	1.95%	1.93%
Direct transaction costs	—	—	—

PRICES

Highest share price	127.68	127.01	121.45
Lowest share price	107.46	113.90	92.07

¹ Included in the aggregate operating charges is the Annual Management Charge for Class 'S' shares in the Putnam Global High Yield Bond Fund, in which the Fund invests, of 0.50% (previously 0.65%). However, as part of the Master-Feeder agreement 0.20% is currently rebated to the Fund.

Also included in the aggregate operating charges, as a part of the Master Feeder agreement, are the non-management expenses of the Putnam Master Fund which are capped at 0.30%.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	93.76	88.26	91.27
Return before operating charges*	(6.17)	9.87	1.81
Operating charges	(1.24)	(1.11)	(1.06)
Return after operating charges	(7.41)	8.76	0.75
Distributions	(7.41)	(3.26)	(3.76)
Closing net asset value per share	78.94	93.76	88.26
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(7.90)%	9.93%	0.82%
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OTHER INFORMATION

Closing net asset value (£'000)	307	434	590
Closing number of shares	388,649	463,133	667,786
Operating charges ¹	1.42%	1.20%	1.18%
Direct transaction costs	–	–	–

PRICES

Highest share price	94.97	95.87	96.23
Lowest share price	75.17	87.03	71.69

¹ Included in the aggregate operating charges is the Annual Management Charge for Class 'S' shares in the Putnam Global High Yield Bond Fund, in which the Fund invests, of 0.50% (previously 0.65%). However, as part of the Master-Feeder agreement 0.20% is currently rebated to the Fund.

Also included in the aggregate operating charges, as a part of the Master Feeder agreement, are the non-management expenses of the Putnam Master Fund which are capped at 0.30%.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	133.59	121.47	120.57
Return before operating charges*	(9.19)	13.66	2.31
Operating charges	(1.82)	(1.54)	(1.41)
Return after operating charges	(11.01)	12.12	0.90
Distributions	(10.71)	(4.53)	(5.02)
Retained distributions on accumulation shares	10.71	4.53	5.02
Closing net asset value per share	122.58	133.59	121.47
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(8.24)%	9.98%	0.75%
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OTHER INFORMATION

Closing net asset value (£'000)	871	948	1,774
Closing number of shares	710,472	709,907	1,460,736
Operating charges ¹	1.42%	1.20%	1.18%
Direct transaction costs	–	–	–

PRICES

Highest share price	135.32	134.35	127.12
Lowest share price	114.51	119.78	96.45

¹ Included in the aggregate operating charges is the Annual Management Charge for Class 'S' shares in the Putnam Global High Yield Bond Fund, in which the Fund invests, of 0.50% (previously 0.65%). However, as part of the Master-Feeder agreement 0.20% is currently rebated to the Fund.

Also included in the aggregate operating charges, as a part of the Master Feeder agreement, are the non-management expenses of the Putnam Master Fund which are capped at 0.30%.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	135.84	123.21	121.99
Return before operating charges*	(9.35)	13.87	2.34
Operating charges	(1.53)	(1.24)	(1.12)
Return after operating charges	(10.88)	12.63	1.22
Distributions	(11.23)	(4.93)	(5.38)
Retained distributions on accumulation shares	11.23	4.93	5.38
Closing net asset value per share	124.96	135.84	123.21
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(8.01)%	10.25%	1.00%
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OTHER INFORMATION

Closing net asset value (£'000)	11,900	13,844	13,204
Closing number of shares	9,523,426	10,191,355	10,716,754
Operating charges ¹	1.17%	0.95%	0.93%
Direct transaction costs	–	–	–

PRICES

Highest share price	137.69	136.57	128.78
Lowest share price	116.69	121.53	97.74

¹ Included in the aggregate operating charges is the Annual Management Charge for Class 'S' shares in the Putnam Global High Yield Bond Fund, in which the Fund invests, of 0.50% (previously 0.65%). However, as part of the Master-Feeder agreement 0.20% is currently rebated to the Fund.

Also included in the aggregate operating charges, as a part of the Master Feeder agreement, are the non-management expenses of the Putnam Master Fund which are capped at 0.30%.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'S' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	129.61	117.73	116.74
Return before operating charges*	(8.95)	13.26	2.24
Operating charges	(1.61)	(1.38)	(1.25)
Return after operating charges	(10.56)	11.88	0.99
Distributions	(10.51)	(4.52)	(4.97)
Retained distributions on accumulation shares	10.51	4.52	4.97
Closing net asset value per share	119.05	129.61	117.73
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(8.15)%	10.09%	0.85%
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OTHER INFORMATION

Closing net asset value (£'000)	24	46	42
Closing number of shares	20,410	35,710	35,789
Operating charges ¹	1.29%	1.11%	1.08%
Direct transaction costs	–	–	–

PRICES

Highest share price	131.32	130.33	123.15
Lowest share price	111.20	116.11	93.45

¹ Included in the aggregate operating charges is the Annual Management Charge for Class 'S' shares in the Putnam Global High Yield Bond Fund, in which the Fund invests, of 0.50% (previously 0.65%). However, as part of the Master-Feeder agreement 0.20% is currently rebated to the Fund.

Also included in the aggregate operating charges, as a part of the Master Feeder agreement, are the non-management expenses of the Putnam Master Fund which are capped at 0.30%.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Global High Yield Bond Fund	(8.28)	1.43	5.01
ICE BofAML Global High Yield Investment Grade Country Constrained Index GBP Hedged ¹	(10.08)	0.77	6.47

¹ Source: Morningstar Direct.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 277 to 279.

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 CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	BOND FUNDS – 97.82% (15.08.21 – 101.08%)		
3,143,935	Putnam Global High Yield Bond 'S'	12,922	97.82
	Portfolio of investments	12,922	97.82
	Net other assets	288	2.18
	Net assets	13,210	100.00

The investment held is the Master Fund which has been valued in accordance with note 1(F) of the Accounting Policies and is a collective investment scheme.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000	51	Total sales for the year £'000	957
Purchases	Cost £'000	Sales	Proceeds £'000
Putnam Global High Yield Bond 'S'	51	Putnam Global High Yield Bond 'S'	957

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

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital (losses)/gains	3		(2,348)		927
Revenue	4	1,271		672	
Expenses	5	(80)		(76)	
Net revenue before taxation		1,191		596	
Taxation	6	–		–	
Net revenue after taxation			1,191		596
Total return before distributions			(1,157)		1,523
Distributions	7		(1,201)		(596)
Change in net assets attributable to shareholders from investment activities			(2,358)		927

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders		15,404		15,771
Amounts receivable on issue of shares	1,183		1,081	
Amounts payable on redemption of shares	(2,178)		(2,935)	
		(995)		(1,854)
Change in net assets attributable to shareholders from investment activities		(2,358)		927
Retained distributions on Accumulation shares		1,159		560
Closing net assets attributable to shareholders		13,210		15,404

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		–	15,571
Current assets			
Investments		12,922	–
Debtors	8	9	19
Cash and bank balances	9	396	–
Total assets		<u>13,327</u>	<u>15,590</u>
LIABILITIES			
Creditors			
Bank overdraft	9	–	(140)
Distribution payable	10	(6)	(7)
Other creditors	10	(111)	(39)
Total liabilities		<u>(117)</u>	<u>(186)</u>
Net assets attributable to shareholders		<u>13,210</u>	<u>15,404</u>

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year.

The Fund has satisfied the qualifying investments test of Section 493 of the Corporation Taxes Act 2009, throughout the year. All distributions made are therefore made as gross interest distributions.

3. Net Capital (Losses)/Gains

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

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(2,348)	927
Net capital (losses)/gains	(2,348)	927

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Interest on debt securities	1,221	640
AMC rebates from underlying investments	48	32
Bank interest	2	–
Total revenue	1,271	672

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	33	37
Legal and professional fees	10	10
Typesetting costs	3	3
Registration and dealing fees	8	8
	54	58
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	6	6
Safe custody and other bank charges	4	3
	10	9
Other expenses:		
Audit fees	9	9
Solvency and termination fees	7	–
	16	9
Total expenses	80	76

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Current tax charge	–	–
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	–	–

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	1,191	596
Corporation tax at 20%	238	119
Effects of:		
Tax deductible interest distributions	(238)	(119)
Corporation tax charge	–	–
Total tax charge (note 6a)	–	–

c) Deferred tax

There is no deferred tax asset recognised in the current or prior year.

7. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	928	303
Final	265	271
	1,193	574
Add: Revenue deducted on redemption of shares	42	34
Deduct: Revenue received on issue of shares	(34)	(12)
Net distributions for the year	1,201	596

Details of the distributions per share are set out in the table on pages 277 to 279.

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	1,191	596
Allocations to capital:		
Expenses	10	–
Net distributions for the year	1,201	596

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

8. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	–	6
Accrued revenue:		
AMC rebates from underlying investments	9	12
Prepaid expenses	–	1
Total debtors	9	19

9. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	396	–
Total cash and bank balances	396	–
Bank overdraft	–	140
Total bank overdraft	–	140

10. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	6	7
Other Creditors		
Amounts payable for redemption of shares	88	19
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	1	5
Typesetting costs	2	1
Registration and dealing fees	1	1
	4	7

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	–	1
Safe custody and other bank charges	2	–
	2	1
Other expenses	17	10
Taxation payable:		
Income tax	–	2
Total other creditors	111	39

11. Related Party Transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 266 and amounts due at the year end are disclosed in notes 8 and 10.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited and its associates) held 786,912 (15.08.21: 757,785) 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:

The Bank of New York (Nominees) Limited 82.78% (15.08.21: 83.47%)

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

LF CANLIFE GLOBAL HIGH YIELD BOND FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

13. Shares in Issue

	'A' Accumulation	'B' Income ¹	'C' Income
Annual Management Charge	1.20%	1.00%	0.45%
Opening shares in issue	98,734	7,451	463,133
Issues	–	–	279,890
Redemptions	(5,186)	–	(361,540)
Conversions	–	(7,451)	7,166
Closing shares in issue	<u>93,548</u>	<u>–</u>	<u>388,649</u>

	'C' Accumulation	'G' Accumulation	'S' Accumulation
Annual Management Charge	0.45%	0.20%	0.35%
Opening shares in issue	709,907	10,191,355	35,710
Issues	446,333	304,169	–
Redemptions	(445,768)	(972,098)	(15,300)
Conversions	–	–	–
Closing shares in issue	<u>710,472</u>	<u>9,523,426</u>	<u>20,410</u>

14. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. The derivatives used by the Putnam Global High Yield Bond Fund may include futures, swaps, options, forward contracts and contracts for difference and they may be used for hedging and for investment purposes, including as a substitute for direct investment in securities or to obtain additional exposure beyond that which may be obtained from a traditional securities portfolio, subject always to the restrictions and requirements of the Regulations.

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

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

(A) CREDIT RISK

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

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

(B) INTEREST RATE RISK

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

The Fund invests in the Putnam Global High Yield Bond Fund only and as such does not have any significant direct exposure to interest rate risk. The Fund may indirectly be exposed to interest rate risk through its investment in the Putnam Global High Yield Bond Fund. As the Fund has no direct exposure to interest rate risk, no interest rate risk table or sensitivity analysis has been presented.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(C) FOREIGN CURRENCY RISK

Although the net assets of the Fund are denominated in Sterling, the Fund's investment in the Putnam Global High Yield Bond Fund (Master Fund) has currency exposure from its underlying investments with the effect that the balance sheet and the total return can be effected by currency movement. This risk is not actively managed. The Fund does not have any direct exposure to foreign currency risk and therefore no foreign currency risk table or sensitivity analysis has been presented.

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 100% of the portfolio can be liquidated within 5 days and 100% within 21 working days (15.08.21: 100% within 5 days and 100% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £646,000 (15.08.21: £779,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

The derivatives used by the Putnam Global High Yield Fund may include futures, swaps, swaptions, options, TBA purchases and sales, forward contracts, and contracts for difference, and they may be used for hedging and for investment purposes, including as a substitute for direct investment in securities or to obtain additional exposure beyond that which might be obtained from a traditional securities portfolio, subject always to the restrictions and requirements of the Regulations. Details of the derivatives that may be used are set out in the derivatives risk management process filed with the Financial Regulator. The Fund may also use forward foreign exchange contracts or other currency derivatives for hedging or to alter the currency exposure characteristics of transferable securities held by the Putnam Global High Yield Bond Fund as an alternative currency exposure management strategy. Because currency positions held by the Putnam Global High Yield Bond Fund may not correspond with the asset position held by the Fund, the effect of movements in foreign exchange rates may be significantly different in the Fund compared to another fund with similar investments.

15. Portfolio Transaction Costs

The Putnam Global High Yield Fund has been bought and sold at the dealt price with no further transaction costs added to purchases or sales during the current or prior year.

16. Fair Value Hierarchy

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

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

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

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

The investment held by the Fund at the end of the current and prior year is a collective investment scheme categorised as Level 2.

17. Subsequent Events

The LF Canlife Global High Yield Bond Fund had its final valuation on 16 September 2022. Approval for the sub-fund to be terminated was granted by the Financial Conduct Authority on 18 August 2022.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'A' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	7.4150	–	7.4150	1.7677
Group 2	7.4150	0.0000	7.4150	1.7677

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.7562	–	1.7562	1.6201
Group 2	1.7562	0.0000	1.7562	1.6201

'B' INCOME SHARES¹

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	N/A	–	N/A	–
Group 2	N/A	N/A	N/A	0.0000

Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	N/A	–	N/A	–
Group 2	N/A	N/A	N/A	0.0000

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'C' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	5.8808	–	5.8808	1.6931
Group 2	0.7425	5.1383	5.8808	1.6931
Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	1.5284	–	1.5284	1.5669
Group 2	0.8150	0.7134	1.5284	1.5669

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	8.3784	–	8.3784	2.3319
Group 2	3.7552	4.6232	8.3784	2.3319
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	2.3287	–	2.3287	2.2009
Group 2	1.0594	1.2693	2.3287	2.2009

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	8.6996	–	8.6996	2.5254
Group 2	2.8806	5.8190	8.6996	2.5254
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	2.5260	–	2.5260	2.4056
Group 2	1.8157	0.7103	2.5260	2.4056

LF CANLIFE GLOBAL HIGH YIELD BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'S' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	8.1958	–	8.1958	2.3212
Group 2	8.1958	0.0000	8.1958	2.3212
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	2.3184	–	2.3184	2.2005
Group 2	2.3184	0.0000	2.3184	2.2005

LF CANLIFE GLOBAL INFRASTRUCTURE FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Global Infrastructure Fund ('the Fund') is to achieve capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest directly and/or indirectly at least 80% of the assets by value, worldwide (including emerging markets) in shares of companies that benefit from the development, maintenance, service and management of infrastructure assets across the energy, utilities, industrial, transportation and communication sectors.

The Fund may also invest up to 20% of the assets by value in debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

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

The Fund can invest across different geographic regions and market capitalisations without limitation.

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

The Fund may use derivatives for efficient portfolio management purposes.

Benchmark

The Fund's comparator benchmark is the Morningstar – Sector Equity Infrastructure.

The Fund's performance may be compared against the Morningstar – Sector Equity Infrastructure. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against the performance of other funds invested in similar assets.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Global Infrastructure Fund
9 December 2022

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Global equity markets climbed to new all-time highs in the third quarter of 2021, supported by a historic quarter of corporate earnings results. However, major stock markets around the world began to fall at this time as the US Federal Reserve ('the Fed') announced that it would soon begin tapering its quantitative easing asset purchase programme, setting off a sharp rise in bond yields.

The emergence of the Omicron variant of COVID-19 in the fourth quarter of the year led to a brief market selloff. With strong corporate earnings results and improving economic data, global equity markets were able to rally into the end of the year.

This all changed in the first quarter of 2022, when global equity markets suffered their worst quarterly loss since the depths of the pandemic in early 2020. The new year started on a volatile note, with many broad indices suffering their worst monthly loss in January since March 2020, caused by the sharp hawkish pivot by global central banks in the face of rising inflation, leaving investors fearful that central banks might go too far, too fast. Then, the Russian invasion of Ukraine dominated headlines and exacerbated the existing overhangs facing the global economy: fears over inflation, slowing growth and uncertainty over future central bank policy. The Bank of Canada and the Fed began raising rates, causing bond yields to rise (as their prices fell) increasing fears of recession.

The global equity market sell-off deepened in the second quarter of 2022 as economic overhangs continued to weigh down markets. The risk-off backdrop and a hawkish Fed led to a broad market sell-off, particularly in some of the largest beneficiaries of the post-pandemic rally in the past couple of years such as names within the information technology and consumer discretionary sectors. Near the end of the period under review, there was a change in tone in markets, with a broad rally in global equities in July on better-than-expected corporate earnings and a slowing growth narrative that would result in reaching peak inflation and a peak in Fed hawkishness. Market participants began to question central bankers' resolve in fighting inflation and speculated that the Fed would deliver a rate cut as early as the first quarter of 2023 to support faltering economic growth.

Portfolio Activity

The portfolio generated positive returns (in GBP) during the review period. At a country level, stock selection in the United States was the largest detractor to relative performance. Stock selection in Japan and China contributed the most to relative performance. At an industry level, an overweight allocation to gas utilities and stock selection in multi-utilities detracted the most from relative performance. Conversely, stock selection in gas utilities and in oil and gas storage and transportation contributed the most to relative performance. Top detractors to relative performance during the period were Italy-based A2A SpA, a multi-utilities company, Enel SpA, and Finland-based Fortum Oyj, both electric utilities names. Top contributors to portfolio relative performance included US-based oil and gas storage and transportation companies Targa Resources, Williams Companies and Cheniere Energy.

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Outlook

The team's systematic investment process is driven by data and quantitative models that aim to identify high-quality, reasonably priced companies that offer good growth potential. As such, their views are subject to change as new data arrives and their ongoing research continually improves their models. The team's longer-term views are driven by factors that affect valuation and quality while the shorter term is largely captured by sentiment and changes in fundamental expectations.

As of the start of 2022, the team's longer-term models generally favour the North American stocks in their universe, relative to stocks in Europe and Asia. This is largely due to power & gas utilities where relative valuations and growth expectations are more favorable. These return expectations are supported by high quality fundamentals relative to their global peers. The team generally has a modest negative stance on the Asia Pacific and European names in their universe. Their models cover approximately 350 names in these regions and there are many companies which the models would overweight, however, the overall neutral stance means these are balanced by the companies the models would underweight.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

16 September 2022

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

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

Emerging Markets Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

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

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

Liquidity Risk: The Fund may invest in investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

Concentrated Fund Risk: The Fund is largely invested in companies which have exposure to infrastructure. This may mean the Fund is more sensitive to price swings than other funds.

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	157.64	145.26	165.85
Return before operating charges*	33.73	14.95	(17.90)
Operating charges	(2.97)	(2.57)	(2.69)
Return after operating charges	30.76	12.38	(20.59)
Distributions	(2.54)	(2.17)	(2.25)
Retained distributions on accumulation shares	2.54	2.17	2.25
Closing net asset value per share	188.40	157.64	145.26
* after direct transaction costs of:	0.34	0.31	0.23

PERFORMANCE

Return after charges	19.51%	8.52%	(12.41)%
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OTHER INFORMATION

Closing net asset value (£'000)	763	1,161	673
Closing number of shares	405,117	736,730	462,988
Operating charges	1.76%	1.72%	1.73%
Direct transaction costs	0.20%	0.21%	0.15%

PRICES

Highest share price	188.24	158.26	175.89
Lowest share price	156.62	137.13	122.46

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	167.85	153.52	173.97
Return before operating charges*	36.09	15.89	(18.83)
Operating charges	(1.82)	(1.56)	(1.62)
Return after operating charges	34.27	14.33	(20.45)
Distributions	(4.06)	(3.50)	(3.60)
Retained distributions on accumulation shares	4.06	3.50	3.60
Closing net asset value per share	202.12	167.85	153.52
* after direct transaction costs of:	0.36	0.33	0.24

PERFORMANCE

Return after charges	20.42%	9.33%	(11.75)%
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OTHER INFORMATION

Closing net asset value (£'000)	2,994	1,975	2,190
Closing number of shares	1,480,964	1,176,718	1,426,711
Operating charges	1.01%	0.98%	0.99%
Direct transaction costs	0.20%	0.21%	0.15%

PRICES

Highest share price	201.95	168.31	185.22
Lowest share price	167.00	145.15	129.04

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	171.73	156.67	177.10
Return before operating charges*	36.98	16.26	(19.21)
Operating charges	(1.40)	(1.20)	(1.22)
Return after operating charges	35.58	15.06	(20.43)
Distributions	(4.62)	(3.98)	(4.09)
Retained distributions on accumulation shares	4.62	3.98	4.09
Closing net asset value per share	207.31	171.73	156.67
* after direct transaction costs of:	0.37	0.34	0.25

PERFORMANCE

Return after charges	20.72%	9.61%	(11.54)%
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OTHER INFORMATION

Closing net asset value (£'000)	20,668	18,943	18,464
Closing number of shares	9,969,547	11,030,784	11,785,267
Operating charges	0.76%	0.74%	0.73%
Direct transaction costs	0.20%	0.21%	0.15%

PRICES

Highest share price	207.13	172.13	188.79
Lowest share price	170.90	148.21	131.56

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Global Infrastructure Fund	20.19	16.07	27.28
Morningstar – Sector Equity Infrastructure ¹	17.92	33.98	60.86

¹ Source: Morningstar Direct.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 308 and 309.

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 CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	UNITED KINGDOM – 3.10% (15.08.21 – 4.98%)		
108,992	Airtel Africa	156	0.64
79,453	Centrica	64	0.26
795	Liberty Global 'A'	15	0.06
26,349	National Grid	303	1.24
11,288	SSE	204	0.84
713	Telecom Plus	15	0.06
	TOTAL UNITED KINGDOM	757	3.10
	CONTINENTAL EUROPE – 21.46% (15.08.21 – 23.54%)		
	AUSTRIA – 0.15% (15.08.21 – 0.30%)		
899	EVN	17	0.07
3,510	Telekom Austria	19	0.08
	TOTAL AUSTRIA	36	0.15
	BELGIUM – 0.00% (15.08.21 – 0.54%)	–	–
	DENMARK – 0.11% (15.08.21 – 0.00%)		
287	Ørsted	26	0.11
	FRANCE – 4.80% (15.08.21 – 5.09%)		
1,051	Aéroports de Paris	125	0.51
39,121	ENGIE	424	1.74
37,682	Getlink	623	2.55
	TOTAL FRANCE	1,172	4.80
	GERMANY – 2.60% (15.08.21 – 0.91%)		
15,280	Deutsche Telekom	242	0.99
509	Fraport	21	0.09
4,735	Hamburger Hafen und Logistik	54	0.22
8,901	RWE	318	1.30
	TOTAL GERMANY	635	2.60

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	ITALY – 6.30% (15.08.21 – 8.06%)		
147,457	A2A	157	0.64
1,429	ACEA	17	0.07
61,443	Atlantia	1,181	4.84
20,711	ENAV	74	0.30
25,805	Enel	110	0.45
	TOTAL ITALY	1,539	6.30
	LUXEMBOURG – 0.00% (15.08.21 – 0.53%)	–	–
	NETHERLANDS – 0.00% (15.08.21 – 0.34%)	–	–
	NORWAY – 0.73% (15.08.21 – 0.81%)		
18,378	Telenor	178	0.73
	PORTUGAL – 0.29% (15.08.21 – 0.00%)		
31,053	Redes Energeticas Nacionais	72	0.29
	SPAIN – 5.85% (15.08.21 – 5.37%)		
6,041	Aena	659	2.70
78,012	Iberdrola	714	2.92
1,649	Naturgy Energy	40	0.16
4,555	Telefonica	16	0.07
	TOTAL SPAIN	1,429	5.85
	SWEDEN – 0.16% (15.08.21 – 0.24%)		
5,347	AcadeMedia	21	0.09
4,629	AMBEA	19	0.07
	TOTAL SWEDEN	40	0.16
	SWITZERLAND – 0.47% (15.08.21 – 1.35%)		
797	Flughafen Zuerich	115	0.47
	TOTAL CONTINENTAL EUROPE	5,242	21.46

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	NORTH AMERICA – 53.50% (15.08.21 – 44.08%)		
	CANADA – 12.77% (15.08.21 – 9.65%)		
5,347	AltaGas	99	0.40
9,328	ATCO 'I' non-voting	284	1.16
12,213	Atlas Corporation	141	0.58
4,876	Brookfield Infrastructure	192	0.79
23,580	Canadian Utilities 'A'	612	2.51
21,541	Enbridge	761	3.12
10,994	Hydro One	251	1.03
7,288	Pembina Pipeline	223	0.91
3,009	Superior Plus	22	0.09
11,093	TC Energy	460	1.88
3,508	Westshore Terminals	74	0.30
	TOTAL CANADA	3,119	12.77
	UNITED STATES – 40.73% (15.08.21 – 34.43%)		
373	Acadia Healthcare	25	0.10
14,451	American Electric Power	1,251	5.12
10,870	AT&T	165	0.68
5,224	Cheniere Energy	681	2.79
2,636	Dominion Resources	185	0.76
1,045	Dorian LPG	13	0.05
7,078	DTE Energy	797	3.26
5,249	Duke Energy	482	1.97
2,487	EchoStar	43	0.18
273	Encompass Health	12	0.05
109	Enhabit	1	–
2,512	Enlink Midstream	20	0.08
1,318	Entergy	133	0.54
8,357	Equitrans Midstream	65	0.27
2,313	Eversource Energy	179	0.73
11,765	Exelon	455	1.86
1,542	FirstEnergy	53	0.22
223	Grand Canyon Education	16	0.07
497	HCA Healthcare	89	0.36
796	Hess Midstream LP	20	0.08

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
38,455	Kinder Morgan	591	2.42
10,298	Liberty Latin America	68	0.28
7,561	Lumen Technologies	69	0.28
6,866	National Fuel Gas	412	1.69
18,307	NextEra Energy	1,379	5.65
3,880	Nisource	101	0.41
2,935	NRG Energy	103	0.42
5,365	ONEOK	282	1.15
1,840	Otter Tail	124	0.51
15,048	Perdoceo Education	156	0.64
2,736	PNM Resources	110	0.45
1,492	Portland General Electric	68	0.28
13,183	Southern	855	3.50
746	Stride	22	0.09
6,667	Targa Resources	376	1.54
379	Tenet Healthcare	21	0.09
1,542	Verizon Communications	58	0.24
16,814	Williams	468	1.92
	TOTAL UNITED STATES	9,948	40.73
	TOTAL NORTH AMERICA	13,067	53.50
	LATIN AMERICA – 4.34% (15.08.21 – 2.17%)		
	BRAZIL – 0.00% (15.08.21 – 1.21%)	–	–
	MEXICO – 4.34% (15.08.21 – 0.96%)		
3,407	Grupo Aeroportuario del Centro Norte <i>ADR</i>	154	0.63
3,425	Grupo Aeroportuario del Pacifico <i>ADR</i>	429	1.76
2,620	Grupo Aeroportuario del Sureste	476	1.95
	TOTAL MEXICO	1,059	4.34
	TOTAL LATIN AMERICA	1,059	4.34
	JAPAN – 3.88% (15.08.21 – 3.24%)		
3,500	Japan Airport Terminal	116	0.48
11,487	Kamigumi	194	0.79
3,300	KDDI	86	0.35
1,300	Mitsubishi Logistics	30	0.12

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
9,307	Nippon Gas	125	0.51
4,400	Nippon Telegraph & Telephone	102	0.42
9,132	Sumitomo Warehouse	126	0.52
10,500	Tokyo Gas	169	0.69
	TOTAL JAPAN	948	3.88
	FAR EAST (EX JAPAN) – 5.36% (15.08.21 – 7.10%)		
	HONG KONG – 4.73% (15.08.21 – 6.73%)		
30,000	Anhui Expressway	18	0.07
921,000	CGN Power	178	0.73
144,000	China Merchants	181	0.74
145,639	COSCO Pacific	76	0.31
333,810	Hutchison Port	61	0.25
201,940	Jiangsu Expressway	145	0.59
140,092	Shenzhen Expressway	106	0.43
273,854	Shenzhen International	199	0.82
295,233	Zhejiang Expressway 'H'	192	0.79
	TOTAL HONG KONG	1,156	4.73
	SINGAPORE – 0.63% (15.08.21 – 0.37%)		
10,789	BW LPG	74	0.30
42,200	SembCorp Industries	81	0.33
	TOTAL SINGAPORE	155	0.63
	TOTAL FAR EAST (EX JAPAN)	1,311	5.36
	AUSTRALIA – 5.69% (15.08.21 – 7.43%)		
33,202	Atlas Arteria	154	0.63
188,215	Qube	299	1.23
110,930	Transurban	936	3.83
	TOTAL AUSTRALIA	1,389	5.69
	NEW ZEALAND – 1.33% (15.08.21 – 1.78%)		
80,447	Auckland International Airport	325	1.33

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	ISRAEL – 0.54% (15.08.21 – 0.00%)		
87,115	Bezeq Israeli Telecommunication	131	0.54
	Portfolio of investments	24,229	99.20
	Net other assets	196	0.80
	Net assets	24,425	100.00

The investments held 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.

Definition:

ADR – American Depositary Receipts.

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 16)	21,386	Total sales for the year £'000 (note 16)	21,698
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
American Electric Power	1,175	Duke Energy	1,033
Exelon	763	Enbridge	800
Enbridge	732	Sydney Airport	781
DTE Energy	707	Dominion Resources	671
Southern	651	Targa Resources	527
Canadian Utilities 'A'	574	HCA Healthcare	525
Atlantia	565	MDU Resources	519
NextEra Energy	545	China Merchants	518
Verizon Communications	504	Liberty Global 'A'	514
Iberdrola	460	Enel	512

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

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital gains	3		3,775		1,434
Revenue	4	795		725	
Expenses	5	(170)		(159)	
Interest payable and similar charges	7	(1)		(1)	
Net revenue before taxation		624		565	
Taxation	6	(76)		(61)	
Net revenue after taxation			548		504
Total return before distributions			4,323		1,938
Distributions	8		(548)		(504)
Change in net assets attributable to shareholders from investment activities			3,775		1,434

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	Note	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			22,268		21,517
Amounts receivable on issue of shares		2,330		1,891	
Amounts payable on redemption of shares		(4,485)		(3,078)	
			(2,155)		(1,187)
Change in net assets attributable to shareholders from investment activities			3,775		1,434
Retained distributions on Accumulation shares	8		537		504
Closing net assets attributable to shareholders			24,425		22,268

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		24,229	21,004
Current assets			
Debtors	9	192	94
Cash and bank balances	10	27	1,234
Total assets		<u>24,448</u>	<u>22,332</u>
LIABILITIES			
Creditors			
Other creditors	11	(23)	(64)
Total liabilities		<u>(23)</u>	<u>(64)</u>
Net assets attributable to shareholders		<u>24,425</u>	<u>22,268</u>

LF CANLIFE GLOBAL INFRASTRUCTURE FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year.

3. Net Capital Gains

The net capital gains during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	3,788	1,481
Transaction charges	(15)	(12)
Currency gains/(losses)	2	(35)
Net capital gains	<u>3,775</u>	<u>1,434</u>

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	739	676
Taxable dividends	37	35
Bank interest	1	–
Non-taxable stock dividends	18	14
Total revenue	<u>795</u>	<u>725</u>

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	127	118
Legal and professional fees	6	6
Typesetting costs	3	2
Registration and dealing fees	11	10
	147	136
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	8	8
Safe custody and other bank charges	4	4
	12	12
Other expenses:		
Audit fees	11	11
Total expenses	170	159

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	76	61
Current tax charge	76	61
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	76	61

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	624	565
Corporation tax at 20%	125	113
Effects of:		
Non-taxable dividends	(151)	(138)
Foreign tax expensed	(1)	–
Unutilised excess management expenses	27	25
Corporation tax charge	–	–
Overseas tax	76	61
Total tax charge (note 6a)	76	61

c) Deferred tax

At the year end there is a potential deferred tax asset of £181,000 (15.08.21: £154,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	1	1
Total interest payable and similar charges	1	1

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	147	162
Final	390	342
	537	504

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Add: Revenue deducted on redemption of shares	49	12
Deduct: Revenue received on issue of shares	(38)	(12)
Net distributions for the year	548	504

Details of the distributions per share are set out in the table on pages 308 and 309.

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	81	8
Sales awaiting settlement	12	–
Accrued revenue:		
Non-taxable dividends	70	61
Taxable dividends	19	16
	89	77
Taxation recoverable:		
Overseas withholding tax	10	9
Total debtors	192	94

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	27	1,234
Total cash and bank balances	27	1,234

11. Other Creditors

	15.08.22 £'000	15.08.21 £'000
Amounts payable for redemption of shares	–	32

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	5	15
Typesetting costs	1	1
Registration and dealing fees	2	1
	8	17
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	–	1
Transaction charges	4	2
	4	3
Other expenses	11	12
Total other creditors	23	64

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 295 and amounts due at the year end are disclosed in note 9.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 12,395 (15.08.21: 12,648) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 1,800,439 (15.08.21: 1,915,303) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 3,550,142 (15.08.21: 3,754,639) of the Fund's shares at the balance sheet date.

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

Canada Life Asset Management Limited and its associates	29.95% (15.08.21: 28.75%)
The Bank of New York (Nominees) Limited	58.43% (15.08.21: 62.16%)

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

14. Shares in Issue

	'A' Accumulation	'B' Accumulation ¹	'C' Accumulation	'G' Accumulation
Annual Management Charge	1.50%	1.00%	0.75%	0.50%
Opening shares in issue	736,730	114,902	1,176,718	11,030,784
Issues	58,945	–	537,906	549,228
Redemptions	(390,558)	(853)	(345,310)	(1,610,465)
Conversions	–	(114,049)	111,650	–
Closing shares in issue	405,117	–	1,480,964	9,969,547

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.

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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.

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value.

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

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000	15.08.21 £'000
Currency:		
Australian dollars	1,405	1,668
Canadian dollars	3,001	1,890
Chinese yuan	9	–
Danish krone	26	–
Euros	4,887	4,603
Hong Kong dollars	1,098	1,432
Israeli shekels	131	–
Japanese yen	948	722
New Zealand dollars	325	397
Norwegian krone	252	262
Singapore dollars	82	–
Swedish krona	40	171
Swiss francs	115	300
US dollars	11,273	9,089
	<u>23,592</u>	<u>20,534</u>
Pounds sterling	833	1,734
Net assets	<u>24,425</u>	<u>22,268</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 £1,180,000 on the net assets of the Fund (15.08.21: £1,027,000).

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 100% of the portfolio can be liquidated within 5 days and 100% within 21 working days (15.08.21: 99.34% within 5 days and 99.34% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £1,211,000 (15.08.21: £1,050,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

16. Portfolio Transaction Costs

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.22				
Ordinary shares	21,359	16	11	21,386
Purchases total	21,359	16	11	21,386
<i>Transaction cost % of purchases total</i>		0.07%	0.05%	
<i>Transaction cost % of average NAV</i>		0.07%	0.05%	
Ordinary shares	21,716	(16)	(2)	21,698
Sales total	21,716	(16)	(2)	21,698
<i>Transaction cost % of sales total</i>		0.07%	0.01%	
<i>Transaction cost % of average NAV</i>		0.07%	0.01%	

Average portfolio dealing spread at 15.08.22 is 0.15% (15.08.21: 0.13%).

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.21				
Ordinary shares	23,937	13	15	23,965
Collective investment schemes	371	–	–	371
Purchases total	24,308	13	15	24,336
<i>Transaction cost % of purchases total</i>		0.05%	0.06%	
<i>Transaction cost % of average NAV</i>		0.06%	0.07%	
Ordinary shares	24,729	(15)	(2)	24,712
Collective investment schemes	611	–	–	611
Sales total	25,340	(15)	(2)	25,323
<i>Transaction cost % of sales total</i>		0.06%	0.01%	
<i>Transaction cost % of average NAV</i>		0.07%	0.01%	

The collective investment schemes include closed end funds.

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

17. Fair Value Hierarchy

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

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

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

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

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

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'A' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.3415	–	0.3415	0.4472
Group 2	0.3338	0.0077	0.3415	0.4472

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	2.1970	–	2.1970	1.7268
Group 2	0.5796	1.6174	2.1970	1.7268

'B' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	0.8461
Group 2	N/A	N/A	N/A	0.8461

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	2.1949
Group 2	N/A	N/A	N/A	2.1949

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE GLOBAL INFRASTRUCTURE FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.0072	–	1.0072	1.0558
Group 2	0.3285	0.6787	1.0072	1.0558
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	3.0517	–	3.0517	2.4439
Group 2	0.1072	2.9445	3.0517	2.4439

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.2534	–	1.2534	1.2762
Group 2	0.2082	1.0452	1.2534	1.2762
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	3.3679	–	3.3679	2.7044
Group 2	–	3.3679	3.3679	2.7044

LF CANLIFE NORTH AMERICAN FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife North American Fund ('the Fund') is to achieve capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest directly and/or indirectly at least 80% of the assets by value in the shares of companies which are incorporated or domiciled in North America. As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

The Fund may also invest up to 20% of the assets by value in debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

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

The Fund can invest across different industry sectors and market capitalisations without limitation.

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

The Fund may use derivatives for the purpose of efficient portfolio management.

Benchmark

The Fund's comparator benchmark is the Bloomberg North America Large & Mid Cap Total Return Index.

The Fund's performance may be compared against the Bloomberg North America Large & Mid Cap Total Return Index. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against North American equity returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife North American Fund

9 December 2022

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

US stock markets enjoyed a positive period throughout the tail end of 2021, buoyed by the re-opening of the global economy and strong performance from an array of domestic companies. Technology stocks in particular enjoyed a stellar run leading into the new year, as the pandemic-inspired push towards digitisation continued to run.

Markets temporarily stuttered in late November upon fears surrounding the Omicron variant of COVID-19, however, these concerns were quickly assuaged as the virus' severity was deemed far less than originally feared.

The US Federal Reserve ('the Fed'), and in particular Chairman Jerome Powell, were forced into something of a U-turn, as inflationary forces had appeared more robust than initially expected. Having previously described the current bout as 'transitory', Powell shifted to a more hawkish stance on inflation.

In February, Russia began its invasion of Ukraine, sending the prices of gas, oil and various agricultural commodities skyward. Inflation surged as a result, and the Fed was moved to raise interest rates in March, for the first time since December 2018, to 0.25%.

As inflation continued to rise, the market priced in multiple rate hikes through the remainder of the year. US stock markets faltered as a result, with companies impacted by the knock-on impact on borrowing costs. Having led markets upwards throughout much of the preceding year, technology stocks were severely impacted by the shift in monetary policy and market rotation away from growth-oriented stocks.

Fund Review

We made a number of changes to the portfolio during the period. In particular, we started to add exposure to growth stocks to the portfolio in 2022 as valuations became more attractive.

These included Align Technologies, a leading provider of dental aligners, Exact Sciences, a provider of non-invasive screening tests for the early detection and prevention of colorectal cancer and Docusign, a software provider that facilitates electronic signatures.

We also added exposure to larger companies like Netflix, the streaming service and production company, when we thought sentiment and financial estimates were too low.

We have also continued to build out our allocation towards nuclear energy holdings – an area of the market that we feel has great potential. BWX Technologies and NuScale Power, both of which sit in the nuclear power generation supply chain, have been added to the portfolio.

Positions in ConocoPhillips, Exxon Mobil and Duke Energy have been removed from the Fund.

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Outlook

The macroeconomic backdrop has become increasingly challenging, and we anticipate this continuing in the short- to mid-term. Having been mooted for much of the year, a growth deceleration in North America has now been priced into investment markets, although much of this is reflected in economic growth forecasts already.

The Fed has so far shown little sign of curbing its tightening cycles, and we expect more interest rate rises over the coming months. That said, much of this has been priced into markets, and from a Fed perspective, we believe we are near to 'peak hawkishness', which could see markets supported as US inflation expectations peak.

Growth stocks have underperformed. This and the ongoing market volatility may present some exciting investment opportunities going forwards.

At a sector-specific level, we see significant opportunity in the renewable energy space, and in particular, in nuclear energy. The danger of relying on Russian oil and gas has been starkly exposed this year and we expect global governments, and more pertinently European governments, to expedite their energy transition programmes to help mitigate this. We see nuclear energy as a likely beneficiary of this move.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

13 September 2022

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

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

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

Liquidity Risk: The Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	1,995.27	1,597.07	1,424.27
Return before operating charges*	256.39	426.33	196.04
Operating charges	(32.37)	(28.13)	(23.24)
Return after operating charges	224.02	398.20	172.80
Distributions	–	–	(0.36)
Retained distributions on accumulation shares	–	–	0.36
Closing net asset value per share	2,219.29	1,995.27	1,597.07
* after direct transaction costs of:	0.72	0.49	1.13

PERFORMANCE

Return after charges	11.23%	24.93%	12.13%
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OTHER INFORMATION

Closing net asset value (£'000)	3,681	3,456	2,864
Closing number of shares	165,869	173,210	179,342
Operating charges	1.57%	1.58%	1.59%
Direct transaction costs	0.03%	0.03%	0.08%

PRICES

Highest share price	2,207.67	2,002.95	1,601.21
Lowest share price	1,850.02	1,582.22	1,180.08

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	2,139.05	1,699.44	1,504.23
Return before operating charges*	276.39	455.40	208.22
Operating charges	(18.19)	(15.79)	(13.01)
Return after operating charges	258.20	439.61	195.21
Distributions	(9.89)	(9.17)	(10.80)
Retained distributions on accumulation shares	9.89	9.17	10.80
Closing net asset value per share	2,397.25	2,139.05	1,699.44
* after direct transaction costs of:	0.78	0.52	1.20

PERFORMANCE

Return after charges	12.07%	25.87%	12.98%
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OTHER INFORMATION

Closing net asset value (£'000)	11,897	3,427	1,721
Closing number of shares	496,288	160,224	101,281
Operating charges	0.82%	0.83%	0.84%
Direct transaction costs	0.03%	0.03%	0.08%

PRICES

Highest share price	2,384.72	2,147.19	1,703.78
Lowest share price	1,995.99	1,686.49	1,252.01

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	2,215.36	1,753.41	1,546.18
Return before operating charges*	286.92	470.80	214.57
Operating charges	(10.36)	(8.85)	(7.34)
Return after operating charges	276.56	461.95	207.23
Distributions	(18.93)	(16.80)	(17.09)
Retained distributions on accumulation shares	18.93	16.80	17.09
Closing net asset value per share	2,491.92	2,215.36	1,753.41
* after direct transaction costs of:	0.81	0.54	1.24

PERFORMANCE

Return after charges	12.48%	26.35%	13.40%
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OTHER INFORMATION

Closing net asset value (£'000)	199,179	193,156	142,252
Closing number of shares	7,992,961	8,718,964	8,112,863
Operating charges	0.45%	0.45%	0.46%
Direct transaction costs	0.03%	0.03%	0.08%

PRICES

Highest share price	2,479.03	2,223.75	1,757.85
Lowest share price	2,073.67	1,741.36	1,289.86

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife North American Fund	11.06	59.68	92.38
Bloomberg North America Large & Mid Cap Total Return Index ¹	(4.59)	55.87	86.79

¹ Source: Bloomberg.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 335 and 336.

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 CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	TECHNOLOGY – 28.82% (15.08.21 – 26.51%)		
10,748	Adobe	4,013	1.87
87,260	Alphabet 'A'	8,820	4.11
84,312	Apple	12,087	5.63
6,520	Broadcom	3,017	1.40
29,295	Cadence Design Systems	4,682	2.18
53,309	Cisco Systems	2,056	0.96
26,298	DocuSign	1,651	0.77
15,448	Meta Platforms	2,313	1.08
51,394	Microsoft	12,488	5.81
19,670	Nvidia	3,099	1.44
19,428	Salesforce	3,071	1.43
56,972	ViaSat	1,900	0.89
28,707	Zoom Video Communications	2,688	1.25
	TOTAL TECHNOLOGY	61,885	28.82
	TELECOMMUNICATIONS – 0.69% (15.08.21 – 0.82%)		
96,747	AT&T	1,472	0.69
	HEALTH CARE – 11.72% (15.08.21 – 10.85%)		
8,812	Align Technology	2,088	0.97
25,648	Amedisys	2,612	1.21
14,382	Danaher	3,601	1.68
61,909	Exact Sciences	2,266	1.05
31,862	Johnson & Johnson	4,380	2.04
58,870	Pfizer	2,424	1.13
7,138	Stryker	1,327	0.62
6,255	Thermo Fisher Scientific	3,129	1.46
7,437	UnitedHealth	3,352	1.56
	TOTAL HEALTH CARE	25,179	11.72
	FINANCIALS – 12.52% (15.08.21 – 15.03%)		
26,256	American Express	3,594	1.67
68,837	Bank of America	2,065	0.96
31,282	Citigroup	1,400	0.65
46,210	JPMorgan Chase & Co	4,684	2.18
5,888	Mastercard	1,754	0.82

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
24,015	MetLife	1,339	0.63
52,567	PRA	1,681	0.78
25,961	Progressive	2,621	1.22
44,800	Truist Financial	1,907	0.89
11,185	Visa	2,004	0.93
101,406	Wells Fargo	3,840	1.79
	TOTAL FINANCIALS	26,889	12.52
	REAL ESTATE – 0.75% (15.08.21 – 3.73%)		
52,795	Weyerhaeuser	1,615	0.75
	CONSUMER DISCRETIONARY – 21.86% (15.08.21 – 18.76%)		
63,858	Amazon.com	7,570	3.52
75,118	BorgWarner	2,467	1.15
92,237	Camping World	2,389	1.11
43,638	Comcast 'A'	1,465	0.68
8,084	Costco	3,652	1.70
5,425	Home Depot	1,412	0.66
64,681	National Vision	1,907	0.89
16,738	Netflix	3,452	1.61
15,075	Nike 'B'	1,451	0.68
81,061	Pulte Homes	2,979	1.39
96,952	Sun Country Airlines	1,622	0.75
14,829	Take-Two Interactive Software	1,563	0.73
1,939	Tesla Motors	1,489	0.69
74,969	TJX	4,057	1.89
63,105	Wal-Mart Stores	6,930	3.23
24,609	Walt Disney	2,532	1.18
	TOTAL CONSUMER DISCRETIONARY	46,937	21.86
	CONSUMER STAPLES – 4.39% (15.08.21 – 3.61%)		
20,106	PepsiCo	2,984	1.39
22,977	Procter & Gamble	2,826	1.32
106,327	Walgreens Boots Alliance	3,614	1.68
	TOTAL CONSUMER STAPLES	9,424	4.39

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	INDUSTRIALS – 15.52% (15.08.21 – 12.30%)		
4,884	Accenture	1,295	0.60
21,058	Boeing	2,972	1.38
102,070	BWX Technologies	4,640	2.16
8,721	Caterpillar	1,414	0.66
53,317	Fidelity National Information Services	4,536	2.11
22,218	First Solar	2,174	1.01
89,647	Flowserve	2,592	1.21
26,979	Fortune Brands Home & Security	1,541	0.72
217,547	Hillman Solutions	1,810	0.84
13,451	Illinois Tool Works	2,382	1.11
12,403	Lennox International	2,745	1.28
168,433	NuScale Power	2,086	0.97
23,865	PayPal	2,006	0.94
5,797	Union Pacific	1,143	0.53
	TOTAL INDUSTRIALS	33,336	15.52
	BASIC MATERIALS – 2.79% (15.08.21 – 2.41%)		
144,449	Cameco	2,993	1.39
21,269	Lyondellbasell Industries 'A'	1,594	0.74
37,208	Newmont Mining	1,415	0.66
	TOTAL BASIC MATERIALS	6,002	2.79
	ENERGY – 0.67% (15.08.21 – 3.10%)		
48,693	Schlumberger	1,441	0.67
	UTILITIES – 0.00% (15.08.21 – 1.55%)	–	–
	Portfolio of investments	214,180	99.73
	Net other assets	577	0.27
	Net assets	214,757	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.

LF CANLIFE NORTH AMERICAN FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 16)	87,913	Total sales for the year £'000 (note 16)	102,030
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Vanguard S&P 500 UCITS ETF	6,035	Vanguard S&P 500 UCITS ETF	5,765
Wal-Mart Stores	3,646	ExxonMobil	4,618
BWX Technologies	3,534	Apple	4,214
Schlumberger	3,377	AmerisourceBergen	3,933
Amedisys	3,313	Clearway Energy	3,776
Pulte Homes	2,986	Merck & Co	3,750
Netflix	2,586	ConocoPhillips	3,569
Zoom Video Communications	2,492	Alexandria Real Estate Equities	3,446
LHC	2,408	First Solar	3,105
Flowserve	2,165	Duke Energy	2,955

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

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital gains	3		24,003		42,178
Revenue	4	3,010		2,789	
Expenses	5	(1,008)		(921)	
Interest payable and similar charges	7	(2)		(6)	
Net revenue before taxation		2,000		1,862	
Taxation	6	(410)		(381)	
Net revenue after taxation			1,590		1,481
Total return before distributions			25,593		43,659
Distributions	8		(1,621)		(1,492)
Change in net assets attributable to shareholders from investment activities			23,972		42,167

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			207,339		153,046
Amounts receivable on issue of shares		53,445		47,183	
Amounts payable on redemption of shares		(71,561)		(36,554)	
			(18,116)		10,629
Dilution levy	1(H)		–		3
Change in net assets attributable to shareholders from investment activities			23,972		42,167
Retained distributions on Accumulation shares	8		1,562		1,494
Closing net assets attributable to shareholders			214,757		207,339

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		214,180	204,586
Current assets			
Debtors	9	1,269	224
Cash and bank balances	10	2,213	3,368
Total assets		<u>217,662</u>	<u>208,178</u>
LIABILITIES			
Creditors			
Bank overdraft	10	–	(73)
Other creditors	11	(2,905)	(766)
Total liabilities		<u>(2,905)</u>	<u>(839)</u>
Net assets attributable to shareholders		<u>214,757</u>	<u>207,339</u>

LF CANLIFE NORTH AMERICAN FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year.

3. Net Capital Gains

The net capital gains during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	23,744	42,016
Transaction charges	(3)	(3)
Currency gains	159	149
Property gains on US REITs	103	16
Net capital gains	<u>24,003</u>	<u>42,178</u>

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	2,910	2,683
Taxable dividends	62	106
Bank interest	4	–
Stock lending revenue	34	–
Total revenue	<u>3,010</u>	<u>2,789</u>

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	863	784
Legal and professional fees	7	7
Typesetting costs	2	2
Registration and dealing fees	67	61
	939	854
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	53	51
Safe custody and other bank charges	7	7
	60	58
Other expenses:		
Audit fees	9	9
Total expenses	1,008	921

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	410	381
Current tax charge	410	381
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	410	381

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	2,000	1,862
Corporation tax at 20%	400	372
Effects of:		
Non-taxable dividends	(582)	(537)
Foreign tax expensed	(5)	(3)
Property gains on US REITs	20	4
Prior year adjustment	–	6
Unutilised excess management expenses	167	158
Corporation tax charge	–	–
Overseas tax	410	381
Total tax charge (note 6a)	410	381

c) Deferred tax

At the year end there is a potential deferred tax asset of £1,716,000 (15.08.21: £1,549,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	2	6
Total interest payable and similar charges	2	6

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Final	1,562	1,494
	1,562	1,494
Add: Revenue deducted on redemption of shares	203	117
Deduct: Revenue received on issue of shares	(144)	(119)
Net distributions for the year	1,621	1,492

Details of the distributions per share are set out in the table on pages 335 and 336.

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	1,590	1,481
Allocations to capital:		
Tax relief on property gains on US REITs	20	4
Revenue deficit – 'A' Accumulation	11	7
	31	11
Net distributions for the year	1,621	1,492

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	14	15
Sales awaiting settlement	1,119	–
Accrued revenue:		
Stock lending revenue	7	–
Non-taxable dividends	128	208
	135	208

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Taxation recoverable:		
Overseas withholding tax	1	1
Total debtors	1,269	224

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	2,213	3,368
Total cash and bank balances	2,213	3,368
Bank overdraft	–	73
Total bank overdraft	–	73

11. Other Creditors

	15.08.22 £'000	15.08.21 £'000
Amounts payable for redemption of shares	2,846	631
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	36	107
Typesetting costs	1	1
Registration and dealing fees	9	8
	46	116
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	7
Transaction charges	1	1
Safe custody and other bank charges	1	1
	4	9
Other expenses	9	10
Total other creditors	2,905	766

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 322 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 197,010 (15.08.21: 219,977) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 6,865,732 (15.08.21: 7,457,848) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 7,488,031 (15.08.21: 8,133,048) 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:

Canada Life Asset Management Limited and its associates	86.52% (15.08.21: 86.51%)
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13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

14. Shares in Issue

	'A' Accumulation	'B' Accumulation ¹	'C' Accumulation	'G' Accumulation
Annual Management Charge	1.50%	1.00%	0.75%	0.375%
Opening shares in issue	173,210	349,182	160,224	8,718,964
Issues	7,078	106	1,779,912	326,290
Redemptions	(14,419)	(2,571)	(1,778,626)	(1,052,293)
Conversions	–	(346,717)	334,778	–
Closing shares in issue	165,869	–	496,288	7,992,961

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

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE NORTH AMERICAN FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

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.

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value.

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

The table below shows the direct foreign currency risk profile:

	15.08.22 £'000	15.08.21 £'000
Currency:		
US dollars	216,832	204,721
Pounds sterling	(2,075)	2,618
Net assets	214,757	207,339

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 £10,842,000 on the net assets of the Fund (15.08.21: £10,236,000).

(D) LEVERAGE

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

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 99.21% of the portfolio can be liquidated within 5 days and 99.21% within 21 working days (15.08.21: 100% within 5 days and 100% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £10,709,000 (15.08.21: £10,229,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

16. Portfolio Transaction Costs

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.22				
Ordinary shares	81,848	30	–	81,878
Collective investment schemes	6,035	–	–	6,035
Purchases total	87,883	30	–	87,913
<i>Transaction cost % of purchases total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	
Ordinary shares	96,307	(41)	(1)	96,265
Collective investment schemes	5,765	–	–	5,765
Sales total	102,072	(41)	(1)	102,030
<i>Transaction cost % of sales total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		0.02%	–	

Average portfolio dealing spread at 15.08.22 is 0.03% (15.08.21: 0.02%).

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.21				
Ordinary shares	67,930	27	–	67,957
Collective investment schemes	6,695	–	–	6,695
Purchases total	74,625	27	–	74,652
<i>Transaction cost % of purchases total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		0.02%	–	
Ordinary shares	56,001	(23)	(1)	55,977
Collective investment schemes	7,241	–	–	7,241
Sales total	63,242	(23)	(1)	63,218
<i>Transaction cost % of sales total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

17. Fair Value Hierarchy

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

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

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

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

The investments held by the Fund at the end of the current and prior year are ordinary shares categorised as Level 1.

18. Subsequent Events

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

Share class	Balance sheet date	05.12.22	Movement
'A' Accumulation	2,207.67	2,045.63	(7.34)%
'C' Accumulation	2,384.72	2,214.77	(7.13)%
'G' Accumulation	2,479.03	2,304.89	(7.02)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 9 December 2022.

LF CANLIFE NORTH AMERICAN FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Final
From	16.08.22
To	15.08.22

‘A’ ACCUMULATION SHARES

There were no distributions allocated in the current or prior year.

‘B’ ACCUMULATION SHARES¹

There were no interim distributions allocated in the current or prior year.

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	4.2848
Group 2	N/A	N/A	N/A	4.2848

‘C’ ACCUMULATION SHARES

There were no interim distributions allocated in the current or prior year

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	9.8882	–	9.8882	9.1749
Group 2	9.8882	0.0000	9.8882	9.1749

¹ On 17 September 2021, ‘B’ share class holdings were converted to the equivalent ‘C’ share class and the ‘B’ share class closed.

LF CANLIFE NORTH AMERICAN FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

‘G’ ACCUMULATION SHARES

There were no interim distributions allocated in the current or prior year

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	18.9265	–	18.9265	16.7978
Group 2	7.5277	11.3988	18.9265	16.7978

LF CANLIFE SHORT DURATION CORPORATE BOND FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Short Duration Corporate Bond Fund ('the Fund') is to provide an income and the potential for capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest, directly and/or indirectly, at least 80% of the assets by value worldwide, in sterling denominated investment grade corporate bonds with an effective maturity of 5 years or less.

The Fund may also invest up to 20% of the assets by value, worldwide in other debt securities (including government and public securities, non-sterling denominated bonds, non-investment grade bonds), money market instruments, deposits and cash.

Bonds are rated to indicate the probability that the issuer will repay the loan. Investment grade bonds are considered to have a lower risk of the issuer not repaying the loan.

Credit ratings are internally derived and assigned by Canada Life Asset Management. They will generally be in line with the major external rating agencies and should not be higher than the highest external rating agency rating.

The Fund can invest across different industry sectors and geographical regions without limitation.

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

Investment in collective investment schemes is limited to 10% of the assets by value.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the Markit iBoxx UK GBP Non-Gilts 1-5 Years Total Return Index.

The Fund's performance may be compared against the Markit iBoxx UK GBP Non-Gilts 1-5 Years Total Return Index. The ACD believes that this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against UK Sterling Non-Gilts bond returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Short Duration Corporate Bond Fund

9 December 2022

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Inflation, rising interest rates and Russia's invasion of Ukraine were the three key challenges for fixed income during the review period. Initial predictions that inflation would be 'transitory', as per US Federal Reserve ('the Fed') chairman Jerome Powell, proved to be incorrect and were soon upgraded to a more enduring issue for the global economy.

In the US, the Fed began tilting its monetary policy towards fighting inflation in the second half of 2021, signalling that interest rate rises were required to rein in inflation. The Fed was not alone in its thinking, with all major economies and central banks, excluding the European Central Bank ('the ECB'), communicating the need for action. Against this backdrop, bond yields began to rise in the closing months of 2021 as investors anticipated an environment of higher inflation and rising interest rates.

The advent of Spring marked the beginning of a particularly taxing period for fixed income investors. In February, Russia commenced its invasion of Ukraine, sparking a surge in oil, gas and grain prices, which pushed inflation rates up even higher and caused a cost-of-living crisis. Headline inflation rates in many parts of the world soared to levels not seen since the early 1980s as strong consumer demand continued to encounter ongoing supply chain disruptions. In the UK, inflation reached 10.1% by the end of the period, while in the US it climbed as high as 8.6% and in the eurozone it reached a historic high of 8.9%.

Major central banks such as the Fed and the Bank of England sought to reel in rising consumer prices by further tightening monetary policy, raising interest rates and reaffirming their commitment to get inflation under control even at the cost of precipitating a recession. The ECB also took on a more aggressive stance towards inflation. Having previously signalled that it would not raise interest rates until the final three months of the year, after it finished winding down its asset purchasing programme, it changed course and delivered a 50 basis point hike at its July meeting.

Over the period, corporate bonds underperformed their government counterparts, driven first by a souring of risk sentiment due to rapid emergence of the Omicron variant of COVID-19. The fears around its severity were assuaged in December with better-than-expected hospital admission numbers and death figures. The next big sell off was driven primarily by recessionary fears on the back of central banks' rapid shift in policy stance to raising rates, ending quantitative easing and potentially beginning quantitative tightening earlier.

Fund Review

Over the review period, the Fund benefitted from its short duration positioning as gilt yields began to rise. Security selection played a key role in this, with our allocations towards the financial and energy sectors adding value to the portfolio.

Our key themes of note, particularly across the latter portion of the review period, were lengthening exposure to take advantage of higher yields, and adding high-quality credit that will be resilient during any potential economic downturn.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Of the former, Toyota, DNB Norway and Lloyds of London are each good examples of where we have taken the opportunity to lengthen with good quality issuers.

In addition, we have also added Heathrow bonds to the portfolio – a play on the recovery of the air travel industry.

Outlook

It has become clear that the inflation we are seeing is unlikely to evaporate quickly, as was first described by policymakers. As such, we anticipate a continuation in the monetary tightening cycles witnessed in the US, UK and, latterly, in Europe. Despite this, we don't expect to see the same degree of downward movement in bond prices given that UK bond markets are already pricing in a terminal rate in the region of 4% for bank rates. As yields have risen sharply this year we have been reducing our short duration position. Once we believe yields have peaked, we would be looking to increase duration further. We expect this to happen as we approach the end of the current rate-hiking cycle.

Valuations for short-dated corporate bonds are attractive, with yields currently higher than they have been since the financial crisis. Despite these attractive valuations, we still believe this environment requires a cautious approach. High inflation and rising interest rates have considerably increased the probability of a recession. As such we remain wary of more cyclical and heavily indebted companies and are looking to avoid credits that are highly reliant on discretionary spending or highly exposed to the worst of the cost increases. We remain positive on well-capitalised banks and insurance companies, whose earnings benefit from higher interest rates.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

23 September 2022

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

The Fund has been classed as 2 because its volatility has been measured as low to medium.

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Emerging Market Risk: The Fund may invest in emerging markets, which are markets in countries that are developing. Emerging markets may have more political and economic risks than developed markets, resulting in price movements that may cause a loss to the Fund.

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

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

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investor's redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. bonds) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	94.96	94.97	96.60
Return before operating charges*	(3.76)	2.73	1.41
Operating charges	(0.35)	(0.53)	(0.56)
Return after operating charges	(4.11)	2.20	0.85
Distributions	(2.00)	(2.21)	(2.48)
Closing net asset value per share	88.85	94.96	94.97
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(4.34)%	2.32%	0.88%
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OTHER INFORMATION

Closing net asset value (£'000)	208	265	475
Closing number of shares	234,351	279,603	500,178
Operating charges	0.38%	0.55% ¹	0.58%
Direct transaction costs	–	–	–

PRICES

Highest share price	95.34	96.61	98.07
Lowest share price	88.77	95.22	92.21

¹ Effective 25 June 2021, the Annual Management Charge was reduced from 0.50% to 0.30%.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	106.63	104.22	103.31
Return before operating charges*	(4.23)	2.99	1.51
Operating charges	(0.40)	(0.58)	(0.60)
Return after operating charges	(4.63)	2.41	0.91
Distributions	(2.25)	(2.43)	(2.67)
Retained distributions on accumulation shares	2.25	2.43	2.67
Closing net asset value per share	102.00	106.63	104.22
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(4.34)%	2.31%	0.88%
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OTHER INFORMATION

Closing net asset value (£'000)	179	81	259
Closing number of shares	175,019	75,947	248,519
Operating charges	0.38%	0.55% ¹	0.58%
Direct transaction costs	–	–	–

PRICES

Highest share price	107.05	107.00	104.89
Lowest share price	100.69	104.54	99.87

¹ Effective 25 June 2021, the Annual Management Charge was reduced from 0.50% to 0.30%.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'I' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	97.10	96.85	98.20
Return before operating charges*	(3.85)	2.77	1.44
Operating charges	(0.27)	(0.27)	(0.27)
Return after operating charges	(4.12)	2.50	1.17
Distributions	(2.04)	(2.25)	(2.52)
Closing net asset value per share	90.94	97.10	96.85
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(4.24)%	2.58%	1.19%
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OTHER INFORMATION

Closing net asset value (£'000)	143	371	559
Closing number of shares	157,414	381,945	577,587
Operating charges	0.28%	0.28%	0.28%
Direct transaction costs	–	–	–

PRICES

Highest share price	97.49	98.65	99.84
Lowest share price	90.84	97.15	93.92

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'I' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	107.53	104.81	103.59
Return before operating charges*	(4.28)	3.02	1.51
Operating charges	(0.30)	(0.30)	(0.29)
Return after operating charges	(4.58)	2.72	1.22
Distributions	(2.28)	(2.46)	(2.68)
Retained distributions on accumulation shares	2.28	2.46	2.68
Closing net asset value per share	102.95	107.53	104.81
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(4.26)%	2.60%	1.18%
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OTHER INFORMATION

Closing net asset value (£'000)	371	804	1,837
Closing number of shares	360,423	747,409	1,752,157
Operating charges	0.28%	0.28%	0.28%
Direct transaction costs	–	–	–

PRICES

Highest share price	107.96	107.89	105.34
Lowest share price	101.61	105.14	100.31

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	107.71	105.00	103.77
Return before operating charges*	(4.28)	3.01	1.52
Operating charges	(0.30)	(0.30)	(0.29)
Return after operating charges	(4.58)	2.71	1.23
Distributions	(2.28)	(2.46)	(2.68)
Retained distributions on accumulation shares	2.28	2.46	2.68
Closing net asset value per share	103.13	107.71	105.00
* after direct transaction costs of:	—	—	—

PERFORMANCE

Return after charges	(4.25)%	2.58%	1.19%
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OTHER INFORMATION

Closing net asset value (£'000)	173,677	180,286	166,150
Closing number of shares	168,400,079	167,374,385	158,243,974
Operating charges	0.28%	0.28%	0.28%
Direct transaction costs	—	—	—

PRICES

Highest share price	108.15	108.08	105.52
Lowest share price	101.79	105.32	100.49

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Short Duration Corporate Bond Fund	(4.41)	(1.38)	0.53
Markit iBoxx UK GBP Non-Gilts 1-5 Years Total Return Index ¹	(5.32)	(1.84)	1.54

¹ Source: Morningstar Direct.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 364 and 365.

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 CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	DEBT SECURITIES – 94.84% (15.08.21 – 97.15%)		
	GOVERNMENT BONDS – 4.77% (15.08.21 – 3.61%)		
£4,500,000	CPPIB Capital 0.875% 17/12/2024	4,331	2.48
£1,600,000	Ontario (Province of) 2.25% 26/5/2026	1,570	0.90
£2,600,000	UK Treasury 0.375% 22/10/2026	2,435	1.39
	TOTAL GOVERNMENT BONDS	8,336	4.77
	CORPORATE BONDS – 90.07% (15.08.21 – 93.54%)		
£1,750,000	3i 6.875% 9/3/2023	1,779	1.02
£2,800,000	AA Bond 4.875% 31/7/2043	2,776	1.59
£1,770,000	Admiral 5.5% 25/7/2024	1,784	1.02
£2,000,000	Annington Funding 2.646% 12/7/2025	1,929	1.11
£2,000,000	Australia & New Zealand Banking 1.809% <i>floating rate</i> notes 16/9/2031	1,770	1.01
£2,000,000	AXA 5.453% <i>Perpetual</i>	2,017	1.16
£2,500,000	Bank of Montreal 1% 9/9/2026	2,259	1.29
£2,000,000	Banque Federative du Credit Mutuel 1.25% 5/12/2025	1,866	1.07
£2,000,000	Barclays 1.7% 3/11/2026	1,840	1.05
£2,750,000	BAT International Finance 7.25% 12/3/2024	2,861	1.64
£2,500,000	BHP Billiton Finance 6.5% 22/10/2077	2,503	1.43
£3,000,000	Blackstone Property Partners Europe 2% 20/10/2025	2,727	1.56
£2,000,000	BMW International 0.75% 8/3/2024	1,924	1.10
£2,300,000	BNP Paribas 2% 24/5/2031	2,073	1.19
£3,000,000	Canadian Imperial Bank of Commerce 1.875% 27/1/2026	2,840	1.63
£2,000,000	Coventry Building Society 1% 21/9/2025	1,855	1.06
£2,000,000	Deutsche Bank 4% 24/6/2026	1,943	1.11
£1,000,000	Deutsche Pfandbriefbank 2.4593% <i>floating rate</i> notes 29/9/2023	1,006	0.58
£2,000,000	DNB Bank 4% 17/8/2027	1,995	1.14
£650,000	Edinburgh Investment Trust 7.75% 30/9/2022	653	0.37
£1,500,000	Euroclear Bank 1.25% 30/9/2024	1,431	0.82
£2,000,000	Fidelity 7.125% 13/2/2024	2,080	1.19
£3,000,000	FMS Wertmanagement AoER 1.25% 19/6/2025	2,903	1.66
£2,000,000	Gatwick Funding 6.125% 2/3/2028	2,140	1.23
£2,000,000	Goldman Sachs 7.125% 7/8/2025	2,186	1.25
£1,700,000	Heathrow Funding 6.75% 03/12/2026	1,877	1.08

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£2,000,000	Hiscox 2% 14/12/2022	1,990	1.14
£846,658	Housing Association Funding 8.25% 7/6/2027	951	0.55
£2,032,708	Housing Finance Corporation 8.625% 13/11/2023	2,154	1.23
£3,000,000	HSBC 1.75% 24/7/2027	2,721	1.56
£400,842	Income Contingent Student Loans 2.8519% <i>floating rate</i> notes 24/7/2056	400	0.23
£2,478,210	Integrated Accommodation Service 6.48% 31/3/2029	2,751	1.58
£3,220,000	Intu Metrocentre Finance 8.75% 6/12/2028	1,613	0.92
£1,500,000	John Lewis 6.125% 21/1/2025	1,546	0.89
£3,000,000	JPMorgan Chase & Co 0.991% 28/4/2026	2,791	1.60
£4,000,000	Kreditanstalt Fur Wiederaufbau 0.875% 15/9/2026	3,756	2.15
£1,664,000	Lanark Master Issuer 1.9368% <i>floating rate</i> notes 22/12/2069	1,665	0.95
£3,000,000	Land Securities Capital Markets 1.974% 8/2/2026	2,946	1.69
£2,000,000	Leeds Building Society 1.5% 16/3/2027	1,823	1.04
£2,349,000	Legal & General 5.375% 27/10/2045	2,387	1.37
£2,500,000	Lloyds Bank Corporate Markets 1.75% 11/7/2024	2,417	1.39
£2,205,060	Marstons Issuer 2.9861% <i>floating rate</i> notes 15/10/2027	1,994	1.14
£616,439	Mitchells & Butlers Finance 5.965% 15/12/2025	619	0.35
£1,667,139	Mitchells & Butlers Finance 6.013% 15/12/2030	1,685	0.97
£2,400,000	National Australia Bank 1.699% 15/9/2031	2,110	1.21
£2,620,000	Nationwide Building Society 6.25% <i>Perpetual</i>	2,790	1.60
£2,000,000	NatWest Markets 2.105% 28/11/2031	1,775	1.02
£2,000,000	NatWest Markets 5.125% 13/1/2024	2,068	1.19
£3,000,000	Nestlé 2.125% 4/4/2027	2,908	1.67
£2,000,000	New York Life Global Funding 1.25% 17/12/2026	1,836	1.05
£2,000,000	Next 4.375% 2/10/2026	1,994	1.14
£2,550,000	NGG Finance 5.625% <i>floating rate</i> notes 18/6/2073	2,474	1.42
£1,500,000	OP Corporation 3.375% 14/1/2026	1,491	0.85
£3,000,000	PACCAR Financial Europe 2.375% 15/3/2025	2,899	1.66
£2,750,000	Phoenix Capital 6.625% 18/12/2025	2,862	1.64
£2,000,000	RL Finance 6.125% <i>floating rate</i> notes 30/11/2043	2,030	1.16
£2,500,000	Santander Issuances 1.5% 14/4/2026	2,266	1.30
£1,500,000	Santander UK 2.92% 8/5/2026	1,444	0.83
£2,000,000	Santander UK 5.75% 2/3/2026	2,206	1.26
£2,500,000	Severn Trent Utilities Finance 6.125% 26/2/2024	2,599	1.49

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£2,052,000	Silverstone Master Issuer 2.3296% <i>floating rate notes</i> 21/1/2070	2,054	1.18
£3,500,000	Society of Lloyd's 4.875% 7/2/2047	3,464	1.98
£800,000	Svenska Handelsbanken 4.625% 23/8/2022	799	0.46
£2,086,308	Telereal Secured Finance 4.01% 10/12/2033	2,083	1.19
£1,900,000	Toronto-Dominion Bank 2.875% 5/4/2027	1,835	1.05
£3,000,000	Toyota Finance Australia 3.92% 28/6/2027	3,053	1.75
£972,000	TP ICAP 5.25% 26/1/2024	961	0.55
£2,601,624	Unique Pub Finance 5.659% 30/6/2027	2,698	1.55
£3,000,000	Unite Usaf II 3.921% 30/6/2030	3,062	1.75
£1,200,000	Volkswagen Financial Services 0.875% 20/2/2025	1,103	0.63
£1,300,000	Volkswagen Financial Services 3.25% 13/4/2027	1,234	0.71
£2,000,000	Wells Fargo 5.25% 1/8/2023	2,027	1.16
£2,500,000	Westpac Banking 2.3688% <i>floating rate notes</i> 16/3/2026	2,536	1.45
£2,000,000	Yorkshire Building Society 3% <i>floating rate notes</i> 18/4/2025	1,957	1.12
£3,400,000	Zurich Finance UK 6.625% <i>floating rate notes Perpetual</i>	3,392	1.94
	TOTAL CORPORATE BONDS	157,236	90.07
	TOTAL DEBT SECURITIES	165,572	94.84
	MONEY MARKETS – 2.29% (15.08.21 – 0.00%)		
4,000,000	BlackRock ICS Sterling Liquidity ¹	4,000	2.29
	Portfolio of investments	169,572	97.13
	Net other assets	5,006	2.87
	Net assets	174,578	100.00

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

¹ Collective investment scheme.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000	70,327	Total sales for the year £'000	68,235
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
UK Treasury 0.375% 22/10/2026	6,461	Society of Lloyd's 4.75% 30/10/2024	4,225
Kreditanstalt Fur Wiederaufbau 0.875% 15/9/2026	3,838	UK Treasury 0.375% 22/10/2026	3,830
Society of Lloyd's 4.875% 7/2/2047	3,636	Kreditanstalt Fur Wiederaufbau 1.375% 9/12/2024	3,458
Deutsche Bank 4% 24/6/2026	3,188	European Investment Bank 1.0503% <i>floating rate notes</i>	3,388
Toyota Finance Australia 3.92% 28/6/2027	3,000	DNB Bank 1.375% 12/6/2023	3,186
Blackstone Property Partners Europe 2% 20/10/2025	2,997	Imperial Brands Finance 9% 17/2/2022	3,111
PACCAR Financial Europe 2.375% 15/3/2025	2,992	Petróleos Mexicanos 8.25% 2/6/2022	3,062
Nestlé 2.125% 4/4/2027	2,990	Munich Re 6.625% <i>floating rate notes</i> 26/5/2042	3,000
Canadian Imperial Bank of Commerce 1.875% 27/1/2026	2,989	Toyota Motor Credit 0.75% 19/12/2025	2,721
FMS Westmanagement AoeR 1.25% 19/6/2025	2,945	Deutsche Pfandbriefbank 2.4593% <i>floating rate notes</i> 29/9/2023	2,519

In addition to the above, purchases totalling £8,502,000 and sales totalling £4,502,000 were made in short term investments during the year.

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

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital (losses)/gains	3		(10,961)		879
Revenue	4	3,816		4,043	
Expenses	5	(491)		(488)	
Interest payable and similar charges	7	(1)		–	
Net revenue before taxation		3,324		3,555	
Taxation	6	–		–	
Net revenue after taxation			3,324		3,555
Total return before distributions			(7,637)		4,434
Distributions	8		(3,815)		(4,043)
Change in net assets attributable to shareholders from investment activities			(11,452)		391

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders		181,807		169,280
Amounts receivable on issue of shares	21,613		36,095	
Amounts payable on redemption of shares	(21,211)		(28,039)	
		402		8,056
Change in net assets attributable to shareholders from investment activities		(11,452)		391
Retained distributions on Accumulation shares		3,821		4,080
Closing net assets attributable to shareholders		174,578		181,807

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		169,572	176,623
Current assets			
Debtors	9	3,516	2,554
Cash and bank balances	10	4,328	3,122
Total assets		<u>177,416</u>	<u>182,299</u>
LIABILITIES			
Creditors			
Distribution payable	11	(4)	(7)
Other creditors	11	(2,834)	(485)
Total liabilities		<u>(2,838)</u>	<u>(492)</u>
Net assets attributable to shareholders		<u>174,578</u>	<u>181,807</u>

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policies described below have also been applied to this Fund.

The Fund has satisfied the qualifying investments test of Section 493 of the Corporation Taxes Act 2009, throughout the year. All distributions made are therefore made as gross interest distributions.

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

3. Net Capital (Losses)/Gains

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

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(10,960)	879
Transaction charges	(1)	–
Net capital (losses)/gains	(10,961)	879

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Taxable dividends	1	–
Interest on debt securities	3,804	4,043
Bank interest	3	–
Stock lending revenue	8	–
Total revenue	3,816	4,043

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	353	352
Legal and professional fees	9	9
Typesetting costs	2	2
Registration and dealing fees	55	55
	419	418
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	50	50
Safe custody and other bank charges	12	10
	62	60
Other expenses:		
Audit fees	10	10
Total expenses	491	488

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	—	—
Current tax charge	—	—
Deferred tax – origination and reversal of timing differences (note 6c)	—	—
Total taxation (note 6b)	—	—

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	3,324	3,555
Corporation tax at 20%	665	711
Effects of:		
Tax deductible interest distributions	(665)	(711)
Corporation tax charge	—	—
Total tax charge (note 6a)	—	—

c) Deferred tax

There is no deferred tax asset recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	1	—
Total interest payable and similar charges	1	—

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	1,748	2,016
Final	2,081	2,079
	3,829	4,095
Add: Revenue deducted on redemption of shares	82	162
Deduct: Revenue received on issue of shares	(96)	(214)
Net distributions for the year	3,815	4,043

Details of the distributions per share are set out in the table on pages 364 and 365.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	3,324	3,555
Allocations to capital:		
Expenses	491	488
Net distributions for the year	3,815	4,043

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	440	2
Sales awaiting settlement	814	–
Accrued revenue:		
Taxable dividends	2	–
Interest from debt securities	2,260	2,552
	2,262	2,552
Total debtors	3,516	2,554

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	4,328	3,122
Total cash and bank balances	4,328	3,122

11. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	4	7
Other Creditors		
Amounts payable for redemption of shares	–	410

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Purchases awaiting settlement	2,798	–
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	14	47
Typesetting costs	1	1
Registration and dealing fees	7	7
	22	55
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	7
Safe custody and other bank charges	1	2
	3	9
Other expenses	11	11
Total other creditors	2,834	485

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 352 and amounts due at the year end are disclosed in note 9.

Funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 52,812,702 (15.08.21: 58,232,720) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 110,448,230 (15.08.21: 110,572,038) of the Fund's shares at the balance sheet date.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

Canada Life Asset Management Limited and its associates	65.23% (15.08.21: 65.48%)
The Bank of New York (Nominees) Limited	33.93% (15.08.21: 33.34%)

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

14. Shares in Issue

	'C' Income	'C' Accumulation	'I' Income
Annual Management Charge	0.30%	0.30%	0.20%
Opening shares in issue	279,603	75,947	381,945
Issues	58,598	190,166	–
Redemptions	(103,850)	(91,094)	(224,531)
Closing shares in issue	<u>234,351</u>	<u>175,019</u>	<u>157,414</u>

	'I' Accumulation	'G' Accumulation
Annual Management Charge	0.20%	0.20%
Opening shares in issue	747,409	167,374,385
Issues	–	20,368,230
Redemptions	(386,986)	(19,342,536)
Closing shares in issue	<u>360,423</u>	<u>168,400,079</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 CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

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

(A) CREDIT RISK

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

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

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

Credit Quality	15.08.22 %	15.08.21 %
Investment grade debt securities	81.13	82.87
Non-investment grade debt securities	6.62	7.78
Non-rated debt securities	7.09	6.50
Other investments	2.29	–
Net other assets	2.87	2.85
	<u>100.00</u>	<u>100.00</u>

(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.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes may expose the Fund to indirect interest rate risk to the extent that they may invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 15 August 2022 a one basis point change in the yield would have an impact of £42,000 on the direct net assets of the Fund (15.08.21: £45,000).

The table below shows the direct interest rate risk profile:

	15.08.22 £'000	15.08.21 £'000
Floating rate investments	25,278	36,940
Fixed rate investments	144,294	139,683
Total investments	169,572	176,623

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. The Fund does not have any significant exposure to foreign currency risk and therefore no foreign currency risk table or sensitivity analysis has been presented.

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 65.60% of the portfolio can be liquidated within 5 days and 96.74% within 21 working days (15.08.21: 32.15% within 5 days and 98.63% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £8,479,000 (15.08.21: £8,831,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

16. Portfolio Transaction Costs

Securities have been bought and sold at the dealt price with no further transaction costs added or deducted from purchases and sales respectively during the current or prior year.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

17. Fair Value Hierarchy

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

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

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

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

All investments in the current year are bonds and open-ended collective investment schemes categorised as Level 2.

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'C' INCOME SHARES

Interim	Gross Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	0.9249	–	0.9249	1.1096
Group 2	0.6178	0.3071	0.9249	1.1096

Final	Gross Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	1.0720	–	1.0720	1.0991
Group 2	0.7404	0.3316	1.0720	1.0991

'C' ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.0368	–	1.0368	1.2137
Group 2	0.7164	0.3204	1.0368	1.2137

Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.2176	–	1.2176	1.2197
Group 2	0.4663	0.7513	1.2176	1.2197

LF CANLIFE SHORT DURATION CORPORATE BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'I' INCOME SHARES

Interim	Gross Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	0.9471	–	0.9471	1.1311
Group 2	0.9471	0.0000	0.9471	1.1311
Final	Gross Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	1.0967	–	1.0967	1.1236
Group 2	1.0967	0.0000	1.0967	1.1236

'I' ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.0472	–	1.0472	1.2245
Group 2	1.0472	0.0000	1.0472	1.2245
Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.2282	–	1.2282	1.2311
Group 2	1.2282	0.0000	1.2282	1.2311

'G' ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.0497	–	1.0497	1.2263
Group 2	0.4891	0.5606	1.0497	1.2263
Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	1.2297	–	1.2297	1.2322
Group 2	0.8851	0.3446	1.2297	1.2322

LF CANLIFE STERLING SHORT TERM BOND FUND ACD'S REPORT

for the period from 30 June 2022 to 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Sterling Short Term Bond Fund ('the Fund') is to provide investors with stability of capital and income over any three year period. Capital invested is at risk and there is no guarantee the objective will be achieved over any time period.

The investment policy of the Fund is to invest, directly and/or indirectly, worldwide in sterling denominated short-term fixed income and variable rate bonds including money market instruments (which may include commercial paper, certificates of deposit, floating rate notes, short dated bonds and asset-backed commercial paper) with an effective maturity of 5 years or less. The Fund will typically allocate to between 40 and 80 issuers.

The Fund's allocation to direct and indirect investment is variable.

The Fund will hold a portfolio of high quality short-term fixed income and variable rate assets which are rated between AAA and BBB+, (rated between AAA and A at the point of purchase). Credit ratings are internal and assigned by Canada Life Asset Management. Ratings will generally be in line with the major external rating agencies and should not be higher than the highest rating of these. Canada Life Asset Management will assign ratings to assets that do not have an external rating.

The Fund may enter into reverse repurchase agreements on a short-term basis. The Fund will generally invest directly by investing in securities issued by companies and governments. The Fund may also invest indirectly in open ended collective investment schemes including shares of the LF Canlife Sterling Liquidity Fund, a Fund of the Company and instruments managed or advised by the ACD or the Investment Manager or their associates.

In adverse market conditions the Fund may be invested up to 100% in money market instruments.

The Fund will apply negative screening to the portfolio and will exclude any issuers that derive more than 10% of their revenue from either one, or a combination of the following unless in a specific green bond:

- Tobacco – The production, processing or distribution of tobacco products.
- Controversial weapons: The development, manufacture, maintenance or sale of all biological and chemical weapons, nuclear weapons, anti-personnel mines, depleted uranium, white phosphorus munitions and cluster weapons.
- Fossil Fuels – The mining, exploration and/or refinement.
- Tar/oil sands – The production or distribution.
- Thermal coal extraction – The extraction, production or distribution.

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the 3 Month Sterling Overnight Index Average Rate (SONIA) compounded in arrears.

The Fund's performance on a total return basis, i.e. income and capital may be compared against 3 Month Sterling Overnight Index Average Rate (SONIA) compounded in arrears. The comparator benchmark has been selected as the ACD considers it an appropriate measure for investors in evaluating the Fund's performance. The Investment Manager has discretion to select the Fund's investments and is not constrained by any benchmark in this process.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Sterling Short Term Bond Fund
9 December 2022

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the period from 30 June 2022 to 15 August 2022

Market Review

During the period, inflation continued to become more embedded in the system. The Consumer Price Index (CPI) rose to 9.4% in June and up to 10.1% in August. This steep rise in prices was fed by a worldwide fuel crisis and shortages, impacted both by the echoes of the pandemic and from the ongoing conflict in Ukraine (which began in February).

The Bank of England ('the BoE') had designs on getting inflation back under control and had reiterated that it would take whatever course of action was required in order to subdue inflation. As a result of the BoE's rate rises, the base rate settled at 1.75% at the end of the review period.

The market-implied one-year forward base rate continued its rapid upward trajectory, moving to 2.96% in June and 3.08% as at 15 August 2022.

Fund Review

The Fund was launched on 30 June 2022, and steadily invested to end of the review period with a weighted average maturity of 270 days and a duration of 1.5 years. From a positioning perspective, we maintained a consistent approach to investment and sector allocation. However, the portfolio has the flexibility to adjust weightings where we believe value will be added.

Our approach to navigating the current challenges is focused on ensuring short term liquidity, seeking good quality investments, and adding yield when and where we believe the risk/return equation justifies it.

We continue to focus on replacing our Floating Rate Note positions, particularly through AAA-rated covered bonds which may protect the Fund by locking in yield increases as interest rates rise. However, we only seek these at the right price, as we will continue to look for relative value in all purchases. We also seek yield where it is relatively attractive to do so, but any such investments are made with caution, with one eye on the potential for additional rate rises over and above expectations.

The Fund has a broad base of high-quality assets across fixed and floating rate bonds to make use of longer-dated high-yielding assets, while also allowing the Fund to adapt to short-term base rate hikes. As the cycle establishes itself further, we will review the Fund's sector allocation.

Outlook

Although the investment outlook remains highly uncertain, Purchasing Managers' Index (PMI) indices across Europe have remained above 50, which indicates growth. Meanwhile, monthly estimates of the UK's performance consistently underestimate the strength of the economy, most recently with 0.5% growth in June compared to a forecast of 0.1%.

The effects of rising fuel costs continue to work their way through into inflation and the oncoming price cap rise for fuel bills will have a two-fold impact, with individuals tackling affordability, while businesses will need to pass on the additional costs – which will further fuel inflation.

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Interest rates have been rising and further increases are warranted, starting with a further 50bp hike expected from the BoE in September. While this may temper demand and help ease inflationary pressures, given the level of indebtedness in the economy and the uncertain monetary time lags involved, we continue to believe that there is a risk that central banks may do too much, rather than too little.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

16 September 2022

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund may have risen and fallen in the past, and therefore how much a fund's returns may have varied. It is a measure of a fund's volatility. As the fund has less than 5 years price history, this calculation incorporates the volatility of an appropriate benchmark index. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

The Fund has been classed as 1 because its volatility has been measured as low.

This indicator may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Changes in Interest Rate Risk: A rise in interest rates generally causes money market asset prices to fall.

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

Liquidity Risk: The Fund may invest in assets where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

Information relates to the period from 30 June 2022 to 15 August 2022. The operating charges relate to the expenses incurred on an ex post basis over the period ending 15 August 2022, expressed as an annualised percentage of the average net asset value.

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 ¹ pence per share
Opening net asset value per share	100.00
Return before operating charges*	0.17
Operating charges	(0.02)
Return after operating charges	0.15
Distributions	(0.25)
Retained distributions on accumulation shares	0.25
Closing net asset value per share	100.15
* after direct transaction costs of:	–

PERFORMANCE

Return after charges	0.15%
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OTHER INFORMATION

Closing net asset value (£'000)	53,043
Closing number of shares	52,964,120
Operating charges	0.12% ²
Direct transaction costs	–

PRICES

Highest share price	100.34
Lowest share price	99.99

¹ From 30 June 2022.

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

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'I' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 ¹ pence per share
Opening net asset value per share	100.00
Return before operating charges*	0.16
Operating charges	(0.02)
Return after operating charges	0.14
Distributions	(0.24)
Retained distributions on accumulation shares	0.24
Closing net asset value per share	100.14
* after direct transaction costs of:	–

PERFORMANCE

Return after charges	0.14%
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OTHER INFORMATION

Closing net asset value (£'000)	50
Closing number of shares	50,250
Operating charges	0.15% ²
Direct transaction costs	–

PRICES

Highest share price	100.33
Lowest share price	99.99

¹ From 30 June 2022.

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

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance

As the Fund was launched less than one year ago, in accordance with FCA rules, no performance data is permitted to be reported.

Details of the distributions per share for the year are shown in the Distribution Table on page 388.

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 CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	DEBT SECURITIES – 85.14%		
	GOVERNMENT BONDS – 10.55%		
£1,000,000	BNG 2% 12/4/2024	988	1.86
£600,000	Caisse de dépôt 0.5% 21/7/2023	588	1.11
£600,000	CPPIB Capital 0.375% 25/7/2023	588	1.11
£500,000	CPPIB Capital <i>floating rate notes</i> 14/6/2026	518	0.98
£700,000	Development Bank of Japan 1.125% 28/4/2023	692	1.30
£1,000,000	Export Development Canada 0.885% <i>floating rate notes</i> 13/10/2022	1,000	1.88
£790,000	Nederlandse Waterschapsbank 0.875% 30/9/2026	737	1.39
£500,000	Ontario (Province of) 2.25% 26/5/2026	491	0.92
	TOTAL GOVERNMENT BONDS	5,602	10.55
	CORPORATE BONDS – 74.59%		
£800,000	Aareal Bank <i>floating rate notes</i> 29/4/2025	809	1.52
£1,000,000	Asian Development Bank <i>floating rate notes</i> 19/3/2024	1,002	1.89
£1,065,000	Bank of Montreal 1.03306% <i>floating rate notes</i> 16/4/2023	1,065	2.01
£1,075,000	Bank of Nova Scotia <i>floating rate notes</i> 26/1/2026	1,089	2.05
£1,000,000	Banque Fédérative du Crédit Mutuel 1.75% 19/12/2024	961	1.81
£1,000,000	Canadian Imperial Bank of Commerce <i>floating rate</i> <i>notes</i> 23/6/2026	1,016	1.91
£100,000	Canadian Imperial Bank of Commerce <i>floating rate</i> <i>notes</i> 28/10/2022	100	0.19
£800,000	Clydesdale Bank <i>floating rate notes</i> 22/3/2024	804	1.51
£945,000	Commonwealth Bank of Australia <i>floating rate notes</i> 16/1/2025	945	1.78
£1,000,000	Coventry Building Society 1.875% 24/10/2023	980	1.85
£504,000	Deutsche Bahn Finance 1.875% 13/2/2026	489	0.92
£400,000	Deutsche Pfandbriefbank 29/4/2024	403	0.76
£600,000	Deutsche Pfandbriefbank 29/9/2023	604	1.14
£600,000	Dexia Credit Local 0.5% 22/7/2023	587	1.10
£525,000	DNB Bank 1.375% 12/6/2023	516	0.97
£500,000	Euroclear Bank 1.25% 30/9/2024	477	0.90
£1,000,000	European Investment Bank 2.5% 31/10/2022	1,001	1.89
£700,000	FMS Wertmanagement AoER 1.125% 20/3/2023	694	1.31
£1,374,000	Henkel 0.875% 13/9/2022	1,372	2.58

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£600,000	HSBC <i>floating rate notes</i> 8/8/2023	602	1.13
£800,000	International Bank for Reconstruction & Development 0.9399% <i>floating rate notes</i> 4/10/2023	801	1.51
£1,000,000	Johnson & Johnson 5.5% 6/11/2024	1,061	2.00
£1,000,000	Kreditanstalt Fur Wiederaufbau 0.875% 18/7/2024	969	1.83
£750,000	Landwirtschaftliche Rentenbank 1.125% 15/12/2023	735	1.38
£866,000	Leeds Building Society <i>floating rate notes</i> 15/1/2025	868	1.63
£755,000	Lloyds Bank 7.5% 15/4/2024	805	1.52
£800,000	LVMH Moët Hennessy Louis Vuitton 1% 11/2/2023	793	1.49
£486,000	Motability Operations 3.75% 16/7/2026	502	0.94
£1,000,000	National Australia Bank <i>floating rate notes</i> 4/2/2025	999	1.88
£1,000,000	Nationwide Building Society <i>floating rate notes</i> 20/4/2026	1,000	1.88
£619,000	NatWest Markets 5.125% 13/1/2024	640	1.21
£300,000	Network Rail 4.75% 22/1/2024	309	0.58
£600,000	Network Rail Infrastructure Finance 3% 7/9/2023	603	1.14
£300,000	New York Life Global Funding 1.25% 17/12/2026	275	0.52
£750,000	New York Life Global Funding 1.75% 15/12/2022	748	1.41
£300,000	Nordea Eiendomskre <i>floating rate notes</i> 18/6/2023	300	0.57
£800,000	OP Corporation 3.375% 14/1/2026	795	1.50
£1,000,000	Oversea-Chinese Banking <i>floating rate notes</i> 14/3/2023	999	1.88
£301,000	PepsiCo 2.5% 1/11/2022	301	0.57
£1,144,000	Prudential 6.875% 20/1/2023	1,161	2.19
£816,000	Rabobank 4% 19/9/2022	817	1.54
£500,000	Royal Bank of Canada 1.290759% <i>floating rate notes</i> 3/10/2024	500	0.94
£600,000	Royal Bank of Canada <i>floating rate notes</i> 22/10/2026	610	1.15
£610,000	Royal Bank of Canada <i>floating rate notes</i> 30/01/2025	609	1.15
£800,000	Santander UK 1.01988% <i>floating rate notes</i> 12/2/2024	804	1.51
£500,000	Siemens Financieringsmaatschappij 0.875% 5/6/2023	492	0.93
£500,000	Siemens Financieringsmaatschappij 1% 20/2/2025	476	0.90
£800,000	Sparebank 1 Boligkreditt <i>floating rate notes</i> 14/11/2022	800	1.51
£750,000	Svenska Handelsbanken 2.75% 5/12/2022	750	1.41
£500,000	Toronto-Dominion Bank <i>floating rate notes</i> 22/4/2025	498	0.94
£650,000	Toyota Motor Finance Netherlands BV 1.375% 23/5/2023	640	1.20
£700,000	Wells Fargo 2.125% 20/12/2023	685	1.29

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£232,000	Westpac Banking 1.03375% <i>floating rate notes</i> 18/1/2023	232	0.44
£500,000	Westpac Banking 2.625% 14/12/2022	500	0.94
£1,000,000	Yorkshire Building Society 1.3107% <i>floating rate notes</i> 19/11/2023	1,003	1.89
	TOTAL CORPORATE BONDS	39,596	74.59
	TOTAL DEBT SECURITIES	45,198	85.14
	COMMERCIAL PAPERS – 4.30%		
500,000	Toronto-Dominion Bank 0% 2/5/2023	490	0.92
900,000	Transport for London 0% 7/9/2022	899	1.69
900,000	Paccar Financial 0% 31/8/2022	899	1.69
	TOTAL COMMERCIAL PAPERS	2,288	4.30
	CERTIFICATES OF DEPOSIT – 1.87%		
1,000,000	Nordea Bank 0% ECD 3/1/2023	991	1.87
	Portfolio of investments	48,477	91.31
	Net other assets	4,616	8.69
	Net assets	53,093	100.00

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

No comparative figures are presented for the Portfolio Statement as this is the Fund's first reporting period; the Fund launched on 30 June 2022.

LF CANLIFE STERLING SHORT TERM BOND FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the period from 30 June 2022 to 15 August 2022

Total purchases for the period £'000	45,701	Total sales for the period £'000	446
	Cost		Proceeds
Major purchases	£'000	Sales	£'000
Henkel 0.875% 13/9/2022	1,371	Transport for London 2.25% 9/8/2022	446
Prudential 6.875% 20/1/2023	1,167		
Bank of Nova Scotia <i>floating rate notes</i> 26/1/2026	1,091		
Johnson & Johnson 5.5% 6/11/2024	1,066		
Bank of Montreal 1.03306% <i>floating rate</i> <i>notes</i> 16/4/2023	1,066		
Canadian Imperial Bank of Commerce <i>floating rate notes</i> 23/6/2026	1,016		
Yorkshire Building Society 1.3107% <i>floating</i> <i>rate notes</i> 19/11/2023	1,003		
Asian Development Bank <i>floating rate notes</i> 19/3/2024	1,003		
European Investment Bank 2.5% 31/10/2022	1,003		
National Australia Bank <i>floating rate notes</i> 4/2/2025	1,001		

In addition to the above, purchases totalling £3,877,000 and sales totalling £600,000 were made in short term investments during the period.

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

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the period from 30 June 2022 to 15 August 2022

	Notes	£'000	15.08.22 £'000
Income:			
Net capital losses	3		(55)
Revenue	4	94	
Expenses	5	(6)	
Net revenue before taxation		88	
Taxation	6	–	
Net revenue after taxation			88
Total return before distributions			33
Distributions	7		(88)
Change in net assets			
attributable to shareholders			
from investment activities			(55)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the period from 30 June 2022 to 15 August 2022

	£'000	15.08.22 £'000
Opening net assets attributable to shareholders		–
Amounts receivable on issue of shares		53,016
Change in net assets attributable to shareholders from investment activities		(55)
Retained distributions on Accumulation shares		132
Closing net assets attributable to shareholders		53,093

No comparative figures are presented for the Statement of Total Return and the Statement of Change in Net Assets Attributable to Shareholders as this is the Fund's first annual reporting period; the Fund launched on 30 June 2022.

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000
ASSETS		
Fixed assets		
Investments		48,477
Current assets		
Debtors	8	362
Cash and bank balances	9	4,740
Total assets		<u>53,579</u>
LIABILITIES		
Creditors		
Other creditors	10	(486)
Total liabilities		<u>(486)</u>
Net assets attributable to shareholders		<u>53,093</u>

No comparative figures are presented for the Balance Sheet as this is the Fund's first annual reporting period; the Fund launched on 30 June 2022.

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the period from 30 June 2022 to 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 have been applied to the financial statements of the Fund in the current period.

2. Distribution Policies

The distribution policies described on page 49 have been applied to the financial statements of the Fund in the current period. The additional distribution policy described below has been applied to the Fund.

The Fund has satisfied the qualifying investments test of Section 493 of the Corporation Taxes Act 2009, throughout the period. All distributions made are therefore made as gross interest distributions.

3. Net Capital Losses

The net capital losses during the period comprise:

	For the period from 30.06.22 to 15.08.22 £'000
Non-derivative securities	(55)
Net capital losses	(55)

4. Revenue

	For the period from 30.06.22 to 15.08.22 £'000
Interest on debt securities	94
Total revenue	94

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 30 June 2022 to 15 August 2022

5. Expenses

For the period
from 30.06.22
to 15.08.22
£'000

Payable to the ACD, associates of the
ACD and agents of either of them:

Annual Management Charge

6

Total expenses

6

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

6. Taxation

For the period
from 30.06.22
to 15.08.22
£'000

a) Analysis of charge for the period

Corporation tax at 20%

–

Current tax charge

–

Deferred tax – origination and reversal of timing differences (note 6c)

–

Total taxation (note 6b)

–

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 30.06.22
to 15.08.22
£'000

Net revenue before taxation

88

Corporation tax at 20%

18

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 30 June 2022 to 15 August 2022

For the period
from 30.06.22
to 15.08.22
£'000

Effects of:	
Tax deductible interest distributions	(18)
Corporation tax charge	-
Total tax charge (note 6a)	-

c) Deferred tax

There is no deferred tax asset recognised in the current period.

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 30.06.22
to 15.08.22
£'000

Final	132
	132
Deduct: Revenue received on issue of shares	(44)
Net distributions for the period	88

Details of the distributions per share are set out in the table on page 388.

8. Debtors

15.08.22
£'000

Accrued revenue:	
Interest from debt securities	362
Total debtors	362

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 30 June 2022 to 15 August 2022

9. Cash and Bank Balances

	15.08.22 £'000
Bank balances	4,740
Total cash and bank balances	4,740

10. Other Creditors

	15.08.22 £'000
Purchases awaiting settlement	483
Accrued expenses:	
Amounts payable to the ACD, associates of the ACD and agents of either of them:	
Annual Management Charge	3
Total other creditors	486

11. Related Party Transactions

The Annual Management Charge payable to Link Fund Solutions Limited ('the ACD') is disclosed in note 5 and amounts due at the 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 378. There were no amounts due at the year end.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 53,013,870 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:

Canada Life Asset Management Limited and its associates	100.00%
---------------------------------------------------------	---------

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments.

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 30 June 2022 to 15 August 2022

13. Shares in Issue

	'G' Accumulation	'I' Accumulation
Annual Management Charge	0.12%	0.15%
Issues	52,964,121	50,251
Redemptions	(1)	(1)
Closing shares in issue	<u>52,964,120</u>	<u>50,250</u>

14. Risk Management Policies

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

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

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

(A) CREDIT RISK

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

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

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 30 June 2022 to 15 August 2022

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 the bond holdings.

	15.08.22 %
Credit Quality	
Investment grade debt securities	85.14
Other investments	6.17
Net other assets	8.69
	<u>100.00</u>

(B) INTEREST RATE RISK

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

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 15 August 2022 a one basis point change in the yield would have an impact of £3,800 on the direct net assets of the Fund.

The table below shows the interest rate risk profile:

	15.08.22 £'000
Floating rate investments	17,973
Fixed rate investments	27,225
Investments on which interest is not paid	3,279
Total investments	<u>48,477</u>

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. The Fund does not have any significant exposure to foreign currency risk and therefore no foreign currency risk table or sensitivity analysis has been presented.

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 30 June 2022 to 15 August 2022

(D) LEVERAGE

The Fund did not employ any significant leverage in the current 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. The ACD monitors the liquidity profile of the Fund daily.

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 100% of the portfolio can be liquidated within 5 days and 100% within 21 working days. Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £2,424,000. A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

The Fund held no derivatives in the current period.

LF CANLIFE STERLING SHORT TERM BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the period from 30 June 2022 to 15 August 2022

15. Portfolio Transaction Costs

Securities have been bought and sold at the dealt price with no further transaction costs added or deducted from purchases and sales respectively in the current period.

16. Fair Value Hierarchy

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

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

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

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

All investments in the current period are bonds categorised as Level 2.

LF CANLIFE STERLING SHORT TERM BOND FUND**FINANCIAL STATEMENTS** *continued***DISTRIBUTION TABLE**

for the period from 30 June 2022 to 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Final
From	30.06.22
To	15.08.22

‘G’ ACCUMULATION SHARES

Final	Gross Revenue	Equalisation	Allocation 15.10.22
Group 1	0.2489	–	0.2489
Group 2	0.1461	0.1028	0.2489

‘I’ ACCUMULATION SHARES

Final	Gross Revenue	Equalisation	Allocation 15.10.22
Group 1	0.2420	–	0.2420
Group 2	0.2420	0.0000	0.2420

No comparative figures are presented as the Fund launched on 30 June 2022.

There were no interim distributions in the current period.

LF CANLIFE STERLING LIQUIDITY FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife Sterling Liquidity Fund ('the Fund') is to provide a return in line with sterling money market rates combined with a high degree of capital security.

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

The investment policy of the Fund is to invest, directly and/or indirectly, worldwide in sterling denominated money market instruments, transferable securities and deposits which comply with the regulatory requirements for investment within a money market fund. Money market instruments include commercial paper, certificates of deposit, floating rate notes, short dated bonds and asset-backed commercial paper. The Fund will typically allocate to, between 40 and 80 issuers.

The Fund will hold a portfolio of high quality money market assets (which are regarded as Investment Grade rated between AAA+ and BBB+), however the Fund will invest in money market assets that will be rated between AAA and A at the point of purchase. Credit ratings are internal and assigned by Canada Life Asset Management. Ratings will generally be in line with the major external rating agencies and should not be higher than the highest rating of these. Canada Life Asset Management will assign ratings to money market assets that do not have an external rating.

The Fund may also invest in collective investment schemes which comply with the FCA Handbook definition of a money market fund or a short-term money market fund as well as cash. The Fund may also enter into reverse repurchase agreements on a short term basis.

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

The Fund may use derivatives for efficient portfolio management purposes.

The Fund is classified and operates as a standard variable net asset value (VNAV) money market fund and invests its assets in accordance with the COLL Sourcebook's definition of a money market fund.

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the Sterling Overnight Index Average ('SONIA').

The Fund's performance may be compared against the SONIA. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against cash returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife Sterling Liquidity Fund

9 December 2022

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Review

In December 2021, we saw the first interest rate rise from the Bank of England ('the BoE') since August 2018, lifting the BoE base rate from its record low of 0.10% up to 0.25%. The bank had opted to act as a result of the rapidly rising inflation numbers which had come into play in late September and early October.

Initially, the BoE expressed reservations in the numbers, suggesting they were temporary and exaggerated by COVID-19 restrictions being lifted. However, the market disagreed with this sentiment, to the extent that five rate rises were subsequently priced in, which would take the base rate to 1.25% by the end of December 2022.

As 2022 unfolded, inflation became more embedded in the system. Across the period, the Consumer Price Index (CPI) rose to 5.4% by December, 7% in March, 9.4% in June and up to 10.1% in August. This steep rise in prices was fed by a worldwide fuel crisis and shortages, impacted both by the echoes of the pandemic and from the ongoing conflict in Ukraine (which began in February).

The BoE had designs on getting inflation back under control, and had reiterated that they would take whatever course of action was required in order to subdue inflation. As a result, across the period, the BoE raised rates in four consecutive meetings, prior to a further 50 basis points ('bps') rise in August, with the base rate settling at 1.75% at the end of the review period.

Fund Review

The market-implied one year forward base rate rose rapidly during the year, moving from 0.55% in September, 1.17% in December, 2.17% in March, 2.96% in June, and sat at 3.08% as at August 15, 2022.

The Fund has underperformed Sterling Over Night Index Average ('SONIA') thus far in 2022 due to the speed of the sustained hiking cycle. The market's pricing in future interest rate rises meant that the fixed income assets within the Fund re-priced sharply, leading to a small movement lower. Where the Fund has longer dated assets, it will take time to catch up with SONIA as it reinvests maturity proceeds. This is not unexpected; after all, SONIA has a duration of zero, while the Fund currently sits at four to five months, while will take longer to feed through.

From a positioning perspective, we have maintained a consistent approach to investment and sector allocation. However, the portfolio has the flexibility to adjust weightings where we believe value will be added and, as the rate hiking cycle established itself, the Fund reduced its duration and established an overweight in short-dated assets.

As ever, our approach to navigating market challenges is focused on ensuring short-term liquidity, seeking good-quality investments and adding yield when and where we believe that the risk/return equation justifies it.

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

We continue to focus on replacing our Floating Rate Note positions, particularly through AAA-rated covered bonds, which may protect the Fund by locking in yield increases as interest rates rise. However, we will only seek these at the right price, as we will continue to look for relative value in all purchases.

We also seek yield where it is relatively attractive to do so, but any such investments are made with caution, with one eye on the potential for additional rate rises over and above expectations. We continue to favour covered and sovereign, supranational and agency (SSA) assets, but have been building overnight and short Commercial Paper and fixed-rate Certificate of Deposit positions, to adapt quickly to moving market rates.

Outlook

Although the investment outlook remains highly uncertain, Purchasing Managers' Index (PMI) indices across Europe have remained above 50, which indicates growth. Meanwhile, monthly estimates of the UK's performance consistently underestimate the strength of the economy, most recently with 0.5% growth in June compared to a forecast of 0.1%.

The effects of rising fuel costs continue to work their way through into inflation and the oncoming price cap rise for fuel bills will have a two-fold impact, with individuals tackling affordability, while businesses will need to pass on the additional costs – which will further fuel inflation.

Interest rates have been rising and further increases are warranted, starting with a further 50bps hike expected from the BoE in September. While this may temper demand and help ease inflationary pressures, given the level of indebtedness in the economy and the uncertain monetary time lags involved, we continue to believe that there is a risk that central banks may do too much, rather than too little.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

13 September 2022

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund may have risen and fallen in the past, and therefore how much a fund's returns may have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

The Fund has been classed as 1 because its volatility has been measured as low.

This indicator may not be a reliable indication of the future risk profile of this Fund.

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

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

Changes in Interest Rate Risk: A rise in interest rates generally causes money market asset prices to fall.

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

Liquidity Risk: The Fund may invest in assets where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	102.09	102.01	101.29
Return before operating charges*	0.46	0.20	0.84
Operating charges	(0.12)	(0.12)	(0.12)
Return after operating charges	0.34	0.08	0.72
Distributions	(0.43)	(0.14)	(0.54)
Retained distributions on accumulation shares	0.43	0.14	0.54
Closing net asset value per share	102.43	102.09	102.01
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	0.33%	0.08%	0.71%
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OTHER INFORMATION

Closing net asset value (£'000)	495,750	558,421	617,046
Closing number of shares	483,975,840	546,971,745	604,914,281
Operating charges	0.12%	0.12%	0.12%
Direct transaction costs	–	–	–

PRICES

Highest share price	102.45	102.16	102.02
Lowest share price	101.99	102.03	101.29

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'I' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	99.74	99.79	99.62
Return before operating charges*	0.45	0.21	0.82
Operating charges	(0.15)	(0.15)	(0.15)
Return after operating charges	0.30	0.06	0.67
Distributions	(0.39)	(0.11)	(0.50)
Closing net asset value per share	99.65	99.74	99.79
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	0.30%	0.06%	0.67%
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OTHER INFORMATION

Closing net asset value (£'000)	455	131	50
Closing number of shares	456,649	131,257	50,250
Operating charges	0.15%	0.15%	0.15%
Direct transaction costs	–	–	–

PRICES

Highest share price	100.00	99.93	100.00
Lowest share price	99.59	99.76	99.63

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'I' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	101.87	101.81	101.13
Return before operating charges*	0.46	0.21	0.83
Operating charges	(0.15)	(0.15)	(0.15)
Return after operating charges	0.31	0.06	0.68
Distributions	(0.39)	(0.10)	(0.51)
Retained distributions on accumulation shares	0.39	0.10	0.51
Closing net asset value per share	102.18	101.87	101.81
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	0.30%	0.06%	0.67%
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OTHER INFORMATION

Closing net asset value (£'000)	138,792	84,636	2,722
Closing number of shares	135,826,275	83,079,243	2,672,750
Operating charges	0.15%	0.15%	0.15%
Direct transaction costs	–	–	–

PRICES

Highest share price	102.20	101.96	101.83
Lowest share price	101.76	101.84	101.14

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'Z' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	101.95	101.87	101.16
Return before operating charges*	0.47	0.21	0.84
Operating charges	(0.13)	(0.13)	(0.13)
Return after operating charges	0.34	0.08	0.71
Distributions	(0.42)	(0.13)	(0.53)
Retained distributions on accumulation shares	0.42	0.13	0.53
Closing net asset value per share	102.29	101.95	101.87
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	0.33%	0.08%	0.70%
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OTHER INFORMATION

Closing net asset value (£'000)	51	51	51
Closing number of shares	50,250	50,250	50,250
Operating charges	0.13%	0.13%	0.13%
Direct transaction costs	–	–	–

PRICES

Highest share price	102.30	102.03	101.88
Lowest share price	101.85	101.89	101.17

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife Sterling Liquidity Fund	0.30	1.05	2.15
Sterling Overnight Index Average ('SONIA') ¹	0.51	1.00	2.14

¹ Source: Morningstar Direct.

The performance of the Fund is based on the published price per 'I' 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 416 and 417.

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 CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	DEBT SECURITIES – 60.33% (15.08.21 – 69.98%)		
	GOVERNMENT BONDS – 5.73% (15.08.21 – 11.83%)		
£1,300,000	Caisse de dépôt 0.5% 21/7/2023	1,274	0.20
£2,000,000	CPPIB Capital 0.375% 25/7/2023	1,958	0.31
£832,000	Development Bank of Japan 1.125% 28/4/2023	823	0.13
£2,029,000	Export Development Canada 0.55360% <i>floating rate</i> <i>notes</i> 13/10/2022	2,029	0.32
£3,507,000	Export Development Canada 1.37869% <i>floating rate notes</i> 24/5/2023	3,508	0.55
£1,000,000	Export Development Canada 1.53976% <i>floating rate notes</i> 29/5/2024	1,003	0.16
£11,243,000	Kommunalbanken 1.125% 30/11/2022	11,200	1.76
£8,190,000	Kommunekredit 1.375% 12/10/2022	8,181	1.29
£3,000,000	Korea Development Bank 1.75% 15/12/2022	2,994	0.47
£1,800,000	UK Treasury 0% 22/8/2022	1,800	0.28
£626,000	UK Treasury 0% 24/10/2022	624	0.10
£1,000,000	UK Treasury 0.125% 31/1/2023	991	0.16
	TOTAL GOVERNMENT BONDS	36,385	5.73
	CORPORATE BONDS – 54.60% (15.08.21 – 58.15%)		
£2,130,000	Asian Development Bank 1.77980% <i>floating rate notes</i> 12/10/2023	2,133	0.34
£3,377,000	Bank of Montreal 1.96177% <i>floating rate notes</i> 16/4/2023	3,377	0.53
£555,000	Bank of Nova Scotia 1.75% 23/12/2022	553	0.09
£9,585,000	Bank of Nova Scotia 1.82938% <i>floating rate notes</i> 10/1/2023	9,584	1.51
£7,000,000	Banque Federative du Credit Mutuel 1.875% 13/12/2022	6,978	1.10
£8,005,000	Barclays 1.94249% <i>floating rate notes</i> 9/1/2023	8,008	1.26
£2,496,000	Barclays 2.17310% <i>floating rate notes</i> 15/5/2023	2,499	0.39
£5,464,000	BMW Finance 0.875% 16/8/2022	5,464	0.86
£7,013,000	BNP Paribas 1.125% 16/8/2022	7,013	1.10
£3,600,000	Canadian Imperial Bank of Commerce 2.09690% <i>floating</i> <i>rate notes</i> 28/10/2022	3,601	0.57
£4,279,000	Clydesdale Bank 2.11790% <i>floating rate notes</i> 22/3/2024	4,300	0.68
£5,567,000	Coventry Building Society 2.29302% <i>floating rate notes</i> 13/11/2023	5,584	0.88

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£4,257,000	Coventry Building Society 5.875% 28/9/2022	4,272	0.67
£9,800,000	Deutsche Pfandbriefbank 2.45884% <i>floating rate notes</i> 29/9/2023	9,861	1.55
£5,200,000	Deutsche Pfandbriefbank 2.60599 29/4/2024	5,238	0.83
£4,100,000	Dexia Credit Local 0.5% 22/7/2023	4,013	0.63
£10,063,000	DNB Bank 1.375% 12/6/2023	9,895	1.56
£2,000,000	European Investment Bank 0.75% 14/7/2023	1,968	0.31
£5,000,000	European Investment Bank 1.98570% <i>floating rate notes</i> 31/7/2023	4,993	0.79
£4,000,000	European Investment Bank 1.46560% <i>floating rate notes</i> 27/2/2023	4,002	0.63
£6,748,200	European Investment Bank 2.5% 31/10/2022	6,753	1.06
£6,900,000	FMS Wertmanagement 1% 7/9/2022	6,896	1.09
£7,900,000	FMS Wertmanagement AoER 1.125% 20/3/2023	7,837	1.23
£9,874,000	Henkel 0.875% 13/9/2022	9,859	1.55
£8,600,000	Henkel AG 1% 30/9/2022	8,580	1.35
£3,000,000	HSBC 2.12850% <i>floating rate notes</i> 17/9/2022	3,002	0.47
£400,000	HSBC 2.29576% <i>floating rate notes</i> 8/3/2023	401	0.06
£1,702,000	International Bank for Reconstruction & Development 0.5% 24/7/2023	1,670	0.26
£1,920,000	International Bank for Reconstruction & Development 1.42630% <i>floating rate notes</i> 22/5/2023	1,918	0.30
£300,000	International Bank for Reconstruction and Development 1.56440% <i>floating rate notes</i> 13/12/2022	300	0.05
£334,000	Landwirtschaftliche Rentenbank 0.625% 15/12/2022	332	0.05
£1,980,000	Leeds Building Society 2.16930% <i>floating rate notes</i> 15/4/2023	1,984	0.31
£2,970,000	Lloyds Bank 1.68529% <i>floating rate notes</i> 16/5/2024	2,979	0.47
£4,600,000	Lloyds Bank 1.82993% <i>floating rate notes</i> 27/3/2023	4,602	0.72
£7,186,000	Lloyds Bank 2.01955% <i>floating rate notes</i> 3/2/2023	7,188	1.13
£4,000,000	LVMH Möet Hennessy Louis Vuitton 1% 11/2/2023	3,965	0.62
£6,248,000	Metropolitan Life Global Funding I 2.625% 5/12/2022	6,244	0.98
£9,646,000	Metropolitan Life Global Funding I 2.875% 11/1/2023	9,641	1.52
£4,854,000	National Westminster Bank 2.01792% <i>floating rate notes</i> 22/3/2023	4,862	0.77
£10,942,000	Nationwide Building Society 1% 24/1/2023	10,847	1.71

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£1,500,000	Nationwide Building Society 1.94582% <i>floating rate notes</i> 12/4/2023	1,501	0.24
£5,936,000	Nationwide Building Society 2.27438% <i>floating rate notes</i> 10/1/2024	5,965	0.94
£4,101,000	New York Life Global Funding 1.75% 15/12/2022	4,087	0.64
£7,275,000	Nordea Eiendomskre 1.84764% <i>floating rate notes</i> 18/6/2023	7,275	1.15
£9,600,000	Oversea-Chinese Banking 1.70059% <i>floating rate notes</i> 14/3/2023	9,589	1.51
£8,365,000	PepsiCo 2.5% 1/11/2022	8,361	1.32
£5,110,000	Prudential 6.875% 20/1/2023	5,187	0.82
£8,887,000	Rabobank 4% 19/9/2022	8,897	1.40
£7,328,000	Rabobank 4.875% 10/1/2023	7,379	1.16
£7,244,000	Royal Bank of Canada 1.63645% <i>floating rate notes</i> 8/12/2022	7,244	1.14
£5,325,000	Santander UK 1.38880% <i>floating rate notes</i> 16/11/2022	5,325	0.84
£5,289,000	Santander UK 2.42% <i>floating rate notes</i> 12/2/2024	5,316	0.84
£9,583,000	Sparebank 1 Boligkreditt 2.00502% <i>floating rate notes</i> 14/11/2022	9,582	1.51
£9,229,000	Stadshypotek AB 1.83188% <i>floating rate notes</i> 11/1/2023	9,224	1.45
£1,804,000	Svenska Handelsbanken 2.75% 5/12/2022	1,804	0.28
£1,690,000	Swedbank 1.625% 28/12/2022	1,683	0.27
£7,000,000	Toronto-Dominion Bank 1.93391% <i>floating rate notes</i> 30/1/2023	6,998	1.10
£7,000,000	Toyota Motor Credit 1% 27/9/2022	6,985	1.10
£8,023,000	Toyota Motor Finance Netherlands BV 1.375% 23/5/2023	7,905	1.25
£5,780,000	United Overseas Bank 1.55398% <i>floating rate notes</i> 28/2/2023	5,776	0.91
£6,545,000	Westpac Banking 1.88160% <i>floating rate notes</i> 18/1/2023	6,545	1.03
£5,197,000	Westpac Banking 2.625% 14/12/2022	5,196	0.82
£5,710,000	Yorkshire Building Society 1.73980% <i>floating rate notes</i> 19/11/2023	5,727	0.90
	TOTAL CORPORATE BONDS	346,747	54.60
	TOTAL DEBT SECURITIES	383,132	60.33

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	CERTIFICATES OF DEPOSIT – 10.35% (15.08.21 – 3.33%)		
£3,000,000	Bank of Montreal 0% 13/1/2023	2,972	0.47
£2,000,000	BNP Paribas 1.38% 12/9/2022	1,999	0.31
£3,500,000	Commonwealth Bank of Australia 0% 28/11/2022	3,480	0.55
£4,000,000	Commonwealth Bank of Australia 0% 3/10/2022	3,991	0.63
£3,000,000	Commonwealth Bank of Australia 2.57% 13/6/2023	2,994	0.47
£1,500,000	DNB Bank 0.35% 4/10/2022	1,497	0.23
£3,500,000	Goldman Sachs 0% 2/11/2022	3,486	0.55
£5,000,000	Goldman Sachs 0.29% 14/9/2022	4,994	0.79
£5,000,000	Goldman Sachs 0.78% 21/11/2022	4,984	0.78
£3,500,000	National Australia Bank 1.96% 20/4/2023	3,478	0.55
£3,000,000	National Bank of Canada 0% 3/1/2023	2,972	0.47
£3,000,000	Nordea Bank 0% 5/1/2023	2,972	0.47
£2,500,000	Nordea Bank 0% 14/2/2023	2,467	0.39
£3,000,000	Oversea-Chinese Banking 0% 30/8/2022	2,998	0.47
£5,000,000	Rabobank 1.97% 3/1/2023	4,992	0.79
£3,500,000	Royal Bank of Canada 0% 3/1/2023	3,467	0.55
£3,000,000	Royal Bank of Canada 2.42% 1/2/2024	2,997	0.47
£3,000,000	Toronto-Dominion Bank 0% 5/1/2023	2,972	0.47
£3,000,000	Toronto-Dominion Bank 0.76% 21/10/2022	2,994	0.47
£3,000,000	UBS Jersey 3.02% 23/6/2023	3,002	0.47
	TOTAL CERTIFICATES OF DEPOSIT	65,708	10.35
	COMMERCIAL PAPERS – 9.76% (15.08.21 – 10.10%)		
£5,000,000	ANZ Banking 0% 4/1/2023	4,952	0.78
£10,000,000	Barclays 0% 18/8/2022	9,994	1.57
£5,000,000	Bpifrance Financement 0% 6/1/2023	4,947	0.78
£5,000,000	DNB Bank 0% 23/9/2022	4,991	0.79
£5,000,000	DZ Bank 0% 21/9/2022	4,990	0.79
£1,000,000	Kreditanstalt Fur Wiederaufbau 0% 23/8/2022	1,000	0.16
£4,000,000	Kreditanstalt Fur Wiederaufbau 0% 27/9/2022	3,992	0.63
£10,000,000	Nederlandse Waterschapsbank 0% 24/8/2022	9,997	1.57
£5,000,000	Paccar Financial 0% 17/8/2022	4,999	0.79
£2,100,000	Paccar Financial 0% 31/8/2022	2,098	0.33
£3,000,000	Paccar Financial 0% 9/9/2022	2,996	0.47

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
£3,000,000	Toronto-Dominion Bank 0% 2/5/2023	2,938	0.46
£2,500,000	Transport for London 0% 5/9/2022	2,497	0.39
£1,600,000	Transport for London 0% 7/9/2022	1,598	0.25
	TOTAL COMMERCIAL PAPERS	61,989	9.76
	MONEY MARKETS – 3.06% (15.08.21 – 3.14%)		
4,701,825	Aberdeen Sterling Liquidity ¹	4,702	0.74
4,609,130	BlackRock ICS Sterling Liquidity ¹	4,609	0.72
4,114,665	HSBC Sterling Liquidity ¹	4,115	0.65
6,006,683	LGIM Sterling Liquidity ¹	6,007	0.95
	TOTAL MONEY MARKETS	19,433	3.06
	Portfolio of investments	530,262	83.50
	Net other assets	104,786	16.50
	Net assets	635,048	100.00

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

¹ Collective investment scheme.

LF CANLIFE STERLING LIQUIDITY FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000	876,029	Total sales for the year £'000	927,043
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Wells Fargo 1.375% 30/6/2022	19,105	Wells Fargo 1.375% 30/6/2022	19,085
HSBC 2.175% 27/6/2023	18,902	HSBC 2.175% 27/6/2023	18,902
Unilever 1.125% 3/2/2022	17,032	Unilever 1.125% 3/2/2022	17,022
Scentre 2.375% 8/4/2022	15,683	SNCF Réseau 5.5% 1/12/2021	16,714
Wells Fargo 2.125% 22/4/2022	15,660	National Australia Bank 1.375% 27/6/2022	16,649
Anglian Water 5.837% 30/7/2022	14,515	Canadian Imperial Bank of Commerce	
Province of Quebec Canada 0.875%		0.50713% <i>floating rate notes</i> 10/1/2022	16,437
24/5/2022	12,754	Province of Alberta Canada 1% 15/11/2021	16,374
Kommunalbanken 1.125% 30/11/2022	11,214	Scentre 2.375% 8/4/2022	15,656
National Australia Bank 1.375% 27/6/2022	11,183	Wells Fargo 2.125% 22/4/2022	15,600
Aareal Bank 1.5% 16/6/2022	11,109	Aareal Bank 1.5% 16/6/2022	15,144

In addition to the above, purchases totalling £1,414,482,000 and sales totalling £1,384,833,000 were made in short term investments during the year.

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

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital losses	3		(563)		(302)
Revenue	4	3,576		1,567	
Expenses	5	(835)		(747)	
Interest payable and similar charges	7	(1)		–	
Net revenue before taxation		2,740		820	
Taxation	6	–		–	
Net revenue after taxation			2,740		820
Total return before distributions			2,177		518
Distributions	8		(2,740)		(820)
Change in net assets attributable to shareholders from investment activities			(563)		(302)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders		643,239		619,869
Amounts receivable on issue of shares	324,359		337,805	
Amounts payable on redemption of shares	(334,607)		(314,950)	
		(10,248)		22,855
Change in net assets attributable to shareholders from investment activities		(563)		(302)
Retained distributions on Accumulation shares		2,620		817
Closing net assets attributable to shareholders		635,048		643,239

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		530,262	556,752
Current assets			
Debtors	9	2,730	4,150
Cash and bank balances	10	117,970	82,811
Total assets		<u>650,962</u>	<u>643,713</u>
LIABILITIES			
Creditors			
Distribution payable	11	(2)	–
Other creditors	11	(15,912)	(474)
Total liabilities		<u>(15,914)</u>	<u>(474)</u>
Net assets attributable to shareholders		<u>635,048</u>	<u>643,239</u>

LF CANLIFE STERLING LIQUIDITY FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below has also been applied to this Fund.

The Fund has satisfied the qualifying investments test of Section 493 of the Corporation Taxes Act 2009, throughout the year. All distributions made are therefore made as gross interest distributions.

3. Net Capital Losses

The net capital losses during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(556)	(297)
Transaction charges	(7)	(5)
Net capital losses	(563)	(302)

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Interest on debt securities	3,574	1,567
Bank interest	2	–
Total revenue	3,576	1,567

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	835	747
Total expenses	835	747

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	—	—
Current tax charge	—	—
Deferred tax – origination and reversal of timing differences (note 6c)	—	—
Total taxation (note 6b)	—	—

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	2,740	820
Corporation tax at 20%	548	164
Effects of:		
Tax deductible interest distributions	(548)	(164)
Corporation tax charge	—	—
Total tax charge (note 6a)	—	—

c) Deferred tax

There is no deferred tax asset recognised in the current or prior year.

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	1	–
Total interest payable and similar charges	1	–

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	406	560
Final	2,216	257
	2,622	817
Add: Revenue deducted on redemption of shares	371	119
Deduct: Revenue received on issue of shares	(253)	(116)
Net distributions for the year	2,740	820

Details of the distributions per share are set out in the table on pages 416 and 417.

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	8	1,929
Accrued revenue:		
Non-taxable dividends	–	7
Interest from debt securities	2,722	2,214
	2,722	2,221
Total debtors	2,730	4,150

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	130	8,077
Term deposits	117,840	74,734
Total cash and bank balances	117,970	82,811

11. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	2	–
Other Creditors		
Amounts payable for redemption of shares	4,677	248
Purchases awaiting settlement	11,199	126
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	33	98
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Transaction charges	3	2
Total other creditors	15,912	474

12. Related Party Transactions

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

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

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 39,990,247 (15.08.21: 114,473,168) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 342,971,091 (15.08.21: 470,032,225) 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:

Canada Life Asset Management Limited and its associates 55.31% (15.08.21: 74.58%)

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

14. Shares in Issue

	'G' Accumulation	'I' Income	'I' Accumulation	'Z' Accumulation
Annual Management Charge	0.12%	0.15%	0.15%	0.13%
Opening shares in issue	546,971,745	131,257	83,079,243	50,250
Issues	229,278,814	396,610	88,305,873	61,399
Redemptions	(292,274,719)	(71,218)	(35,558,841)	(61,399)
Closing shares in issue	<u>483,975,840</u>	<u>456,649</u>	<u>135,826,275</u>	<u>50,250</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.

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

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

(A) CREDIT RISK

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

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

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

Credit Quality	15.08.22 %	15.08.21 %
Investment grade debt securities	59.86	69.98
Non-rated debt securities	0.47	–
Other investments	23.17	16.57
Net other assets	16.50	13.45
	<u>100.00</u>	<u>100.00</u>

(B) INTEREST RATE RISK

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

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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 15 August 2022 a one basis point change in the yield would have an impact of £10,000 on the direct net assets of the Fund (15.08.21: £16,000).

The table below shows the interest rate risk profile:

	15.08.22 £'000	15.08.21 £'000
Floating rate investments	202,457	213,983
Fixed rate investments	327,805	342,769
Total investments	530,262	556,752

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates. The Fund does not have any significant exposure to foreign currency risk and therefore no foreign currency risk table or sensitivity analysis has been presented.

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 97.40% of the portfolio can be liquidated within 5 days and 97.40% within 21 working days (15.08.21: 100% within 5 days and 100% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £26,513,000 (15.08.21: £27,838,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

16. Portfolio Transaction Costs

Securities have been bought and sold at the dealt price with no further transaction costs added or deducted from purchases and sales respectively in the current or prior year.

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

17. Fair Value Hierarchy

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

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
15.08.22				
Investment assets	17,004	513,258	–	530,262
15.08.21				
Investment assets	915	555,837	–	556,752

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

‘G’ ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.0657	–	0.0657	0.0949
Group 2	0.0464	0.0193	0.0657	0.0949

Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	0.3606	–	0.3606	0.0433
Group 2	0.2322	0.1284	0.3606	0.0433

‘I’ INCOME SHARES

Interim	Gross Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	0.0505	–	0.0505	0.0810
Group 2	0.0333	0.0172	0.0505	0.0810

Final	Gross Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	0.3394	–	0.3394	0.0272
Group 2	0.0666	0.2728	0.3394	0.0272

LF CANLIFE STERLING LIQUIDITY FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'I' ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.0496	–	0.0496	0.0803
Group 2	0.0315	0.0181	0.0496	0.0803
Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	0.3448	–	0.3448	0.0235
Group 2	0.2020	0.1428	0.3448	0.0235

'Z' ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.0619	–	0.0619	0.0905
Group 2	0.0619	0.0000	0.0619	0.0905
Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	0.3564	–	0.3564	0.0389
Group 2	0.3564	0.0000	0.3564	0.0389

LF CANLIFE UK EQUITY FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife UK Equity Fund ('the Fund') is to achieve capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest directly and/or indirectly at least 80% of the assets by value in the shares of companies which are incorporated or domiciled in the United Kingdom. As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

The Fund may also invest up to 20% of the assets by value in debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

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

The Fund can invest across different industry sectors and market capitalisations without limitation.

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

The Fund may use derivatives for the purpose of efficient portfolio management.

Benchmark

The Fund's comparator benchmark is the Bloomberg UK Large, Mid & Small Cap Total Return Index.

The Fund's performance may be compared against the Bloomberg UK Large, Mid & Small Cap Total Return Index. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against UK equity returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife UK Equity Fund
9 December 2022

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Despite an increasingly challenging economic environment with high inflation, rising interest rates and concerns about global growth, the UK stock market delivered good performance during the period under review.

Early in the period, financial markets remained buoyant as a result of supportive policy from both central banks and governments. The emergence of the Omicron variant of COVID-19 dented investor confidence in late November, although these fears began to recede in December when the strain appeared to be less severe than expected.

Nevertheless, ongoing global supply chain constrictions, concerns about higher inflation in the UK and rising interest rates started to weigh on investor sentiment. The Bank of England ('the BoE') made its first move in December, raising rates to 0.25%, followed by an additional rise in February, to 0.50%. This was the BoE's first back-to-back rate rise since 2004.

Fears surrounding global inflation, and in particular rate rises in the US, led to a brief negative period in January; however, UK stock markets outperformed their global equivalents across the month. Market conditions around the world deteriorated at the end of February when Russia invaded Ukraine, causing oil and gas prices to rise around the world and sending already high inflation even higher.

With inflation reaching a 40-year high of 10.1% in the UK, the BoE rapidly increased interest rates during the period, to 1.75% from the low of 0.1%. Nevertheless, the UK stock market proved to be more resilient than other major markets, delivering a double-digit return over the period in sterling terms. Sub-sectors such as financials, which includes banks, insurers and financial technology companies, as well as property and commodities, were among the key drivers of this performance. Additionally, the UK market has comparatively fewer technology stocks, which have suffered since the turn of the year.

Fund Review

During the period under review, the portfolio was initially positioned to capture the UK economic recovery, with several stocks benefiting from the re-opening of customer-facing industries and international travel in 2021.

Inflation was a significant factor throughout the period and several of the Fund's holdings were direct beneficiaries. The Fund had positive contributions to performance from companies in the energy sector, healthcare, commodities and utilities. Companies contributing to that performance included BP, AstraZeneca, BHP and SSE.

Detracting from performance were Future, a global platform for specialist media, JD Sports, a global multi-channel retailer of sport and fashionwear, and Taylor Wimpey, the house builder.

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

During the period, the manager added to several holdings in the portfolio, with the main areas of trading focusing on the leisure, retail, healthcare, mining, financial and capital goods sectors. Additions included WH Smith, Whitbread plc, SSP and Flutter, all in anticipation of good performance as the economy emerged from lockdown.

In the retail sector, the manager opened a new position in Pets at Home, anticipating resilient demand for pet products and veterinarian services – an area which is often robust during periods of economic downturn. In addition, the manager added to the Fund's existing position in Barclays, as a beneficiary of rising global interest rates.

The manager exited the pan-European Value ETF in favour of increasing the Fund's exposure to growth investments, such as Future, RS Group and Auction Technology, believing these companies to have de-rated too aggressively in recent months.

Towards the latter part of the period under review, the Fund returned to a modest overweight exposure in the mid-cap area of the UK market given attractive valuations. Over the longer run, the nimbler companies of the mid-cap part of the UK market tend to outperform their larger and giant cap peers.

Outlook

Higher inflation and rising interest rates have caused some volatility in global markets, although the UK stock market has held up relatively well. While the main focus throughout much of the period under review was on inflation and interest rates, markets are now placing their attention on the slowdown in growth and the possibility of a recession. Central banks continue to raise rates but there is some expectation that the US Federal Reserve and BoE may ease off towards the end of 2022 as inflation peaks and economic growth weakens.

While markets rallied towards the end of the period under review, there may be further volatility ahead. In the UK, there was a shift towards value during the period, meaning that valuations in mid-cap, growth-orientated companies came under pressure, and thereby dropped to more attractive level for investment. With this in mind, the Fund has been positioned to capture some of these opportunities while also being mindful of the potential risks in the near term, with high inflation and high energy prices weighing on consumer and business sentiment.

We remain excited by the opportunities presented within the UK and expect the market to perform well relative to some of its more technology-heavy counterparts.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

13 September 2022

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund may have risen and fallen in the past, and therefore how much a fund's returns may have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

The Fund has been classed as 6 because its volatility has been measured as above average to high.

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

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

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

Liquidity Risk: The Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	128.46	99.11	109.81
Return before operating charges*	5.33	31.08	(9.04)
Operating charges	(1.98)	(1.73)	(1.66)
Return after operating charges	3.35	29.35	(10.70)
Distributions	(2.47)	(1.92)	(1.70)
Retained distributions on accumulation shares	2.47	1.92	1.70
Closing net asset value per share	131.81	128.46	99.11
* after direct transaction costs of:	0.18	0.32	0.44

PERFORMANCE

Return after charges	2.61%	29.61%	(9.74)%
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OTHER INFORMATION

Closing net asset value (£'000)	2,510	2,480	2,035
Closing number of shares	1,904,543	1,930,881	2,053,408
Operating charges	1.54%	1.54%	1.54%
Direct transaction costs	0.14%	0.29%	0.41%

PRICES

Highest share price	133.89	128.56	123.65
Lowest share price	118.61	93.15	75.64

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	113.99	89.23	100.44
Return before operating charges*	4.73	28.05	(8.14)
Operating charges	(0.90)	(0.80)	(0.78)
Return after operating charges	3.83	27.25	(8.92)
Distributions	(3.04)	(2.49)	(2.29)
Closing net asset value per share	114.78	113.99	89.23
* after direct transaction costs of:	0.16	0.29	0.40

PERFORMANCE

Return after charges	3.36%	30.54%	(8.88)%
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OTHER INFORMATION

Closing net asset value (£'000)	8,326	77	58
Closing number of shares	7,253,601	67,220	65,418
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.14%	0.29%	0.41%

PRICES

Highest share price	119.14	116.09	113.47
Lowest share price	104.96	84.01	68.90

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	136.07	104.20	114.59
Return before operating charges*	5.67	32.81	(9.50)
Operating charges	(1.08)	(0.94)	(0.89)
Return after operating charges	4.59	31.87	(10.39)
Distributions	(3.66)	(2.92)	(2.63)
Retained distributions on accumulation shares	3.66	2.92	2.63
Closing net asset value per share	140.66	136.07	104.20
* after direct transaction costs of:	0.20	0.34	0.46

PERFORMANCE

Return after charges	3.37%	30.59%	(9.07)%
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OTHER INFORMATION

Closing net asset value (£'000)	34,336	2,199	173
Closing number of shares	24,409,631	1,616,065	166,049
Operating charges	0.79%	0.79%	0.79%
Direct transaction costs	0.14%	0.29%	0.41%

PRICES

Highest share price	142.23	136.17	129.44
Lowest share price	126.16	98.09	79.29

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	140.33	107.06	117.30
Return before operating charges*	5.88	33.78	(9.75)
Operating charges	(0.59)	(0.51)	(0.49)
Return after operating charges	5.29	33.27	(10.24)
Distributions	(4.31)	(3.46)	(3.13)
Retained distributions on accumulation shares	4.31	3.46	3.13
Closing net asset value per share	145.62	140.33	107.06
* after direct transaction costs of:	0.20	0.35	0.47

PERFORMANCE

Return after charges	3.77%	31.08%	(8.73)%
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OTHER INFORMATION

Closing net asset value (£'000)	556,362	627,008	574,847
Closing number of shares	382,069,441	446,803,023	536,930,084
Operating charges	0.42%	0.42%	0.42%
Direct transaction costs	0.14%	0.29%	0.41%

PRICES

Highest share price	146.91	140.44	132.71
Lowest share price	130.39	100.86	81.34

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife UK Equity Fund	3.11	23.31	20.57
Bloomberg UK Large, Mid & Small Cap Total Return Index ¹	4.68	17.37	21.28

¹ Source: Bloomberg.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 446 to 448.

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 CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	TECHNOLOGY – 2.48% (15.08.21 – 2.42%)		
	SOFTWARE AND COMPUTER SERVICES – 2.48% (15.08.21 – 2.42%)		
577,293	Auction Technology	5,173	0.86
150,649	Avea	3,754	0.63
231,685	Computacenter	5,973	0.99
	TOTAL TECHNOLOGY	14,900	2.48
	TELECOMMUNICATIONS – 0.73% (15.08.21 – 0.91%)		
	TELECOMMUNICATION SERVICE PROVIDERS – 0.73% (15.08.21 – 0.91%)		
3,612,065	Vodafone	4,375	0.73
	TOTAL TELECOMMUNICATIONS	4,375	0.73
	HEALTH CARE – 11.64% (15.08.21 – 9.99%)		
	PHARMACEUTICALS AND BIOTECHNOLOGY – 11.64% (15.08.21 – 9.99%)		
449,860	AstraZeneca	49,305	8.20
84,714	Dechra Pharmaceuticals	3,075	0.51
1,254,419	GSK	17,637	2.93
	TOTAL HEALTH CARE	70,017	11.64
	FINANCIALS – 21.42% (15.08.21 – 20.60%)		
	BANKS – 9.97% (15.08.21 – 8.33%)		
7,607,481	Barclays	13,051	2.17
4,575,340	HSBC	25,023	4.16
34,732,031	Lloyds Banking	15,928	2.65
994,631	Standard Chartered	5,944	0.99
		59,946	9.97
	FINANCE AND CREDIT SERVICES – 0.84% (15.08.21 – 1.19%)		
172,897	Experian	5,080	0.84

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	INVESTMENT BANKING AND BROKERAGE SERVICES – 5.84% (15.08.21 – 5.20%)		
659,143	3i	8,246	1.37
786,994	Burford Capital ¹	6,603	1.10
990,389	IG	8,379	1.39
269,458	Intermediate Capital	4,207	0.70
91,178	London Stock Exchange	7,693	1.28
		<u>35,128</u>	<u>5.84</u>
	CLOSED END INVESTMENTS – 0.53% (15.08.21 – 0.58%)		
1,607,395	Syncona ²	<u>3,208</u>	<u>0.53</u>
	OPEN END AND MISCELLANEOUS INVESTMENT VEHICLES – 1.04% (15.08.21 – 0.76%)		
154,592	iShares FTSE 250 UCITS ETF ³	2,962	0.49
565,888	iShares UK Property UCITS ETF ³	<u>3,300</u>	<u>0.55</u>
		<u>6,262</u>	<u>1.04</u>
	LIFE INSURANCE – 2.90% (15.08.21 – 4.02%)		
785,408	Just	601	0.10
3,054,780	Legal & General	8,679	1.44
436,216	Prudential	4,321	0.72
304,107	St. James's Place Capital	<u>3,826</u>	<u>0.64</u>
		<u>17,427</u>	<u>2.90</u>
	NON-LIFE INSURANCE – 0.30% (15.08.21 – 0.52%)		
378,307	Lancashire	<u>1,810</u>	<u>0.30</u>
	TOTAL FINANCIALS	<u>128,861</u>	<u>21.42</u>
	REAL ESTATE – 0.23% (15.08.21 – 0.28%)		
	REAL ESTATE INVESTMENT AND SERVICES – 0.23% (15.08.21 – 0.28%)		
120,639	Safestore	<u>1,417</u>	<u>0.23</u>
	TOTAL REAL ESTATE	<u>1,417</u>	<u>0.23</u>

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	CONSUMER DISCRETIONARY – 22.59% (15.08.21 – 23.42%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 4.97% (15.08.21 – 4.39%)		
1,184,194	Barratt Developments	5,765	0.96
233,980	Reckitt Benckiser	15,326	2.55
7,068,946	Taylor Wimpey	8,790	1.46
		<u>29,881</u>	<u>4.97</u>
	LEISURE GOODS – 0.34% (15.08.21 – 0.52%)		
27,264	Games Workshop	<u>2,054</u>	<u>0.34</u>
	PERSONAL GOODS – 3.71% (15.08.21 – 3.89%)		
568,309	Unilever	<u>22,343</u>	<u>3.71</u>
	MEDIA – 5.13% (15.08.21 – 5.89%)		
1,227,428	Auto Trader	8,160	1.36
430,246	Future	8,076	1.34
861,937	Informa	5,122	0.85
396,804	RELX	9,495	1.58
		<u>30,853</u>	<u>5.13</u>
	RETAILERS – 4.94% (15.08.21 – 5.15%)		
527,927	Howden Joinery	3,520	0.58
8,538,254	JD Sports Fashion	11,027	1.83
1,504,764	Pets at Home	5,505	0.92
635,893	WH Smith	9,656	1.61
		<u>29,708</u>	<u>4.94</u>
	TRAVEL AND LEISURE – 3.50% (15.08.21 – 3.58%)		
350,887	Entain	4,981	0.83
46,043	Flutter Entertainment	4,920	0.82
1,707,780	SSP	4,254	0.71
161,033	Whitbread	4,327	0.72
100,501	Wizz Air	2,544	0.42
		<u>21,026</u>	<u>3.50</u>
	TOTAL CONSUMER DISCRETIONARY	<u>135,865</u>	<u>22.59</u>

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	CONSUMER STAPLES – 8.29% (15.08.21 – 8.89%)		
	BEVERAGES – 3.79% (15.08.21 – 4.53%)		
101,720	Coca-Cola Hellenic Bottling Company	2,077	0.34
536,808	Diageo	20,750	3.45
		<u>22,827</u>	<u>3.79</u>
	TOBACCO – 3.30% (15.08.21 – 2.87%)		
359,865	British American Tobacco	12,093	2.01
411,006	Imperial Brands	7,748	1.29
		<u>19,841</u>	<u>3.30</u>
	PERSONAL CARE, DRUG AND GROCERY STORES – 1.20% (15.08.21 – 1.49%)		
2,715,122	Tesco	7,228	1.20
	TOTAL CONSUMER STAPLES	<u>49,896</u>	<u>8.29</u>
	INDUSTRIALS – 8.95% (15.08.21 – 11.16%)		
	CONSTRUCTION AND MATERIALS – 0.66% (15.08.21 – 0.92%)		
121,217	CRH	3,951	0.66
	AEROSPACE AND DEFENCE – 0.00% (15.08.21 – 1.02%)	<u>–</u>	<u>–</u>
	GENERAL INDUSTRIALS – 2.84% (15.08.21 – 2.36% ⁴)		
6,489,289	Melrose Industries	10,094	1.68
220,205	Smurfit Kappa	6,998	1.16
		<u>17,092</u>	<u>2.84</u>
	INDUSTRIAL ENGINEERING – 1.45% (15.08.21 – 1.40% ⁴)		
385,272	IMI	4,928	0.82
232,129	Weir	3,781	0.63
		<u>8,709</u>	<u>1.45</u>

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	INDUSTRIAL SUPPORT SERVICES – 4.00% (15.08.21 – 5.46%)		
126,967	Ashtead	5,863	0.98
69,100	DCC	3,679	0.61
629,269	Electrocomponents	7,186	1.19
236,627	Grafton	1,963	0.33
3,064,848	Serco	5,370	0.89
		24,061	4.00
	TOTAL INDUSTRIALS	53,813	8.95
	BASIC MATERIALS – 5.92% (15.08.21 – 7.37%)		
	PRECIOUS METALS AND MINING – 5.92% (15.08.21 – 7.37%)		
406,538	Anglo American	11,793	1.96
3,103,912	Glencore	14,418	2.39
199,091	Rio Tinto	9,428	1.57
	TOTAL BASIC MATERIALS	35,639	5.92
	ENERGY – 11.97% (15.08.21 – 8.64%)		
	OIL, GAS AND COAL – 11.97% (15.08.21 – 8.64%)		
5,808,617	BP	24,715	4.11
2,166,983	Shell	47,273	7.86
	TOTAL ENERGY	71,988	11.97
	UTILITIES – 4.43% (15.08.21 – 4.20%)		
	ELECTRICITY – 2.28% (15.08.21 – 1.86%)		
760,255	SSE	13,730	2.28
	GAS, WATER & MULTIUTILITIES – 2.15% (15.08.21 – 2.34%)		
1,122,521	National Grid	12,926	2.15
	TOTAL UTILITIES	26,656	4.43
	MONEY MARKETS – 0.01% (15.08.21 – 0.01%)		
49,174	BlackRock ICS Sterling Liquidity ³	49	0.01

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	Portfolio of investments	593,476	98.66
	Net other assets	8,058	1.34
	Net assets	601,534	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.

¹ Quoted on the Alternative Investment Market (AIM).

² Closed end fund.

³ Collective investment scheme.

⁴ The comparative figure has been restated to be consistent with current year presentation. Melrose Industries has been reclassified from Industrial Engineering to General Industrials.

LF CANLIFE UK EQUITY FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 16)	192,770	Total sales for the year £'000 (note 16)	261,119
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Glencore	13,431	iShares Edge MSCI Europe Value Factor	11,792
iShares Edge MSCI Europe Value Factor	12,624	Diageo	9,950
iShares FTSE 250 UCITS ETF	11,407	BHP	9,498
Unilever	8,117	Shell	9,265
Auction Technology	7,797	Anglo American	9,186
Lloyds Banking	7,633	British American Tobacco	8,899
Diageo	7,554	BP	8,433
Taylor Wimpey	6,568	iShares FTSE 250 UCITS ETF	8,271
Barclays	6,485	Unilever	7,672
GSK	6,229	HSBC	7,600

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

LF CANLIFE UK EQUITY FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital gains	3		3,829		156,135
Revenue	4	21,360		20,335	
Expenses	5	(2,771)		(2,896)	
Interest payable and similar charges	7	–		(4)	
Net revenue before taxation		18,589		17,435	
Taxation	6	(2)		5	
Net revenue after taxation			18,587		17,440
Total return before distributions			22,416		173,575
Distributions	8		(18,587)		(17,440)
Change in net assets attributable to shareholders from investment activities			3,829		156,135

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 15 August 2022

	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders		672,222		611,213
Amounts receivable on issue of shares	48,355		7,341	
Amounts payable on redemption of shares	(140,476)		(118,934)	
		(92,121)		(111,593)
Change in net assets attributable to shareholders from investment activities		3,829		156,135
Retained distributions on Accumulation shares		17,604		16,467
Closing net assets attributable to shareholders		601,534		672,222

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		593,476	658,029
Current assets			
Debtors	9	3,926	4,862
Cash and bank balances	10	4,642	11,240
Total assets		<u>602,044</u>	<u>674,131</u>
LIABILITIES			
Creditors			
Distribution payable	11	(163)	(136)
Other creditors	11	(347)	(1,773)
Total liabilities		<u>(510)</u>	<u>(1,909)</u>
Net assets attributable to shareholders		<u>601,534</u>	<u>672,222</u>

LF CANLIFE UK EQUITY FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year.

3. Net Capital Gains

The net capital gains during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	3,796	156,147
Transaction charges	(4)	(9)
Currency gains/(losses)	37	(3)
Net capital gains	<u>3,829</u>	<u>156,135</u>

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	21,294	20,278
UK property income distributions	–	57
Bank interest	7	–
Stock lending revenue	59	–
Total revenue	<u>21,360</u>	<u>20,335</u>

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	2,516	2,635
Legal and professional fees	8	9
Typesetting costs	2	3
Registration and dealing fees	111	111
	2,637	2,758
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	103	105
Safe custody and other bank charges	21	23
	124	128
Other expenses:		
Audit fees	10	10
Total expenses	2,771	2,896

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	2	(5)
Current tax charge	2	(5)
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	2	(5)

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	18,589	17,435
Corporation tax at 20%	3,718	3,487
Effects of:		
Non-taxable dividends	(4,259)	(4,056)
Unutilised excess management expenses	541	569
Corporation tax charge	-	-
Overseas tax	2	(5)
Total tax charge (note 6a)	2	(5)

c) Deferred tax

At the year end there is a potential deferred tax asset of £26,953,000 (15.08.21: £26,412,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	-	4
Total interest payable and similar charges	-	4

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	5,306	3,934
Final	12,518	12,694
	<u>17,824</u>	<u>16,628</u>
Add: Revenue deducted on redemption of shares	1,022	869
Deduct: Revenue received on issue of shares	(259)	(57)
Net distributions for the year	<u>18,587</u>	<u>17,440</u>

Details of the distributions per share are set out in the table on pages 446 to 448.

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Accrued revenue:		
Non-taxable dividends	3,623	4,689
Prepaid expenses	1	–
Taxation recoverable:		
Overseas withholding tax	302	173
Total debtors	<u>3,926</u>	<u>4,862</u>

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	4,642	11,240
Total cash and bank balances	<u>4,642</u>	<u>11,240</u>

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

11. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	163	136
Other Creditors		
Amounts payable for redemption of shares	214	1,380
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	99	348
Typesetting costs	1	1
Registration and dealing fees	14	14
	114	363
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	4	14
Transaction charges	1	2
Safe custody and other bank charges	4	3
	9	19
Other expenses	10	11
Total other creditors	347	1,773

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 434 and amounts due at the year end are disclosed in note 11.

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 17,125,534 (15.08.21: 18,254,990) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 61,595,485 (15.08.21: 54,052,228) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited) held 95,353,207 (15.08.21: 128,349,433) of the Fund's shares at the balance sheet date.

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

Canada Life Asset Management Limited and its associates	22.94% (15.08.21: 26.64%)
The Bank of New York (Nominees) Limited	71.18% (15.08.21: 68.00%)

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

14. Shares in Issue

	'A' Accumulation	'B' Income ¹	'B' Accumulation ¹
Annual Management Charge	1.50%	1.00%	1.00%
Opening shares in issue	1,930,881	7,160,318	24,168,403
Issues	56,006	44	16,843
Redemptions	(82,344)	–	(105,402)
Conversions	–	(7,160,362)	(24,079,844)
Closing shares in issue	1,904,543	–	–

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	'C' Income	'C' Accumulation	'G' Accumulation
Annual Management Charge	0.75%	0.75%	0.375%
Opening shares in issue	67,220	1,616,065	446,803,023
Issues	26,194	167,651	6,203,755
Redemptions	(175)	(1,016,506)	(70,937,337)
Conversions	7,160,362	23,642,421	–
Closing shares in issue	<u>7,253,601</u>	<u>24,409,631</u>	<u>382,069,441</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.

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 CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(B) INTEREST RATE RISK

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

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movements in foreign exchange rates. The Fund does not have any significant exposure to foreign currency risk, and therefore no foreign currency risk table or sensitivity analysis has been presented.

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 94.71% of the portfolio can be liquidated within 5 days and 99.25% within 21 working days (15.08.21: 94.45% within 5 days and 99.70% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(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 £29,674,000 (15.08.21: £32,901,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

16. Portfolio Transaction Costs

15.08.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	166,252	64	755	167,071
Collective investment schemes	25,699	–	–	25,699
Purchases total	191,951	64	755	192,770
<i>Transaction cost % of purchases total</i>		0.03%	0.39%	
<i>Transaction cost % of average NAV</i>		0.01%	0.12%	
Ordinary shares	237,822	(68)	(1)	237,753
Collective investment schemes	23,366	–	–	23,366
Sales total	261,188	(68)	(1)	261,119
<i>Transaction cost % of sales total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

LF CANLIFE UK EQUITY FUND**FINANCIAL STATEMENTS** *continued***NOTES TO THE FINANCIAL STATEMENTS** *continued*

for the year ended 15 August 2022

Average portfolio dealing spread at 15.08.22 is 0.04% (15.08.21: 0.05%).

15.08.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	331,783	137	1,575	333,495
Collective investment schemes	12,082	–	–	12,082
Purchases total	343,865	137	1,575	345,577
<i>Transaction cost % of purchases total</i>		0.04%	0.46%	
<i>Transaction cost % of average NAV</i>		0.02%	0.25%	
Ordinary shares	428,555	(122)	(1)	428,432
Collective investment schemes	11,727	(2)	–	11,725
Sales total	440,282	(124)	(1)	440,157
<i>Transaction cost % of sales total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		0.02%	–	

The collective investment schemes include closed end funds.

17. Fair Value Hierarchy

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

Level 1: Unadjusted quoted price in an active market for an identical instrument;**Level 2:** Valuation techniques using observable inputs other than quoted prices within Level 1;**Level 3:** Valuation techniques using unobservable inputs (see note 1(F) of the Accounting Policies).

15.08.22	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	593,427	49	–	593,476
15.08.21	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	657,980	49	–	658,029

LF CANLIFE UK EQUITY FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

‘A’ ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.4165	–	0.4165	0.1318
Group 2	–	0.4165	0.4165	0.1318

Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	2.0542	–	2.0542	1.7866
Group 2	0.5234	1.5308	2.0542	1.7866

‘B’ INCOME SHARES¹

Interim	Gross Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	N/A	–	N/A	0.3549
Group 2	N/A	N/A	N/A	0.3549

Final	Gross Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	N/A	–	N/A	1.8803
Group 2	N/A	N/A	N/A	1.8803

¹ On 17 September 2021, ‘B’ share class holdings were converted to the equivalent ‘C’ share class and the ‘B’ share class closed.

LF CANLIFE UK EQUITY FUND **FINANCIAL STATEMENTS** *continued* **DISTRIBUTION TABLE** *continued*

‘B’ ACCUMULATION SHARES¹

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	0.4078
Group 2	N/A	N/A	N/A	0.4078
Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	2.1660
Group 2	N/A	N/A	N/A	2.1660

‘C’ INCOME SHARES

Interim	Gross Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	0.7984	–	0.7984	0.4731
Group 2	0.3132	0.4852	0.7984	0.4731
Final	Gross Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	2.2429	–	2.2429	2.0139
Group 2	1.2848	0.9581	2.2429	2.0139

‘C’ ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.9600	–	0.9600	0.5537
Group 2	0.1242	0.8358	0.9600	0.5537
Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	2.6960	–	2.6960	2.3620
Group 2	1.2033	1.4927	2.6960	2.3620

¹ On 17 September 2021, ‘B’ share class holdings were converted to the equivalent ‘C’ share class and the ‘B’ share class closed.

LF CANLIFE UK EQUITY FUND
FINANCIAL STATEMENTS *continued*
DISTRIBUTION TABLE *continued*

'G' ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	1.2565	–	1.2565	0.7808
Group 2	0.4758	0.7807	1.2565	0.7808
Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	3.0512	–	3.0512	2.6773
Group 2	1.2889	1.7623	3.0512	2.6773

LF CANLIFE UK EQUITY AND BOND INCOME FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife UK Equity and Bond Income Fund ('the Fund') is to provide an income and the potential for capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest directly and/or indirectly at least 80% of the assets by value in the shares of UK companies (companies incorporated or domiciled in the UK) and UK debt securities such as government and public securities, corporate bonds and convertible bonds. As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

Investment in UK company shares will be in the range of 60% to 80% and investment in UK debt securities will be in the range of 20% to 40% of the assets by value. Investment outside of these ranges may be made when, in the opinion of the Investment Manager, the market conditions or market outlook are such that this would be to the advantage of the Fund. During such periods, the Fund may invest between 40% and 80% in UK company shares and 20% and 60% in UK debt securities.

The Fund may also invest up to 20% of the assets by value in money market instruments, deposits and cash.

Investment in collective investment schemes is limited to 10% of the assets by value.

The Fund can invest across different industry sectors without limitation.

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

The Fund may use derivatives for the purpose of efficient portfolio management.

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

Benchmark

The Fund's comparator benchmark is the Bloomberg UK Large, Mid & Small Cap Total Return Index.

The Fund's performance may be compared against the Bloomberg UK Large, Mid & Small Cap Total Return Index. The ACD believes that this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against UK equity returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife UK Equity and Bond Income Fund

9 December 2022

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Despite an increasingly challenging economic environment with high inflation, rising interest rates and concerns about global growth, the UK stock market delivered good performance during the period under review.

Early in the period, financial markets continued to rise as a result of supportive policy from central banks and governments. Technology stocks and high-growth companies were a major driver of investment returns, both in the US and in Europe. However, worries about rising interest rates in the closing months of 2021 started to dampen investor sentiment, with the technology sector being the first to struggle when it became clear that central banks would soon start raising interest rates. Market conditions deteriorated even further at the end of February when Russia invaded Ukraine, causing the price of oil and gas to rise around the world and sending already high inflation even higher.

With inflation reaching 40-year highs in many developed economies and the US Federal Reserve and Bank of England rapidly raising interest rates, stock markets fell significantly in the first half of 2022, then rallied in July and August when investors started to believe a deep recession was less likely than previously feared. Despite waiting longer than its counterparts to raise rates, the European Central Bank took on a more aggressive stance towards inflation late in the period under review. Having previously signalled that it would not raise interest rates until the final three months of the year, after it finished winding down its asset purchasing programme, it changed course and started raising interest rates in July.

The UK stock market was one of the better-performing stock markets throughout the period under review, driven largely by a number of companies in the oil, mining, healthcare and banking sectors. The US stock market was hit particularly hard during the period as its concentration of high-growth companies struggled in an environment of rising interest rates. However, it recovered some losses in July and early August as markets rallied on hopes that a recession might be avoided. It was also a challenging time for many markets in Asia Pacific, where concerns about global inflation, supply chain disruptions caused by COVID-19, rising interest rates and a stronger US dollar all pushed equities downwards.

Global bond markets struggled during the period, as rising interest rates pushed down prices for benchmark government bonds, causing their yields to rise. Corporate bonds underperformed government bonds as spreads widened (the difference between yields on government bonds and corporate bonds).

Fund Review

During the period under review, the Fund was positioned to capture the UK recovery story as the economy continued to recover from the COVID-19 pandemic. The arrival of the Omicron variant in November, higher global inflation, rising interest rates and the onset of war in Ukraine created more volatility, but the Fund benefited from good performance in the UK stock market in the first half of 2022 and generated a positive return over the period.

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

The Fund's allocation to energy companies such as Shell and BP benefited performance, driven by the steep rise in oil and gas prices due to the war in Ukraine. The Fund also benefited from its allocation to the healthcare, utilities and natural resources sectors. The main detractors from performance included the Fund's holding in Melrose Industries, a manufacturing company, Dunelm, the homewares business that is exposed to discretionary consumer spending, and Entain, which was marred by regulatory fines. The Fund's fixed income holdings were also a detractor from performance as corporate bond prices have fallen, given that interest rates have risen and credit spreads have widened.

During the period, the manager added several companies to the portfolio, including: HSBC, a global bank, Primary Health Properties, which invest in healthcare properties such as those occupied by GP practices, British Land and Land Securities, both commercial property REITs focused on the UK, and International Public Partnerships, which invests in infrastructure projects.

Throughout the period, the manager exited a number of stocks including WM Morrison (after it had been bid for), Smith & Nephew and Vodafone, as well as Ashted Group after a period of disappointing performance.

Outlook

Financial markets around the world had a difficult time throughout much of the period under review as supply chain constrictions, higher inflation, rising interest rates and the war in Ukraine all took their toll. There was a sharp rotation out of growth-orientated companies and into so-called value companies, such as banks and utilities, because investors started to believe that technology companies and other high-growth businesses would see lower profit levels in the future.

Likewise, with interest rates rising, bond prices have fallen because investors are demanding a higher yield (the amount of income they receive in relation to the price paid) for holding them. Given how far stock markets have fallen from their peaks, we believe that, for the most part, the worst is likely behind us. Certain sectors of the stock market have been significantly rerated and valuations in some areas now appear attractive.

At present it is unclear if inflation has reached a peak and just how far interest rates will rise. As central banks hike rates, there is a strong possibility that this may trigger a recession, with the only question being how much of an economic deceleration will take place.

Against this backdrop, we continue to monitor the current economic and market environment, taking a balanced and cautiously optimistic view for the months ahead.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

16 September 2022

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

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

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

Liquidity Risk: The Fund may invest in assets where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	2,041.51	1,750.59	1,806.76
Return before operating charges*	114.07	322.36	(26.32)
Operating charges	(34.88)	(31.44)	(29.85)
Return after operating charges	79.19	290.92	(56.17)
Distributions	(98.78)	(83.06)	(78.82)
Retained distributions on accumulation shares	98.78	83.06	78.82
Closing net asset value per share	2,120.70	2,041.51	1,750.59
* after direct transaction costs of:	0.80	0.83	0.72

PERFORMANCE

Return after charges	3.88%	16.62%	(3.11)%
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OTHER INFORMATION

Closing net asset value (£'000)	4,449	4,687	4,207
Closing number of shares	209,774	229,569	240,328
Operating charges	1.68%	1.69%	1.65%
Direct transaction costs	0.04%	0.04%	0.04%

PRICES

Highest share price	2,169.83	2,046.27	1,983.00
Lowest share price	1,975.66	1,617.50	1,457.25

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	245.98	218.85	234.69
Return before operating charges*	13.66	39.63	(3.58)
Operating charges	(2.31)	(2.18)	(2.10)
Return after operating charges	11.35	37.45	(5.68)
Distributions	(11.87)	(10.32)	(10.16)
Closing net asset value per share	245.46	245.98	218.85
* after direct transaction costs of:	0.10	0.10	0.09

PERFORMANCE

Return after charges	4.61%	17.11%	(2.42)%
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OTHER INFORMATION

Closing net asset value (£'000)	7,271	377	641
Closing number of shares	2,962,143	153,405	292,810
Operating charges	0.93%	0.94%	0.90%
Direct transaction costs	0.04%	0.04%	0.04%

PRICES

Highest share price	259.23	253.60	258.11
Lowest share price	237.45	202.45	186.65

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	2,170.19	1,851.18	1,901.16
Return before operating charges*	121.18	337.55	(32.81)
Operating charges	(20.60)	(18.54)	(17.17)
Return after operating charges	100.58	319.01	(49.98)
Distributions	(105.89)	(88.09)	(83.13)
Retained distributions on accumulation shares	105.89	88.09	83.13
Closing net asset value per share	2,270.77	2,170.19	1,851.18
* after direct transaction costs of:	0.85	0.88	0.76

PERFORMANCE

Return after charges	4.63%	17.23%	(2.63)%
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OTHER INFORMATION

Closing net asset value (£'000)	10,493	337	289
Closing number of shares	462,090	15,525	15,626
Operating charges	0.93%	0.94%	0.90%
Direct transaction costs	0.04%	0.04%	0.04%

PRICES

Highest share price	2,320.04	2,175.18	2,090.50
Lowest share price	2,101.25	1,712.25	1,537.83

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	2,267.62	1,920.53	1,959.59
Return before operating charges*	128.24	358.80	(28.60)
Operating charges	(12.76)	(11.71)	(10.46)
Return after operating charges	115.48	347.09	(39.06)
Distributions	(111.36)	(91.88)	(86.23)
Retained distributions on accumulation shares	111.36	91.88	86.23
Closing net asset value per share	2,383.10	2,267.62	1,920.53
* after direct transaction costs of:	0.89	0.91	0.79

PERFORMANCE

Return after charges	5.09%	18.07%	(1.99)%
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OTHER INFORMATION

Closing net asset value (£'000)	1,359	1,075	2,534
Closing number of shares	57,027	47,424	131,944
Operating charges	0.55%	0.57%	0.53%
Direct transaction costs	0.04%	0.04%	0.04%

PRICES

Highest share price	2,433.17	2,272.76	2,161.34
Lowest share price	2,197.56	1,779.02	1,591.46

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife UK Equity and Bond Income Fund	4.27	19.32	21.29
Bloomberg UK Large, Mid & Small Cap Total Return Index ¹	4.68	17.37	21.28

¹ Source: Bloomberg.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 478 to 480.

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 CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	DEBT SECURITIES – 21.79% (15.08.21 – 22.24%)		
£651,810	Delamare Finance 5.5457% 19/2/2029	690	2.93
£600,000	Électricité de France 6% <i>floating rate notes Perpetual</i>	558	2.37
£230,000	M&G 5.625% 20/10/2051	232	0.98
£416,738	Mitchells & Butlers Finance 5.574% 15/12/2030	433	1.84
£800,000	Nationwide Building Society 5.769% <i>Perpetual</i>	828	3.51
£600,000	Phoenix 5.75% <i>floating rate notes Perpetual</i>	547	2.32
£450,000	RL Finance NO 4 4.875% 7/10/2049	397	1.68
£400,000	Rothsay Life 8% 30/10/2025	434	1.84
£600,000	Society of Lloyd's 4.75% 30/10/2024	601	2.55
£423,048	Wellington 6.735% 15/1/2029	416	1.77
	TOTAL DEBT SECURITIES	5,136	21.79
	EQUITIES – 75.29% (15.08.21 – 77.17%)		
	TELECOMMUNICATIONS – 0.00% (15.08.21 – 0.35%)		
	TELECOMMUNICATION SERVICE PROVIDERS – 0.00% (15.08.21 – 0.35%)	–	–
	TOTAL TELECOMMUNICATIONS	–	–
	HEALTH CARE – 8.12% (15.08.21 – 8.04%)		
	MEDICAL EQUIPMENT AND SERVICES – 0.00% (15.08.21 – 0.67%)	–	–
	PHARMACEUTICALS & BIOTECHNOLOGY – 8.12% (15.08.21 – 7.37%)		
9,637	AstraZeneca	1,056	4.48
49,258	GSK	693	2.94
61,573	Haleon	164	0.70
	TOTAL HEALTH CARE	1,913	8.12

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	FINANCIALS – 19.32% (15.08.21 – 19.24%)		
	BANKS – 5.18% (15.08.21 – 4.05%)		
222,257	Barclays	381	1.62
21,912	HSBC	120	0.51
854,561	Lloyds Banking	392	1.66
54,951	Standard Chartered	328	1.39
		<u>1,221</u>	<u>5.18</u>
	INVESTMENT BANKING AND BROKERAGE SERVICES – 2.71% (15.08.21 – 3.01%)		
35,531	IG	301	1.28
120,177	M&G	261	1.11
65,824	Premier Asset Management	76	0.32
		<u>638</u>	<u>2.71</u>
	CLOSED END INVESTMENTS – 3.44% (15.08.21 – 2.59%)		
317,460	CQS New City High Yield ¹	163	0.69
135,685	HICL Infrastructure ¹	243	1.03
136,300	International Public Partnerships ¹	230	0.98
108,498	Invesco Bond Income Plus ¹	174	0.74
		<u>810</u>	<u>3.44</u>
	LIFE INSURANCE – 6.21% (15.08.21 – 7.52%)		
158,345	Legal & General	450	1.91
71,000	Phoenix	486	2.06
20,390	Prudential	202	0.86
25,943	St. James's Place Capital	326	1.38
		<u>1,464</u>	<u>6.21</u>
	NON-LIFE INSURANCE – 1.78% (15.08.21 – 2.07%)		
59,862	Direct Line	130	0.55
60,567	Lancashire	290	1.23
		<u>420</u>	<u>1.78</u>
	TOTAL FINANCIALS	<u>4,553</u>	<u>19.32</u>

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	REAL ESTATE – 4.66% (15.08.21 – 1.98%)		
	REAL ESTATE INVESTMENT TRUSTS – 4.66% (15.08.21 – 1.98%)		
35,147	British Land	169	0.72
30,555	Land Securities REIT	225	0.96
184,860	LXI REIT	279	1.18
81,507	Primary Health Properties	121	0.51
243,628	Supermarket Income REIT	305	1.29
	TOTAL REAL ESTATE	1,099	4.66
	CONSUMER DISCRETIONARY – 6.42% (15.08.21 – 6.98%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 1.33% (15.08.21 – 2.02%)		
33,681	Barratt Developments	164	0.70
8,035	Persimmon	149	0.63
		313	1.33
	PERSONAL GOODS – 1.36% (15.08.21 – 1.45%)		
8,172	Unilever	321	1.36
	MEDIA – 1.16% (15.08.21 – 1.08%)		
45,889	Informa	273	1.16
	RETAILERS – 1.39% (15.08.21 – 0.80%)		
27,106	Dunelm	224	0.95
6,899	WH Smith	105	0.44
		329	1.39
	TRAVEL & LEISURE – 1.18% (15.08.21 – 1.63%)		
19,529	GVC	277	1.18
	TOTAL CONSUMER DISCRETIONARY	1,513	6.42

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	CONSUMER STAPLES – 9.28% (15.08.21 – 8.88%)		
	BEVERAGES – 1.80% (15.08.21 – 1.24%)		
11,000	Diageo	425	1.80
	TOBACCO – 5.19% (15.08.21 – 4.28%)		
19,791	British American Tobacco	665	2.82
29,596	Imperial Brands	558	2.37
		1,223	5.19
	PERSONAL CARE, DRUG AND GROCERY STORES – 2.29% (15.08.21 – 3.36%)		
202,774	Tesco	540	2.29
	TOTAL CONSUMER STAPLES	2,188	9.28
	INDUSTRIALS – 4.42% (15.08.21 – 10.25%)		
	CONSTRUCTION & MATERIALS – 1.33% (15.08.21 – 1.93%)		
9,611	CRH	313	1.33
	AEROSPACE & DEFENCE – 2.42% (15.08.21 – 3.24%)		
72,972	BAE Systems	570	2.42
	INDUSTRIAL ENGINEERING – 0.00% (15.08.21 – 2.18%)	–	–
	INDUSTRIAL SUPPORT SERVICES – 0.67% (15.08.21 – 2.90%)		
2,979	DCC	159	0.67
	TOTAL INDUSTRIALS	1,042	4.42
	BASIC MATERIALS – 6.01% (15.08.21 – 7.43%)		
	PRECIOUS METALS AND MINING – 6.01% (15.08.21 – 7.43%)		
24,995	BHP Billiton	559	2.37
18,146	Rio Tinto	859	3.64
	TOTAL BASIC MATERIALS	1,418	6.01

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	ENERGY – 11.42% (15.08.21 – 8.97%)		
	OIL, GAS AND COAL – 11.42% (15.08.21 – 8.97%)		
289,612	BP	1,232	5.23
66,932	Shell 'B'	1,460	6.19
	TOTAL ENERGY	2,692	11.42
	UTILITIES – 5.64% (15.08.21 – 5.05%)		
	GAS, WATER & MULTIUTILITIES – 5.64% (15.08.21 – 5.05%)		
62,002	National Grid	714	3.03
20,681	Severn Trent	616	2.61
	TOTAL UTILITIES	1,330	5.64
	TOTAL EQUITIES	17,748	75.29
	Portfolio of investments	22,884	97.08
	Net other assets	688	2.92
	Net assets	23,572	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.

¹ Closed end fund.

LF CANLIFE UK EQUITY AND BOND INCOME FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 15)	2,525	Total sales for the year £'000 (note 15)	3,064
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
RL Finance NO 4 4.875% 7/10/2049	438	Ashtead	451
Dunelm	341	BAE Systems	424
Rio Tinto	252	BHP	421
Land Securities REIT	239	Melrose Industries	353
M&G 5.625% 20/10/2051	238	Morrison (Wm.) Supermarkets	303
International Public Partnerships	231	BP	241
British Land	178	Smith & Nephew	148
Lloyds Banking	125	Shell 'B'	120
HSBC	119	St. James's Place Capital	114
Primary Health Properties	116	WH Smith	81

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

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital gains	3		79		2,786
Revenue	4	1,179		1,043	
Expenses	5	(250)		(277)	
Net revenue before taxation		929		766	
Taxation	6	10		(29)	
Net revenue after taxation			939		737
Total return before distributions			1,018		3,523
Distributions	7		(1,117)		(986)
Change in net assets attributable to shareholders from investment activities			(99)		2,537

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			23,486		22,902
Amounts receivable on issue of shares		17,412		370	
Amounts payable on redemption of shares		(17,990)		(2,986)	
Dilution levy	1(H)		(578)		(2,616)
Change in net assets attributable to shareholders from investment activities			–		3
Retained distributions on Accumulation shares			(99)		2,537
Unclaimed distributions	2		762		658
Closing net assets attributable to shareholders			1		2
			23,572		23,486

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		22,884	23,348
Current assets			
Debtors	8	338	236
Cash and bank balances	9	596	157
Total assets		<u>23,818</u>	<u>23,741</u>
LIABILITIES			
Creditors			
Distribution payable	10	(224)	(211)
Other creditors	10	(22)	(44)
Total liabilities		<u>(246)</u>	<u>(255)</u>
Net assets attributable to shareholders		<u>23,572</u>	<u>23,486</u>

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below has also been applied to this Fund.

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

3. Net Capital Gains

The net capital gains during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	79	2,787
Transaction charges	–	(1)
Net capital gains	79	2,786

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	870	759
UK property income distributions	29	8
Interest on debt securities	278	276
Bank interest	1	–
Stock lending revenue	1	–
Total revenue	1,179	1,043

LF CANLIFE UK EQUITY AND BOND INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	209	234
Legal and professional fees	8	9
Typesetting costs	2	3
Registration and dealing fees	11	10
	230	256
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	8	8
Safe custody and other bank charges	3	4
	11	12
Other expenses:		
Audit fees	9	9
Total expenses	250	277

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	—	—
Current tax charge	—	—
Deferred tax – origination and reversal of timing differences (note 6c)	(10)	29
Total taxation (note 6b)	(10)	29

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	929	766
Corporation tax at 20%	186	153
Effects of:		
Non-taxable dividends	(174)	(152)
(Utilisation of)/unutilised excess management expenses	(22)	28
Corporation tax (credit)/charge	(10)	29
Total tax (credit)/charge (note 6a)	(10)	29
c) Deferred tax		
Provision at the start of the year	(1)	(30)
Deferred tax (credit)/charge in the year (note 6a)	(10)	29
Provision at the end of the year	(11)	(1)

At the year end there is a potential deferred tax asset of £1,600,000 (15.08.21: £1,612,000) in relation to tax losses.

There is evidence that taxable profits may arise in the future, therefore the Fund has recognised £11,000 (15.08.21: £1,000) of the deferred tax asset. Consequently the Fund has also unrecognised deferred tax asset of £1,590,000 (15.08.21: £1,612,000).

7. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	401	311
Final	711	659
	1,112	970
Add: Revenue deducted on redemption of shares	127	21
Deduct: Revenue received on issue of shares	(122)	(5)
Net distributions for the year	1,117	986

LF CANLIFE UK EQUITY AND BOND INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 15 August 2022

Details of the distributions per share are set out in the table on pages 478 to 480.

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	939	737
Allocations to capital:		
Expenses, net of tax relief	188	220
Deferred tax	(10)	29
	178	249
Net distributions for the year	1,117	986

8. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	80	–
Accrued revenue:		
Non-taxable dividends	145	157
Interest from debt securities	96	74
	241	231
Taxation recoverable:		
Overseas withholding tax	6	4
Deferred tax asset	11	1
Total debtors	338	236

9. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	596	157
Total cash and bank balances	596	157

LF CANLIFE UK EQUITY AND BOND INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 15 August 2022

10. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	224	211
Other Creditors		
Amounts payable for redemption of shares	2	–
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	8	31
Typesetting costs	1	1
Registration and dealing fees	1	1
	10	33
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	–	1
Other expenses	10	10
Total other creditors	22	44

11. Related Party Transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on redemption of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 465 and amounts due at the year end are disclosed in notes 8 and 10.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 486,674 (15.08.21: 526,439) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held none (15.08.21: none) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited or its associates) held 265,819 (15.08.21: 276,036) 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:

The Bank of New York (Nominees) Limited	71.95% (15.08.21: 70.90%)
-----------------------------------------	---------------------------

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

13. Shares in Issue

	'A' Accumulation	'B' Income ¹	'B' Accumulation ¹
Annual Management Charge	1.50%	1.00%	1.00%
Opening shares in issue	229,569	2,891,403	468,214
Issues	–	–	324
Redemptions	(19,795)	–	(1,134)
Conversions	–	(2,891,403)	(467,404)
Closing shares in issue	209,774	–	–

	'C' Income	'C' Accumulation	'G' Accumulation
Annual Management Charge	0.75%	0.75%	0.375%
Opening shares in issue	153,405	15,525	47,424
Issues	54,395	14,762	12,949
Redemptions	(91,632)	(28,584)	(3,346)
Conversions	2,845,975	460,387	–
Closing shares in issue	2,962,143	462,090	57,027

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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.

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	15.08.22 %	15.08.21 %
Investment grade debt securities	9.98	8.65
Non-investment grade debt securities	5.88	6.55
Non-rated debt securities	5.93	7.04
Other investments	75.29	77.17
Net other assets	2.92	0.59
	<u>100.00</u>	<u>100.00</u>

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(B) INTEREST RATE RISK

Interest rate risk is the risk that the value of the Fund's investments will fluctuate as a result of interest rate changes. The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes.

The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes may expose the Fund to indirect interest rate risk to the extent that they may invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 15 August 2022 a one basis point change in the yield would have an impact of £2,000 on the direct net assets of the Fund (15.08.21: £2,000).

The table below shows the interest rate risk profile:

	15.08.22 £'000	15.08.21 £'000
Floating rate investments	1,105	1,324
Fixed rate investments	4,031	3,900
Investments on which interest is not paid	17,748	18,124
Total investments	22,884	23,348

The floating rate investments comprise securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalents.

Investments on which interest is not paid include equities and collective investment schemes that do not pay UK interest distribution.

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movements in foreign exchange rates. The Fund does not have any significant exposure to foreign currency risk, and therefore no foreign currency risk table or sensitivity analysis has been presented.

(D) LEVERAGE

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

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 83.44% of the portfolio can be liquidated within 5 days and 100% within 21 working days (15.08.21: 80.35% within 5 days and 100% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £1,144,000 (15.08.21: £1,167,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

15. Portfolio Transaction Costs

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.22				
Ordinary shares	1,610	1	7	1,618
Collective investment schemes	231	–	–	231
Debt securities	676	–	–	676
Purchases total	<u>2,517</u>	<u>1</u>	<u>7</u>	<u>2,525</u>
<i>Transaction cost % of purchases total</i>		0.04%	0.28%	
<i>Transaction cost % of average NAV</i>		–	0.02%	
Ordinary shares	2,889	(1)	–	2,888
Debt securities	176	–	–	176
Sales total	<u>3,065</u>	<u>(1)</u>	<u>–</u>	<u>3,064</u>
<i>Transaction cost % of sales total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 15.08.22 is 0.31% (15.08.21: 0.37%).

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

15.08.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	2,017	1	8	2,026
Purchases total	2,017	1	8	2,026
<i>Transaction cost % of purchases total</i>		0.05%	0.40%	
<i>Transaction cost % of average NAV</i>		–	0.04%	
Ordinary shares	3,833	(1)	–	3,832
Collective investment schemes	53	–	–	53
Debt securities	163	–	–	163
Sales total	4,049	(1)	–	4,048
<i>Transaction cost % of sales total</i>		0.02%	–	
<i>Transaction cost % of average NAV</i>		–	–	

The collective investment schemes include closed end funds.

16. Fair Value Hierarchy

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

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

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

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

15.08.22	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	17,748	5,136	–	22,884
15.08.21	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	18,124	5,224	–	23,348

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'A' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	35.2829	–	35.2829	26.2235
Group 2	35.2829	0.0000	35.2829	26.2235

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	63.4976	–	63.4976	56.8393
Group 2	63.4976	0.0000	63.4976	56.8393

'B' INCOME SHARES¹

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	N/A	–	N/A	3.2323
Group 2	N/A	N/A	N/A	3.2323

Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	N/A	–	N/A	6.9246
Group 2	N/A	N/A	N/A	6.9246

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'B' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	27.3531
Group 2	N/A	N/A	N/A	27.3531
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	59.4346
Group 2	N/A	N/A	N/A	59.4346

'C' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	4.3090	–	4.3090	3.2825
Group 2	0.7857	3.5233	4.3090	3.2825
Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	7.5597	–	7.5597	7.0337
Group 2	4.2121	3.3476	7.5597	7.0337

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	38.0448	–	38.0448	27.7608
Group 2	9.9136	28.1312	38.0448	27.7608
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	67.8451	–	67.8451	60.3332
Group 2	31.4660	36.3791	67.8451	60.3332

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK EQUITY AND BOND INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	40.2194	–	40.2194	28.9099
Group 2	7.0833	33.1361	40.2194	28.9099
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	71.1399	–	71.1399	62.9661
Group 2	19.6304	51.5095	71.1399	62.9661

LF CANLIFE UK EQUITY INCOME FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife UK Equity Income Fund ('the Fund') is to provide an income and the potential for capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest directly and/or indirectly at least 80% of the assets by value in the shares of companies which are incorporated or domiciled in the United Kingdom. As part of the equities exposure the Fund may also invest in Real Estate Investment Trusts (REITs).

The Fund may also invest up to 20% of the assets by value in debt securities (such as corporate bonds, government and public securities), money market instruments, deposits and cash.

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

The Fund can invest across different industry sectors and market capitalisations without limitation.

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

The Fund may use derivatives for the purpose of efficient portfolio management.

Benchmark

The Fund's comparator benchmark is the Bloomberg UK Large, Mid & Small Cap Total Return Index.

The Fund's performance may be compared against the Bloomberg UK Large, Mid & Small Cap Total Return Index. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against UK equity returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife UK Equity Income Fund
9 December 2022

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Despite an increasingly challenging economic environment with high inflation, rising interest rates and concerns about global growth, the UK stock market delivered a reasonably resilient performance during the period under review. Early in the period, financial markets remained buoyant as a result of supportive policy from both central banks and governments. However, moving through 2022, global supply chain constrictions, high inflation across many parts of the world and rising interest rates weighed heavily on investor sentiment.

Market conditions around the world deteriorated at the end of February when Russia invaded Ukraine, causing oil and gas prices to rise around the world and sending already rising inflation even higher. With inflation reaching a 40-year high of 10.1% in the UK, the Bank of England rapidly increased interest rates during the period, to 1.75% from 0.1%, amplifying fears of a recession.

The energy sector contributed to most of the market return over the period, rising over 50%. Defensive sectors such as utilities and consumer staples also contributed positively, as did financials, but this was primarily driven by HSBC which rose over 38% in reaction to US interest rates.

More expensive sectors such as technology detracted from the market return and consumer-facing sectors were also hit hard, with many stocks losing more than half of their value.

Fund Review

We positioned the Fund to benefit from rising bond yields, which subsequently became the dominant factor in market trajectory. The result was a change in market leadership in favour of value rather than expensive growth, which played out as anticipated.

At a sector level, the Fund was a big beneficiary of the strong performance from the energy sector, specifically BP & Shell which were positively exposed to very high oil and gas prices. The overweight position in media was also a positive contributor to relative performance, primarily due to Auto Trader recovering from the pandemic period. Our underweight position in technology also worked in our favour. The main detractor from relative performance was our overweight position in financials where market worries about credit quality weighed on banks and insurance companies. We view these concerns as unwarranted and remain overweight.

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Outlook

Higher inflation and rising interest rates have caused some volatility in global markets and will most likely continue to do so. The focus of the UK market is now on the cost of energy and its effect on the consumer and small businesses. The base case view of the Fund is that inflation will fall over the course of the next 12 months but will remain stickier than expected and is unlikely to return to previous levels any time soon. Wage growth may stay stronger than expected as the labour market remains very tight and although the probability of a recession is high it may not be as deep as many market commentators believe. In the face of ever more attractive valuations in certain parts of the market, the Fund will be looking to capitalise on these, albeit with caution.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

23 September 2022

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

The Fund has been classed as 6 because its volatility has been measured as above average to high.

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

The risk and reward profile shown is not guaranteed to remain the same and may shift over time. The lowest number on the scale does not mean that a fund is risk free.

Property Investment Risk: The Fund may invest in the shares of companies that are invested in property (real estate investment trusts) rather than property itself. The value of these investments may fluctuate more than property. In unfavourable market conditions, they may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund.

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

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

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

Liquidity Risk: The Fund may hold investments where, in difficult market conditions, there is an increased risk that a position cannot be bought or sold in a timely manner or at a reasonable price and the Manager may suspend dealing in the Fund.

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. company shares) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	574.02	461.73	517.47
Return before operating charges*	46.78	120.31	(47.79)
Operating charges	(9.17)	(8.02)	(7.95)
Return after operating charges	37.61	112.29	(55.74)
Distributions	(23.56)	(21.32)	(20.94)
Retained distributions on accumulation shares	23.56	21.32	20.94
Closing net asset value per share	611.63	574.02	461.73
* after direct transaction costs of:	0.63	0.65	1.95

PERFORMANCE

Return after charges	6.55%	24.32%	(10.77)%
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OTHER INFORMATION

Closing net asset value (£'000)	103	100	81
Closing number of shares	16,812	17,388	17,662
Operating charges	1.57%	1.57%	1.57%
Direct transaction costs	0.11%	0.13%	0.38%

PRICES

Highest share price	619.69	574.98	585.20
Lowest share price	544.50	417.46	367.28

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	420.17	348.58	404.48
Return before operating charges*	34.19	90.76	(36.37)
Operating charges	(3.50)	(3.16)	(3.24)
Return after operating charges	30.69	87.60	(39.61)
Distributions	(17.16)	(16.01)	(16.29)
Closing net asset value per share	433.70	420.17	348.58
* after direct transaction costs of:	0.46	0.49	1.52

PERFORMANCE

Return after charges	7.30%	25.13%	(9.79)%
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OTHER INFORMATION

Closing net asset value (£'000)	17,792	634	356
Closing number of shares	4,102,400	150,798	102,207
Operating charges	0.82%	0.82%	0.82%
Direct transaction costs	0.11%	0.13%	0.38%

PRICES

Highest share price	450.48	432.56	458.77
Lowest share price	397.21	315.69	284.41

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	613.95	490.17	545.24
Return before operating charges*	50.29	128.25	(50.68)
Operating charges	(5.14)	(4.47)	(4.39)
Return after operating charges	45.15	123.78	(55.07)
Distributions	(25.30)	(22.70)	(22.14)
Retained distributions on accumulation shares	25.30	22.70	22.14
Closing net asset value per share	659.10	613.95	490.17
* after direct transaction costs of:	0.68	0.69	2.06

PERFORMANCE

Return after charges	7.35%	25.25%	(10.10)%
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OTHER INFORMATION

Closing net asset value (£'000)	1,933	466	394
Closing number of shares	293,322	75,954	80,351
Operating charges	0.82%	0.82%	0.82%
Direct transaction costs	0.11%	0.13%	0.38%

PRICES

Highest share price	666.83	614.95	618.30
Lowest share price	582.81	443.86	388.76

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	634.94	505.07	559.70
Return before operating charges*	52.17	132.40	(52.15)
Operating charges	(2.92)	(2.53)	(2.48)
Return after operating charges	49.25	129.87	(54.63)
Distributions	(26.21)	(23.44)	(22.78)
Retained distributions on accumulation shares	26.21	23.44	22.78
Closing net asset value per share	684.19	634.94	505.07
* after direct transaction costs of:	0.70	0.71	2.12

PERFORMANCE

Return after charges	7.76%	25.71%	(9.76)%
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OTHER INFORMATION

Closing net asset value (£'000)	212,362	229,615	226,865
Closing number of shares	31,038,507	36,163,222	44,917,326
Operating charges	0.45%	0.45%	0.45%
Direct transaction costs	0.11%	0.13%	0.38%

PRICES

Highest share price	691.71	635.95	635.57
Lowest share price	602.96	457.71	399.98

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife UK Equity Income Fund	7.02	21.06	19.04
Bloomberg UK Large, Mid & Small Cap Total Return Index ¹	4.68	17.37	21.28

¹ Source: Bloomberg.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 509 to 511.

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 CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	TECHNOLOGY – 0.91% (15.08.21 – 0.87%)		
	SOFTWARE AND COMPUTER SERVICES – 0.91% (15.08.21 – 0.87%)		
285,213	Sage	2,121	0.91
	TOTAL TECHNOLOGY	2,121	0.91
	TELECOMMUNICATIONS – 1.26% (15.08.21 – 2.04%)		
	TELECOMMUNICATION SERVICE PROVIDERS – 1.26% (15.08.21 – 2.04%)		
2,409,009	Vodafone	2,918	1.26
	TOTAL TELECOMMUNICATIONS	2,918	1.26
	HEALTH CARE – 10.48% (15.08.21 – 9.00%)		
	PHARMACEUTICALS AND BIOTECHNOLOGY – 10.48% (15.08.21 – 9.00%)		
162,728	AstraZeneca	17,835	7.68
463,051	GSK	6,510	2.80
	TOTAL HEALTH CARE	24,345	10.48
	FINANCIALS – 22.37% (15.08.21 – 23.10%)		
	BANKS – 9.55% (15.08.21 – 7.98%)		
590,485	Allied Irish Banks	1,120	0.48
3,756,390	Barclays	6,444	2.78
1,245,414	HSBC	6,811	2.93
11,704,167	Lloyds Banking	5,368	2.31
407,189	Standard Chartered	2,433	1.05
		22,176	9.55

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	INVESTMENT BANKING AND BROKERAGE SERVICES – 3.97% (15.08.21 – 4.69%)		
230,103	3i	2,879	1.24
410,125	Burford Capital ^l	3,441	1.48
185,468	IG	1,569	0.68
15,629	London Stock Exchange	1,319	0.57
		<u>9,208</u>	<u>3.97</u>
	LIFE INSURANCE – 6.93% (15.08.21 – 7.95%)		
3,181,422	Just	2,435	1.05
1,798,345	Legal & General	5,109	2.20
489,792	Phoenix	3,350	1.44
277,976	Prudential	2,754	1.19
193,451	St. James's Place Capital	2,434	1.05
		<u>16,082</u>	<u>6.93</u>
	NON-LIFE INSURANCE – 1.92% (15.08.21 – 2.48%)		
972,037	Direct Line	2,116	0.91
488,450	Lancashire	2,337	1.01
		<u>4,453</u>	<u>1.92</u>
	TOTAL FINANCIALS	<u>51,919</u>	<u>22.37</u>
	REAL ESTATE – 1.11% (15.08.21 – 1.08%)		
	REAL ESTATE INVESTMENT AND SERVICES – 1.11% (15.08.21 – 1.08%)		
2,052,043	Supermarket Income REIT	2,565	1.11
	TOTAL REAL ESTATE	<u>2,565</u>	<u>1.11</u>

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	CONSUMER DISCRETIONARY – 17.67% (15.08.21 – 16.72%)		
	HOUSEHOLD GOODS AND HOME CONSTRUCTION – 5.56% (15.08.21 – 4.60%)		
341,857	Barratt Developments	1,664	0.72
1,009,885	Crest Nicholson	2,779	1.20
68,800	Persimmon	1,277	0.55
93,457	Reckitt Benckiser	6,121	2.64
848,721	Taylor Wimpey	1,055	0.45
		<u>12,896</u>	<u>5.56</u>
	PERSONAL GOODS – 3.77% (15.08.21 – 4.46%)		
222,562	Unilever	<u>8,750</u>	<u>3.77</u>
	MEDIA – 4.92% (15.08.21 – 4.20%)		
792,772	Auto Trader	5,270	2.27
497,850	Informa	2,958	1.27
133,803	RELX	3,202	1.38
		<u>11,430</u>	<u>4.92</u>
	RETAILERS – 1.47% (15.08.21 – 0.22%)		
725,251	Halfords	1,199	0.52
602,251	Pets at Home	2,203	0.95
		<u>3,402</u>	<u>1.47</u>
	TRAVEL AND LEISURE – 1.95% (15.08.21 – 3.24%)		
276,588	easyJet	1,169	0.50
236,557	Entain	3,358	1.45
		<u>4,527</u>	<u>1.95</u>
	TOTAL CONSUMER DISCRETIONARY	<u>41,005</u>	<u>17.67</u>
	CONSUMER STAPLES – 7.64% (15.08.21 – 8.77%)		
	BEVERAGES – 2.33% (15.08.21 – 3.06%)		
140,099	Diageo	<u>5,416</u>	<u>2.33</u>

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	TOBACCO – 4.53% (15.08.21 – 4.95%)		
169,020	British American Tobacco	5,680	2.45
256,817	Imperial Brands	4,841	2.08
		<u>10,521</u>	<u>4.53</u>
	PERSONAL CARE, DRUG AND GROCERY STORES – 0.78% (15.08.21 – 0.76%)		
684,088	Tesco	1,821	0.78
	TOTAL CONSUMER STAPLES	<u>17,758</u>	<u>7.64</u>
	INDUSTRIALS – 13.08% (15.08.21 – 13.59%)		
	CONSTRUCTION AND MATERIALS – 1.16% (15.08.21 – 1.24%)		
82,975	CRH	2,705	1.16
	AEROSPACE AND DEFENCE – 2.30% (15.08.21 – 2.73%)		
683,761	BAE Systems	5,346	2.30
	INDUSTRIAL ENGINEERING – 2.99% (15.08.21 – 2.58%)		
2,331,617	Melrose Industries	3,627	1.56
103,973	Smurfit Kappa	3,304	1.43
		<u>6,931</u>	<u>2.99</u>
	INDUSTRIAL SUPPORT SERVICES – 6.63% (15.08.21 – 7.04%)		
82,472	Ashtead	3,809	1.64
319,116	Biffa	1,281	0.55
4,824,729	Capita	1,234	0.53
765,573	Redde Northgate	2,936	1.26
2,382,997	Serco	4,175	1.80
210,036	Travis Perkins	1,973	0.85
		<u>15,408</u>	<u>6.63</u>
	TOTAL INDUSTRIALS	<u>30,390</u>	<u>13.08</u>

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	BASIC MATERIALS – 6.62% (15.08.21 – 9.21%)		
	PRECIOUS METALS AND MINING – 6.62% (15.08.21 – 9.21%)		
163,652	Anglo American	4,748	2.04
26,774	BHP Billiton	599	0.26
1,294,868	Glencore	6,015	2.59
84,610	Rio Tinto	4,007	1.73
	TOTAL BASIC MATERIALS	15,369	6.62
	ENERGY – 13.23% (15.08.21 – 10.19%)		
	OIL, GAS AND COAL – 13.23% (15.08.21 – 10.19%)		
2,471,860	BP	10,518	4.53
926,101	Shell	20,203	8.70
	TOTAL ENERGY	30,721	13.23
	UTILITIES – 4.17% (15.08.21 – 4.85%)		
	GAS, WATER AND MULTIUTILITIES – 4.17% (15.08.21 – 4.85%)		
777,170	National Grid	8,949	3.85
24,953	Severn Trent	743	0.32
	TOTAL UTILITIES	9,692	4.17
	MONEY MARKETS – 0.02% (15.08.21 – 0.02%)		
39,650	BlackRock ICS Sterling Liquidity ²	40	0.02
	Portfolio of investments	228,843	98.56
	Net other assets	3,347	1.44
	Net assets	232,190	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.

¹ Quoted on Alternative Investment market (AIM).

² Collective investment scheme.

LF CANLIFE UK EQUITY INCOME FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000 (note 16)	48,690	Total sales for the year £'000 (note 16)	76,223
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
Glencore	5,511	BHP	7,391
Reckitt Benckiser	3,021	Shell	4,892
GSK	2,911	British American Tobacco	4,493
Halfords	2,167	Rio Tinto	4,484
AstraZeneca	2,094	BAE Systems	3,288
Melrose Industries	1,969	Clinigen	3,183
Barclays	1,962	International Consolidated Airlines	2,947
Pets at Home	1,945	BP	2,443
Anglo American	1,859	Britvic	2,133
Legal & General	1,480	HSBC	2,058

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

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital gains	3		9,340		47,001
Revenue	4	9,307		9,876	
Expenses	5	(1,101)		(1,175)	
Interest payable and similar charges	7	(2)		(1)	
Net revenue before taxation		8,204		8,700	
Taxation	6	(1)		(1)	
Net revenue after taxation			8,203		8,699
Total return before distributions			17,543		55,700
Distributions	8		(9,281)		(9,849)
Change in net assets attributable to shareholders from investment activities			8,262		45,851

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	Note	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			248,430		243,086
Amounts receivable on issue of shares		25,544		12,163	
Amounts payable on redemption of shares		(58,312)		(61,411)	
			(32,768)		(49,248)
Change in net assets attributable to shareholders from investment activities			8,262		45,851
Retained distributions on Accumulation shares			8,258		8,732
Unclaimed distributions	2		8		9
Closing net assets attributable to shareholders			232,190		248,430

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		228,843	247,033
Current assets			
Debtors	9	1,769	3,520
Cash and bank balances	10	2,911	–
Total assets		<u>233,523</u>	<u>250,553</u>
LIABILITIES			
Creditors			
Bank overdraft	10	–	(200)
Distribution payable	11	(477)	(506)
Other creditors	11	(856)	(1,417)
Total liabilities		<u>(1,333)</u>	<u>(2,123)</u>
Net assets attributable to shareholders		<u>232,190</u>	<u>248,430</u>

LF CANLIFE UK EQUITY INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year. The additional distribution policy described below has also been applied to this Fund.

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

3. Net Capital Gains

The net capital gains during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	9,343	47,022
Transaction charges	(2)	(4)
Currency losses	(1)	(17)
Net capital gains	9,340	47,001

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Non-taxable dividends	9,192	9,751
UK property income distributions	108	125
Bank interest	1	–
Stock lending revenue	6	–
Total revenue	9,307	9,876

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	941	1,007
Legal and professional fees	8	9
Typesetting costs	2	3
Registration and dealing fees	77	79
	1,028	1,098
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	56	57
Safe custody and other bank charges	8	11
	64	68
Other expenses:		
Audit fees	9	9
Total expenses	1,101	1,175

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	1	1
Current tax charge	1	1
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	1	1

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	8,204	8,700
Corporation tax at 20%	1,641	1,740
Effects of:		
Non-taxable dividends	(1,839)	(1,950)
Unutilised excess management expenses	198	210
Corporation tax charge	-	-
Overseas tax	1	1
Total tax charge (note 6a)	1	1

c) Deferred tax

At the year end there is a potential deferred tax asset of £3,291,000 (15.08.21: £3,093,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	2	1
Total interest payable and similar charges	2	1

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	2,921	2,696
Final	6,047	6,732
	8,968	9,428

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Add: Revenue deducted on redemption of shares	556	564
Deduct: Revenue received on issue of shares	(243)	(143)
Net distributions for the year	9,281	9,849

Details of the distributions per share are set out in the table on pages 509 to 511.

	15.08.22 £'000	15.08.21 £'000
Net revenue after taxation	8,203	8,699
Allocations to capital:		
Expenses, net of tax relief	1,078	1,150
Net distributions for the year	9,281	9,849

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Amounts receivable for issue of shares	121	83
Sales awaiting settlement	–	1,239
Accrued revenue:		
Non-taxable dividends	1,591	2,158
Taxation recoverable:		
Overseas withholding tax	57	40
Total debtors	1,769	3,520

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	2,911	–
Total cash and bank balances	2,911	–
Bank overdraft	–	200
Total bank overdraft	–	200

11. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	477	506
Other Creditors		
Amounts payable for redemption of shares	794	1,004
Purchases awaiting settlement	–	252
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	39	130
Typesetting costs	1	1
Registration and dealing fees	10	9
	50	140
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2	7
Transaction charges	–	1
Safe custody and other bank charges	1	2
	3	10
Other expenses	9	11
Total other creditors	856	1,417

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 496 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 3,179,886 (15.08.21: 3,389,836) of the Fund's shares at the balance sheet date. In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 18,576,402 (15.08.21: 22,038,506) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Canada Life Asset Management Limited) held 29,421,143 (15.08.21: 34,735,251) 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:

Canada Life Asset Management Limited and its associates	82.99% (15.08.21: 85.34%)
---------------------------------------------------------	---------------------------

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

14. Shares in Issue

	'A' Accumulation	'B' Income ¹	'B' Accumulation ¹
Annual Management Charge	1.50%	1.00%	1.00%
Opening shares in issue	17,388	4,285,938	11,504
Issues	472	–	–
Redemptions	(1,048)	(25,673)	(421)
Conversions	–	(4,260,265)	(11,083)
Closing shares in issue	16,812	–	–

	'C' Income	'C' Accumulation	'G' Accumulation
Annual Management Charge	0.75%	0.75%	0.375%
Opening shares in issue	150,798	75,954	36,163,222
Issues	211,150	212,434	991,323
Redemptions	(409,625)	(5,871)	(6,116,038)
Conversions	4,150,077	10,805	–
Closing shares in issue	4,102,400	293,322	31,038,507

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

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

the framework and the risk mitigations operated by the ACD in managing the identified risks of the Fund. The ACD requires that the appointed Investment Manager to the Fund has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the fund managed.

(A) CREDIT RISK

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

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

(B) INTEREST RATE RISK

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

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

(C) FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the Sterling value of investments will fluctuate as a result of exchange rate movements. Assets denominated in currencies other than Sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the Sterling equivalent value. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates. The Fund does not have any significant exposure to foreign currency risk, and therefore no foreign currency table or sensitivity analysis has been presented.

(D) LEVERAGE

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

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 96.99% of the portfolio can be liquidated within 5 days and 99.53% within 21 working days (15.08.21: 94.95% within 5 days and 99.94% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £11,442,000 (15.08.21: £12,352,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

16. Portfolio Transaction Costs

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.22				
Ordinary shares	48,462	21	207	48,690
Purchases total	48,462	21	207	48,690
<i>Transaction cost % of purchases total</i>		0.04%	0.43%	
<i>Transaction cost % of average NAV</i>		0.01%	0.09%	
Ordinary shares	76,246	(23)	–	76,223
Sales total	76,246	(23)	–	76,223
<i>Transaction cost % of sales total</i>		0.03%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

Average portfolio dealing spread at 15.08.22 is 0.07% (15.08.21: 0.07%).

	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
15.08.21				
Ordinary shares	55,760	19	251	56,030
Purchases total	55,760	19	251	56,030
<i>Transaction cost % of purchases total</i>		0.03%	0.45%	
<i>Transaction cost % of average NAV</i>		0.01%	0.11%	
Ordinary shares	91,768	(34)	–	91,734
Sales total	91,768	(34)	–	91,734
<i>Transaction cost % of sales total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

17. Fair Value Hierarchy

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

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
15.08.22				
Investment assets	228,803	40	–	228,843
15.08.21				
Investment assets	246,993	40	–	247,033

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'A' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	7.6101	–	7.6101	5.7328
Group 2	0.5920	7.0181	7.6101	5.7328

Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	15.9474	–	15.9474	15.5882
Group 2	3.8643	12.0831	15.9474	15.5882

'B' INCOME SHARES¹

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	N/A	–	N/A	4.2217
Group 2	N/A	N/A	N/A	4.2217

Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	N/A	–	N/A	11.3968
Group 2	N/A	N/A	N/A	11.3968

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'B' ACCUMULATION SHARES¹

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	N/A	–	N/A	5.9400
Group 2	N/A	N/A	N/A	5.9400
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	N/A	–	N/A	16.2145
Group 2	N/A	N/A	N/A	16.2145

'C' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	5.5752	–	5.5752	4.3243
Group 2	1.6152	3.9600	5.5752	4.3243
Final	Net Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	11.5840	–	11.5840	11.6885
Group 2	4.1831	7.4009	11.5840	11.6885

'C' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	8.1487	–	8.1487	6.0798
Group 2	0.5690	7.5797	8.1487	6.0798
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	17.1463	–	17.1463	16.6174
Group 2	3.5002	13.6461	17.1463	16.6174

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK EQUITY INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'G' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	8.4319	–	8.4319	6.2691
Group 2	3.3081	5.1238	8.4319	6.2691
Final	Net Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	17.7809	–	17.7809	17.1684
Group 2	5.5492	12.2317	17.7809	17.1684

LF CANLIFE UK GOVERNMENT BOND FUND ACD'S REPORT

for the year ended 15 August 2022

Important Information

Refer to the 'Important Information' section on pages 19 and 20.

Investment Objective and Policy

The investment objective of the LF Canlife UK Government Bond Fund ('the Fund') is to provide an income and the potential for capital growth, over any five year period, after all costs and charges have been taken.

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

The investment policy of the Fund is to invest, directly and/or indirectly, at least 95% of the assets by value in sterling denominated government and public securities (which have a credit rating that is the same or higher than the UK government's long term rating), of which a minimum of 80% will be invested in UK government and public securities.

The Fund may also invest directly and/or indirectly up to 5% of the assets by value in other debt securities (such as corporate bonds, non-sterling denominated bonds), money market instruments, deposits and cash.

Credit ratings are internally derived and assigned by Canada Life Asset Management. They will generally be in line with the major external rating agencies and should not be higher than the highest external rating agency rating.

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

Investment in collective investment schemes is limited to 10% of the assets by value.

The Fund may use derivatives for efficient portfolio management purposes.

Benchmark

The Fund's comparator benchmark is the Markit iBoxx GBP Gilts Index.

The Fund's performance may be compared against the Markit iBoxx GBP Gilts Index. The ACD believes this is an appropriate comparator benchmark given the investment objective and policy of the Fund. The ACD considers the comparator benchmark may assist investors in evaluating the Fund's performance against UK Government bond returns. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

LINK FUND SOLUTIONS LIMITED

ACD of LF Canlife UK Government Bond Fund
9 December 2022

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 15 August 2022

Market Commentary

Major issues such as inflation, rising interest rates and the outbreak of war in Ukraine were key challenges for fixed income investors during the period under review. Initial predictions that inflation would be 'transitory' in nature proved incorrect and was soon upgraded to a more enduring problem at a global level.

In the US, the Federal Reserve ('the Fed') began tilting its monetary policy towards fighting inflation in the second half of 2021, signalling that interest rate rises were required to rein in inflation. The Fed was not alone in its thinking, with all major economies and central banks, excluding the European Central Bank ('the ECB'), communicating the need for action. Against this backdrop, bond yields began to rise in the closing months of 2021 as investors anticipated an environment of higher inflation and rising interest rates.

The spring of 2022 was a particularly challenging period for fixed income investors. Russia's invasion of Ukraine in February 2022 caused a major spike in oil, gas and grain prices, which pushed inflation rates up even higher and caused a cost-of-living crisis. Headline inflation rates in many parts of the world soared to levels not seen since the early 1980s as strong consumer demand continued to meet ongoing supply chain disruptions. In the UK, inflation reached 10.1% by the end of the period, while in the US it climbed as high as 8.6% and in the eurozone it reached a historic high of 8.9%.

Major central banks such as the Fed and the Bank of England ('the BoE') sought to reel in rising consumer prices by further tightening monetary policy, raising interest rates and reaffirming their commitment to get inflation under control even at the cost of precipitating a recession. The ECB also took on a more aggressive stance towards inflation. Having previously signalled that it would not raise interest rates until the final three months of the year, after it finished winding down its asset purchasing programme, it changed course and delivered a 50 basis point hike at its July meeting.

During the review period, UK gilts outperformed their corporate bond counterparts as risk sentiment deteriorated. The sell-off observed throughout 2022 was driven primarily by recessionary fears on the back of the BoE's rapid shift in policy stance on raising rates, ending quantitative easing and potentially earlier beginning of quantitative tightening. Overall, gilt yields increased over the review period, with short maturities (less than 10 years) underperforming longer tenors.

Fund Review

During the period under review, the Fund generated a negative total return in sterling terms.

The overall short-duration position was maintained during the period, particularly at the ultra-long point (30 years). The main driver of negative performance included the sharp rise in gilt rates, pushing returns into double-digit negative territory, in particular through the Fund's overweight exposure at the 20-year end of the yield curve. The Fund's main contributor to performance relative to its benchmark was its overall short-duration position.

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

Outlook

It has become clear that the inflation we are seeing is unlikely to evaporate quickly, as was first described by policymakers. The broad expectation is for the closing months of 2022 to follow a similar path to the start of the year, with inflation continuing to run high and markets to remain volatile. That said, we do not expect to see the same degree of downward movement in bond markets given how far they have already fallen this year.

As central banks seek to reel in inflation with a series of sharp interest rate rises, the risk of recession has increased. Along with this, there are concerns that global growth is slowing down and economic activity is falling. In this environment, we continue to favour short-duration bonds in a market where high inflation and rising interest rates are pushing up yields. We expect to increase duration near the end of the current rate-hiking cycle.

CANADA LIFE ASSET MANAGEMENT LIMITED

Investment Manager

13 September 2022

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION

Risk and Reward Profile



This indicator shows how much a fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a fund's past volatility the higher the number on the scale and the greater the risk that investors in that fund may have made losses as well as gains.

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

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

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

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

Company Bond Risk: In unfavourable market conditions, bonds issued by companies may be harder to sell in a timely manner and at reasonable prices, than in normal market conditions. This could have a negative impact on the value of the Fund. In extreme market conditions this could affect the Fund's ability to meet investors' redemptions.

Securities Lending Risk: The Fund may receive additional income for lending the investments it holds (e.g. bonds) to other parties. If the borrower fails to meet their obligations then the Fund may incur a financial loss.

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

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	126.00	129.79	127.04
Return before operating charges*	(19.31)	(2.42)	4.13
Operating charges	(1.27)	(1.37)	(1.38)
Return after operating charges	(20.58)	(3.79)	2.75
Distributions	(1.48)	(1.48)	(1.54)
Retained distributions on accumulation shares	1.48	1.48	1.54
Closing net asset value per share	105.42	126.00	129.79
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(16.33)%	(2.92)%	2.16%
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OTHER INFORMATION

Closing net asset value (£'000)	6,987	9,358	10,583
Closing number of shares	6,627,147	7,427,242	8,154,483
Operating charges	1.10%	1.09%	1.08%
Direct transaction costs	–	–	–

PRICES

Highest share price	127.75	131.67	137.02
Lowest share price	100.51	119.70	120.37

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'C' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	118.39	122.76	121.02
Return before operating charges*	(18.16)	(2.30)	3.92
Operating charges	(0.43)	(0.67)	(0.71)
Return after operating charges	(18.59)	(2.97)	3.21
Distributions	(1.39)	(1.40)	(1.47)
Closing net asset value per share	98.41	118.39	122.76
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(15.70)%	(2.42)%	2.65%
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OTHER INFORMATION

Closing net asset value (£'000)	886	3,156	3,544
Closing number of shares	900,649	2,665,771	2,887,417
Operating charges ¹	0.40%	0.56%	0.58%
Direct transaction costs	–	–	–

PRICES

Highest share price	120.30	124.74	130.09
Lowest share price	94.39	112.94	114.29

¹ Effective 25 June 2021, the Annual Management Charge was reduced from 0.50% to 0.30%.

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'G' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	15.08.22 pence per share	15.08.21 pence per share	15.08.20 pence per share
Opening net asset value per share	132.53	135.36	131.37
Return before operating charges*	(20.39)	(2.51)	4.30
Operating charges	(0.31)	(0.32)	(0.31)
Return after operating charges	(20.70)	(2.83)	3.99
Distributions	(1.56)	(1.55)	(1.60)
Retained distributions on accumulation shares	1.56	1.55	1.60
Closing net asset value per share	111.83	132.53	135.36
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(15.62)%	(2.09)%	3.04%
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OTHER INFORMATION

Closing net asset value (£'000)	56,128	83,968	105,184
Closing number of shares	50,188,985	63,357,904	77,707,046
Operating charges	0.25%	0.24%	0.23%
Direct transaction costs	–	–	–

PRICES

Highest share price	134.73	137.70	142.38
Lowest share price	106.48	125.60	125.10

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 15 August 2022 (%)

	1 year	3 years	5 years
LF Canlife UK Government Bond Fund	(16.15)	(15.74)	(8.01)
Markit iBoxx GBP Gilts Index ¹	(15.41)	(14.31)	(3.62)

¹ Source: Morningstar Direct.

The performance of the Fund is based on the published price per 'C' Income share with income reinvested.

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 535 and 536.

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 CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
	DEBT SECURITIES – 97.18% (15.08.21 – 98.42%)		
£800,000	UK Treasury 0.125% 31/1/2028	729	1.14
£2,100,000	UK Treasury 0.375% 22/10/2030	1,855	2.90
£400,000	UK Treasury 0.625% 22/10/2050	254	0.40
£900,000	UK Treasury 0.75% 22/7/2023	888	1.39
£2,650,000	UK Treasury 0.875% 22/10/2029	2,470	3.86
£1,800,000	UK Treasury 1% 22/4/2024	1,769	2.76
£2,000,000	UK Treasury 1.25% 22/7/2027	1,943	3.04
£1,250,000	UK Treasury 1.5% 22/7/2026	1,231	1.92
£2,250,000	UK Treasury 1.5% 22/7/2047	1,841	2.88
£2,800,000	UK Treasury 1.625% 22/10/2028	2,766	4.32
£2,000,000	UK Treasury 1.75% 7/9/2037	1,831	2.86
£1,000,000	UK Treasury 1.75% 22/1/2049	863	1.35
£800,000	UK Treasury 1.75% 22/7/2057	683	1.07
£2,000,000	UK Treasury 2% 7/9/2025	2,007	3.14
£2,200,000	UK Treasury 2.25% 7/9/2023	2,200	3.44
£1,700,000	UK Treasury 2.5% 22/7/2065	1,794	2.80
£1,775,000	UK Treasury 2.75% 7/9/2024	1,802	2.81
£1,900,000	UK Treasury 3.25% 22/1/2044	2,132	3.33
£2,000,000	UK Treasury 3.5% 22/1/2045	2,334	3.65
£1,300,000	UK Treasury 3.5% 22/7/2068	1,732	2.71
£1,500,000	UK Treasury 3.75% 22/7/2052	1,918	3.00
£1,500,000	UK Treasury 4% 22/1/2060	2,107	3.29
£1,750,000	UK Treasury 4.25% 7/12/2027	1,954	3.05
£2,100,000	UK Treasury 4.25% 7/6/2032	2,515	3.93
£1,900,000	UK Treasury 4.25% 7/3/2036	2,319	3.62
£1,700,000	UK Treasury 4.25% 7/9/2039	2,124	3.32
£1,700,000	UK Treasury 4.25% 7/12/2046	2,235	3.49
£1,250,000	UK Treasury 4.25% 7/12/2049	1,687	2.64
£1,500,000	UK Treasury 4.25% 7/12/2055	2,132	3.33
£1,700,000	UK Treasury 4.5% 7/9/2034	2,107	3.29
£850,000	UK Treasury 4.5% 7/12/2042	1,122	1.75
£1,100,000	UK Treasury 4.75% 7/12/2030	1,340	2.09
£1,200,000	UK Treasury 4.75% 7/12/2038	1,578	2.47
£2,500,000	UK Treasury 5% 7/3/2025	2,689	4.20
£1,000,000	UK Treasury 6% 7/12/2028	1,244	1.94
	TOTAL DEBT SECURITIES	62,195	97.18

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 15 August 2022

Holding	Portfolio of Investments	Value £'000	15.08.22 %
100,000	MONEY MARKETS – 0.16% (15.08.21 – 0.11%)		
	LF Canlife Sterling Liquidity ^{1,2}	102	0.16
	Portfolio of investments	62,297	97.34
	Net other assets	1,704	2.66
	Net assets	64,001	100.00

The investments have been valued in accordance with note 1(F) of the Accounting Policies and are debt securities unless stated otherwise. All debt securities held are investment grade.

¹ Collective investment schemes.

² Related party holding (see note 12).

LF CANLIFE UK GOVERNMENT BOND FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 15 August 2022

Total purchases for the year £'000	1,848	Total sales for the year £'000	21,322
	Cost		Proceeds
Purchases	£'000	Major sales	£'000
UK Treasury 0.5% 22/7/2022	1,848	UK Treasury 0.5% 22/7/2022	4,860
		UK Treasury 1.75% 7/9/2022	2,428
		UK Treasury 4.5% 7/12/2042	1,724
		UK Treasury 4.25% 7/12/2040	1,685
		UK Treasury 1.5% 22/7/2026	1,590
		UK Treasury 4.75% 7/12/2030	1,381
		UK Treasury 1.75% 22/7/2057	1,275
		UK Treasury 0.75% 22/7/2023	1,146
		UK Treasury 4.25% 7/12/2049	1,097
		UK Treasury 3.5% 22/7/2068	1,036

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

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 15 August 2022

	Notes	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Income:					
Net capital losses	3		(13,087)		(3,349)
Revenue	4	944		1,256	
Expenses	5	(256)		(354)	
Interest payable and similar charges	7	–		(1)	
Net revenue before taxation		688		901	
Taxation	6	–		–	
Net revenue after taxation			688		901
Total return before distributions			(12,399)		(2,448)
Distributions	8		(944)		(1,255)
Change in net assets attributable to shareholders from investment activities			(13,343)		(3,703)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 15 August 2022

	Note	£'000	15.08.22 £'000	£'000	15.08.21 £'000
Opening net assets attributable to shareholders			97,076		120,069
Amounts receivable on issue of shares		2,051		5,492	
Amounts payable on redemption of shares		(22,680)		(25,911)	
			(20,629)		(20,419)
Dilution levy	1(H)		2		3
Change in net assets attributable to shareholders from investment activities			(13,343)		(3,703)
Retained distributions on Accumulation shares			895		1,126
Closing net assets attributable to shareholders			64,001		97,076

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 15 August 2022

	Notes	15.08.22 £'000	15.08.21 £'000
ASSETS			
Fixed assets			
Investments		62,297	95,646
Current assets			
Debtors	9	402	487
Cash and bank balances	10	1,387	1,538
Total assets		<u>64,086</u>	<u>97,671</u>
LIABILITIES			
Creditors			
Distribution payable	11	(6)	(22)
Other creditors	11	(79)	(573)
Total liabilities		<u>(85)</u>	<u>(595)</u>
Net assets attributable to shareholders		<u>64,001</u>	<u>97,076</u>

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 15 August 2022

1. Accounting Policies

The accounting policies described on pages 46 to 49 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 49 have been applied to the financial statements of the Fund in the current and prior year.

The Fund has satisfied the qualifying investments test of Section 493 of the Corporation Taxes Act 2009, throughout the year. All distributions made are therefore made as gross interest distributions.

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

3. Net Capital Losses

The net capital losses during the year comprise:

	15.08.22 £'000	15.08.21 £'000
Non-derivative securities	(13,087)	(3,349)
Net capital losses	(13,087)	(3,349)

4. Revenue

	15.08.22 £'000	15.08.21 £'000
Interest on debt securities	928	1,256
Stock lending revenue	16	–
Total revenue	944	1,256

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

5. Expenses

	15.08.22 £'000	15.08.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	184	260
Legal and professional fees	6	7
Typesetting costs	2	3
Registration and dealing fees	24	34
	216	304
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	27	37
Safe custody and other bank charges	4	4
	31	41
Other expenses:		
Audit fees	9	9
Total expenses	256	354

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

6. Taxation

	15.08.22 £'000	15.08.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	—	—
Current tax charge	—	—
Deferred tax – origination and reversal of timing differences (note 6c)	—	—
Total taxation (note 6b)	—	—

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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%) (15.08.21: 20%). The difference is explained below:

	15.08.22 £'000	15.08.21 £'000
Net revenue before taxation	688	901
Corporation tax at 20%	138	180
Effects of:		
Tax deductible interest distributions	(138)	(180)
Corporation tax charge	–	–
Total tax charge (note 6a)	–	–

c) Deferred tax

There is no deferred tax asset recognised in the current or prior year.

7. Interest Payable and Similar Charges

	15.08.22 £'000	15.08.21 £'000
Interest payable	–	1
Total interest payable and similar charges	–	1

8. Distributions

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

	15.08.22 £'000	15.08.21 £'000
Interim	463	618
Final	449	557
	912	1,175
Add: Revenue deducted on redemption of shares	35	93
Deduct: Revenue received on issue of shares	(3)	(13)
Net distributions for the year	944	1,255

Details of the distributions per share are set out in the table on pages 535 and 536.

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Distributions represented by:		
Net revenue after taxation	688	901
Allocations to capital:		
Expenses	256	354
Net distributions for the year	944	1,255

9. Debtors

	15.08.22 £'000	15.08.21 £'000
Accrued revenue:		
Stock lending revenue	1	–
Interest from debt securities	401	487
	402	487
Total debtors	402	487

10. Cash and Bank Balances

	15.08.22 £'000	15.08.21 £'000
Bank balances	1,387	1,538
Total cash and bank balances	1,387	1,538

11. Creditors

	15.08.22 £'000	15.08.21 £'000
Distribution payable	6	22
Other Creditors		
Amounts payable for redemption of shares	58	524

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

	15.08.22 £'000	15.08.21 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	7	30
Typesetting costs	1	1
Registration and dealing fees	3	4
	11	35
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1	4
Safe custody and other bank charges	–	1
	1	5
Other expenses	9	9
Total other creditors	79	573

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and dealing fees payable to Link Fund Administrators Limited and typesetting costs payable to Link Alternative Fund Administrators Limited (both companies are associates of the ACD) are disclosed in note 5 and amounts due at the year end are disclosed in note 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 523 and amounts due at the year end are disclosed in note 11.

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 257,820 (15.08.21: 633,581) of the Fund's shares at the balance sheet date.

In addition, funds which are managed by Link Fund Solutions Limited and that have Canada Life Asset Management Limited as the Investment Manager held 14,911,365 (15.08.21: 17,758,296) of the Fund's shares at the balance sheet date. These shares have also been reflected in the disclosure below.

Canada Life Asset Management Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held 48,900,742 (15.08.21: 61,827,628) of the Fund's shares at the balance sheet date.

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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:

Canada Life Asset Management Limited and its associates 84.73% (15.08.21: 82.87%)

As part of the investment strategy, the Fund may from time to time hold shares in other collective investment schemes managed by the same Investment Manager or for which Link Fund Solutions Limited is also the ACD.

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

	15.08.22 £'000	15.08.21 £'000
ACD and Investment Manager in common	102	102

13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (15.08.21: none).

14. Shares in Issue

	'A' Accumulation	'B' Income ¹	'C' Income	'G' Accumulation
Annual Management Charge	1.00%	1.00%	0.30%	0.15%
Opening shares in issue	7,427,242	1,162,189	2,665,771	63,357,904
Issues	79,971	980	27,750	1,111,017
Redemptions	(880,066)	–	(2,294,721)	(14,279,936)
Conversions	–	(1,163,169)	501,849	–
Closing shares in issue	6,627,147	–	900,649	50,188,985

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.

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

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

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

(A) CREDIT RISK

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

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

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

(B) INTEREST RATE RISK

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

The Fund takes on interest rate risk within its investment portfolio where the ACD and Investment Manager believe that the expected return compensates for the overall risk. The ACD and Investment Manager continue to monitor the level of direct interest rate risk posed by the Fund's underlying investments on a regular basis using the DV01 method. As at 15 August 2022 a one basis point change in the yield would have an impact of £70,000 on the direct net assets of the Fund (15.08.21: £124,000).

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

The table below shows the interest rate risk profile:

	15.08.22 £'000	15.08.21 £'000
Floating rate investments	102	102
Fixed rate investments	62,195	95,544
Total investments	62,297	95,646

The floating rate investments comprise collective investment schemes that pay UK interest distributions.

(C) FOREIGN CURRENCY RISK

The revenue and capital value of the Fund's investments are denominated in Sterling and, therefore, the financial statements are not subject to the risk of currency movements. The Fund does not have any significant exposure to foreign currency risk and therefore no foreign currency risk table or sensitivity analysis has been presented.

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

In assessing the liquidity profile of the Fund, the ACD assesses how much of the Fund can be realised in one and five days, under normal and stressed market conditions, and the impact this would have on the overall subsequent liquidity profile.

In assessing the liquidity of a company's shares, the ACD utilises the lower of the 5 and 20 day average market volume of that company's shares. An in depth review takes place by assessing the liquidity profile of the Fund against a 25% market participation of the average daily volume.

Based on this analysis 100% of the portfolio can be liquidated within 5 days and 100% within 21 working days (15.08.21: 100% within 5 days and 100% within 21 days). Given this and the ACD's understanding of the investor base, it is considered that the liquidity profile of the Fund is appropriate.

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

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

(F) MARKET PRICE RISK

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

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

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £3,115,000 (15.08.21: £4,782,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

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

16. Portfolio Transaction Costs

Securities have been bought and sold at the dealt price with no further transaction costs added or deducted from purchases or sales respectively.

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 15 August 2022

17. Fair Value Hierarchy

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

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

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

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

15.08.22	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	62,195	102	–	62,297

15.08.21	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	95,544	102	–	95,646

18. Subsequent Events

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

Share class	Balance sheet date	05.12.22	Movement
'A' Accumulation	104.85	95.11	(9.29)%
'C' Income	98.58	88.98	(9.74)%
'G' Accumulation	111.23	101.16	(9.05)%

The decrease in the prices is primarily due to unfavourable market conditions. These accounts were approved on 9 December 2022.

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 15 August 2022 – in pence per share

EQUALISATION

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

Group 2	Interim	Final
From	16.08.21	16.02.22
To	15.02.22	15.08.22

'A' ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.7348	–	0.7348	0.7555
Group 2	0.2596	0.4752	0.7348	0.7555

Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	0.7419	–	0.7419	0.7237
Group 2	0.7419	0.0000	0.7419	0.7237

'B' INCOME SHARES¹

Interim	Gross Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	N/A	–	N/A	0.3095
Group 2	N/A	N/A	N/A	0.3095

Final	Gross Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	N/A	–	N/A	0.2953
Group 2	N/A	N/A	N/A	0.2953

¹ On 17 September 2021, 'B' share class holdings were converted to the equivalent 'C' share class and the 'B' share class closed.

LF CANLIFE UK GOVERNMENT BOND FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'C' INCOME SHARES

Interim	Gross Revenue	Equalisation	Paid 15.04.22	Paid 15.04.21
Group 1	0.6927	–	0.6927	0.7153
Group 2	0.4734	0.2193	0.6927	0.7153
Final	Gross Revenue	Equalisation	Payable 15.10.22	Paid 15.10.21
Group 1	0.6966	–	0.6966	0.6826
Group 2	0.3758	0.3208	0.6966	0.6826

'G' ACCUMULATION SHARES

Interim	Gross Revenue	Equalisation	Allocated 15.04.22	Allocated 15.04.21
Group 1	0.7746	–	0.7746	0.7894
Group 2	0.3676	0.4070	0.7746	0.7894
Final	Gross Revenue	Equalisation	Allocation 15.10.22	Allocated 15.10.21
Group 1	0.7853	–	0.7853	0.7596
Group 2	0.6226	0.1627	0.7853	0.7596

GENERAL INFORMATION

Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Structure of the Company

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

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

The sub-funds which are currently available are:

- LF Canlife Asia Pacific Fund
- LF Canlife Managed 40% – 85% Fund
- LF Canlife Corporate Bond Fund
- LF Canlife European Fund
- LF Canlife Global Macro Bond Fund
- LF Canlife Global Equity Fund
- LF Canlife Global Equity Income Fund
- LF Canlife Global High Yield Bond Fund (closed 16 September 2022 and is no longer available for investment)
- LF Canlife Global Infrastructure Fund
- LF Canlife North American Fund
- LF Canlife Short Duration Corporate Bond Fund
- LF Canlife Sterling Short Term Bond Fund
- LF Canlife Sterling Liquidity Fund
- LF Canlife UK Equity Fund
- LF Canlife UK Equity and Bond Income Fund
- LF Canlife UK Equity Income Fund
- LF Canlife UK Government Bond Fund

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

Valuation Point

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

GENERAL INFORMATION *continued*

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 6180.

The ACD may, in relation to redemption requests of shares in LF Canlife Global Equity Income Fund, LF Canlife Global Infrastructure Fund, LF Canlife Global High Yield Bond Fund, LF Canlife Sterling Liquidity Fund or LF Canlife Sterling Short Term Bond Fund only, defer redemptions at a valuation point to the next valuation point where the requested redemptions exceed 10% of the sub-fund's value.

Prices

The prices of all shares are published on every dealing day on the website of the ACD: www.linkfundsolutions.co.uk and are also available by calling 0345 606 6180 during the ACD's normal business hours.

Other Information

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

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

Data Protection Act

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



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