

LF Morant Wright Nippon Yield Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2022



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ACD'S REPORT

for the year ended 30 April 2022

Authorised Status

LF Morant Wright Nippon Yield Fund ('the Fund') is an investment company with variable capital incorporated in England and Wales under registered number IC000673 and authorised by the Financial Conduct Authority with effect from 17 June 2008. The Fund has an unlimited duration.

It is a UK UCITS and the base currency of the Fund is pounds sterling.

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

ACD's Statement

Economic Uncertainty

The outbreak of COVID-19, declared by the World Health Organisation as a pandemic on 11 March 2020, caused significant disruption to business and economic activity, which was reflected in the fluctuations seen in the global stock markets. In the immediate period following its initial emergence and the global recognition of the seriousness of the pandemic, various national governments sought to provide financial support and stimulus to their economies, which, when combined with the development of effective vaccines to immunise populations around the world, and governments, society and businesses learning to operate in the post COVID-19 world, led to recovery in asset prices. However, whilst effective vaccines are now in use, their long-term effectiveness has yet to be determined, and there will continue to be an element of uncertainty as to the future. How this will translate into future asset pricing remains to be seen.

In the first quarter of 2022, the geopolitical situation started coming into sharp focus, culminating in February 2022 with Russia's incursion into Ukraine. The consequences of this development and the longer-term impact on the global economy are yet to be realised.

It must be recognised that the markets will remain fragile for a period of time and it is reasonably foreseeable that periods of instability, and consequently volatility in asset pricing, will emerge in the coming months.

Investment Objective and Policy

The investment objective of the Fund is to achieve income growth 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 indirectly, at least 90% of its assets in the shares of companies that are listed or traded in and either incorporated or domiciled in Japan.

The Fund may gain exposure to these assets directly by investing in securities issued by companies or by investing in other transferable securities (such as convertible bonds and warrant bonds).

The Fund may also hold cash and near cash.

ACD'S REPORT *continued*

Investment Objective and Policy *continued*

Investments in collective investment schemes is limited to 10%.

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

The minimum investment amount referenced above will not apply under extraordinary market conditions, in which circumstances the Fund may invest in asset classes other than those in which it normally invests in order to mitigate its exposure to market risk. Examples of extraordinary market conditions include economic, political unrest or instability, world events leading to market instability, or any events which give rise to high downside risk. During such periods, the Fund may temporarily invest up to 100% of its total assets in cash and cash equivalents.

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

Benchmark

The Fund's comparator benchmark is the TOPIX Net Total Return Index.

The Fund's performance may be compared against the TOPIX Net Total Return Index. The ACD believes that this is an appropriate comparator for the Fund given the investment objective and policy of the Fund. The Fund is not constrained by the benchmark and may take positions that differ significantly from the benchmark.

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 expense 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 of Pillar 3 of the Capital Requirements Directive. This disclosure is in respect of LFSL activities (including activities performed by its sister company Link Fund Administrators Limited (LFAL) or by employees of that entity), and excludes activities undertaken by third party investment management firms. LFSL staff do not perform duties 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 Fund 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 2021, being the most recent accounting period which accounts have been prepared for LFSL prior to the production of these accounts. As at 30 June 2021, LFSL operated 92 UK UCITS and 111 AIFs, whose respective assets under management ('AuM') were £40,022 million and £49,171 million. The Fund was valued at £390 million as at that date and represented 0.44% of LFSL's total AuM and 0.97% of its UK UCITS AuM.

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

2021	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 30 June 2021	177	7,903	395	8,298
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 2021				
Senior management (including all Board members)	8	736	175	911
Staff engaged in control functions	7	521	–	521
Risk takers and other identified staff	19	1,579	118	1,697
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 will vary by function, but consideration is given to both qualitative and quantitative measures.

Further details can be found at: <https://www.linkfundsolutions.co.uk/investor-information/link-financial-solutions-limited-lfsl-policies-and-information-1/>.

Securities Financing Transactions

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

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 Fund provides value to investors. The outcome of the latest assessment is available on the ACD's website.

LINK FUND SOLUTIONS LIMITED

ACD of LF Morant Wright Nippon Yield Fund
30 June 2022

ACD'S REPORT *continued*
INVESTMENT MANAGER'S REPORT
for the year ended 30 April 2022

Over the year, the 'A' shares rose by 4.5% and the 'B' shares by 5.0%. The TOPIX Net Total Return Index (net of withholding tax) was minus 5.0% in sterling terms. The yen fell against sterling from ¥151.5 to ¥163.5.

The economic background to the year has been difficult. There have been a number of major events which have affected stock markets world-wide including the tightening of monetary policy in the United States, the war in Ukraine, and the effects of COVID-19, notably the recent lockdowns in China.

Whilst the Federal Reserve and other central banks have been generally tightening monetary policy the Bank of Japan ('the BOJ') is sticking to its yield curve control policy which it introduced in 2016. The upper band for the 10-year bond yield is currently set at 0.25%. The BOJ defended this level at the end of March by offering to buy an unlimited amount of bonds and has carried out similar operations during April. As a consequence, the yen has been weak against all major currencies but particularly against the dollar where it has fallen from ¥108.9 to ¥130.4.

The decline in the yen, the war in Ukraine, and Chinese lockdowns have led to cost pressures for many Japanese companies. Commodity prices have risen, there are shortages of materials such as semiconductors, and they have had to deal with higher logistics charges as well. Our understanding is that most of our companies are able to pass on the majority of these cost increases, albeit with a lag. Although prices are rising this has yet to show through in a significantly higher CPI but with the cuts to mobile phone bills introduced in April 2021 dropping out, inflation should soon rise above the BOJ's target of 2%. However, wage growth, which the BOJ considers important to sustain this level, remains anaemic despite the tight labour market where the unemployment rate is just 2.6%.

The Olympics were successfully completed albeit without spectators. Prime Minister Suga resigned due to his perceived failure to deal with COVID-19 in September and he was succeeded in October by Prime Minister Kishida whose signature policy is a "new capitalism" but concrete details remain scarce.

The corporate sector has performed well and overall profits for the portfolio have been revised up several times over the fiscal year ending March 2022. They are now estimated to have grown by some 28% accompanied by a 22% rise in dividends. It is difficult to estimate profits for the current fiscal year but given the many dividend increases and share buy-backs which have accompanied the current results season, companies do not appear unduly pessimistic.

Japan is now the second largest market for activist investors in the world by number invested, and our Fund is benefiting. One such activist acquired large stakes in construction companies Daiho and Nishimatsu, which then announced generous new shareholder returns policies. Both holdings have been sold. The Fund also benefited from construction company Shimizu bidding at a premium to increase its stake in Nippon Road to over 50%, although we were only able to sell just over 50% of our holding at the tender price.

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

We continue to engage with our companies to drive returns for our clients and have seen several positive corporate governance-related announcements this year. Chemicals trading company Inabata announced a buy-back of 5.8% of its shares outstanding and significantly increased its target dividend pay-out ratio, and as a result its shares offer a yield in excess of 5%. It has also committed to halving its cross-shareholdings over the next three years. Electric arc furnace steelmaker Yamato Kogyo has doubled its dividend and now yields over 5% too, as well as undertaking share buybacks and introducing an executive share scheme. Our 2021 engagement report may be found on our website at morantwright.co.uk.

Our portfolio remains very cheaply rated on 0.7x book value with approximately 54% of the market capitalisation of the non-financial stocks being backed by net cash and investment securities. The overall yield on the portfolio is approaching 4%. With the ongoing operational and capital allocation improvements at our companies, combined with their low valuations, we believe the investment case for our portfolio is compelling.

MORANT WRIGHT MANAGEMENT LIMITED

Investment Manager

17 May 2022

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.

Currency Risk: As the Fund invests in the shares of Japanese companies, the Fund will be exposed to different currencies and changes in exchange rates may decrease the value of your 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.

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.

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables

'A' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	30.04.22 pence per share	30.04.21 pence per share	30.04.20 pence per share
Opening net asset value per share	317.08	278.74	317.70
Return before operating charges*	21.13	52.75	(22.98)
Operating charges	(5.55)	(5.04)	(5.25)
Return after operating charges	15.58	47.71	(28.23)
Distributions	(11.09)	(9.37)	(10.73)
Closing net asset value per share	321.57	317.08	278.74
* after direct transaction costs of:	0.09	0.14	0.16

PERFORMANCE

Return after charges	4.91%	17.12%	(8.89)%
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OTHER INFORMATION

Closing net asset value (£'000)	727	824	923
Closing number of shares	226,251	259,745	331,306
Operating charges	1.68%	1.68%	1.66%
Direct transaction costs	0.03%	0.05%	0.05%

PRICES

Highest share price	353.01	342.86	341.79
Lowest share price	311.75	262.44	244.69

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.04.22 pence per share	30.04.21 pence per share	30.04.20 pence per share
Opening net asset value per share	428.46	365.12	401.60
Return before operating charges*	28.60	69.99	(29.80)
Operating charges	(7.55)	(6.65)	(6.68)
Return after operating charges	21.05	63.34	(36.48)
Distributions	(15.11)	(12.37)	(13.68)
Retained distributions on accumulation shares	15.11	12.37	13.68
Closing net asset value per share	449.51	428.46	365.12
* after direct transaction costs of:	0.12	0.18	0.20

PERFORMANCE

Return after charges	4.91%	17.35%	(9.08)%
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OTHER INFORMATION

Closing net asset value (£'000)	311	327	377
Closing number of shares	69,120	76,368	103,178
Operating charges	1.68%	1.68%	1.66%
Direct transaction costs	0.03%	0.05%	0.05%

PRICES

Highest share price	479.47	455.41	438.45
Lowest share price	421.28	343.93	313.90

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'B' INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	30.04.22 pence per share	30.04.21 pence per share	30.04.20 pence per share
Opening net asset value per share	337.89	295.56	335.20
Return before operating charges*	22.55	56.06	(24.40)
Operating charges	(4.17)	(3.76)	(3.88)
Return after operating charges	18.38	52.30	(28.28)
Distributions	(11.86)	(9.97)	(11.36)
Closing net asset value per share	344.41	337.89	295.56
* after direct transaction costs of:	0.09	0.15	0.16

PERFORMANCE

Return after charges	5.44%	17.70%	(8.44)%
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OTHER INFORMATION

Closing net asset value (£'000)	274,586	345,958	254,968
Closing number of shares	79,726,475	102,386,273	86,266,318
Operating charges	1.18%	1.18%	1.16%
Direct transaction costs	0.03%	0.05%	0.05%

PRICES

Highest share price	376.89	365.15	361.59
Lowest share price	332.45	278.63	259.31

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Tables *continued*

'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	30.04.22 pence per share	30.04.21 pence per share	30.04.20 pence per share
Opening net asset value per share	456.40	386.99	423.58
Return before operating charges*	30.48	74.37	(31.65)
Operating charges	(5.67)	(4.96)	(4.94)
Return after operating charges	24.81	69.41	(36.59)
Distributions	(16.15)	(13.16)	(14.48)
Retained distributions on accumulation shares	16.15	13.16	14.48
Closing net asset value per share	481.21	456.40	386.99
* after direct transaction costs of:	0.13	0.19	0.21

PERFORMANCE

Return after charges	5.44%	17.94%	(8.64)%
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OTHER INFORMATION

Closing net asset value (£'000)	43,510	51,575	98,993
Closing number of shares	9,041,805	11,300,512	25,579,912
Operating charges	1.18%	1.18%	1.16%
Direct transaction costs	0.03%	0.05%	0.05%

PRICES

Highest share price	512.76	484.83	463.69
Lowest share price	449.07	364.99	332.53

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Fund Performance to 30 April 2022 (%)

	1 year	3 years	5 years
LF Morant Wright Nippon Yield Fund	5.01	12.76	20.56
TOPIX Net Total Return Index ¹	(5.03)	11.22	21.17

¹ Source: Morningstar Direct.

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

The performance of the Fund disclosed in the above table may differ from the 'Return after charges' disclosed in the Comparative Table due to 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 40 and 41.

RISK WARNING

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

ACD'S REPORT *continued*
PORTFOLIO STATEMENT
as at 30 April 2022

Holding	Portfolio of Investments	Value £'000	30.04.22 %
	ENERGY RESOURCES – 3.54% (30.04.21 – 2.90%)		
1,200,000	INPEX	11,287	3.54
	CONSTRUCTION & MATERIALS – 19.70% (30.04.21 – 22.81%)		
450,000	Chudenko	5,776	1.81
1,225,000	Infroneer	7,139	2.24
1,175,000	Kandenko	5,938	1.86
400,000	Mirait	4,480	1.40
31,000	Nippon Road	1,370	0.43
1,100,000	Obayashi	6,046	1.89
490,000	Okamura	3,606	1.13
325,000	Okumura	6,104	1.91
575,000	Sanki Engineering	5,182	1.62
275,000	Sekisui House	3,817	1.20
250,000	Taikisha	4,910	1.54
1,000,000	Toda	4,580	1.44
335,000	Yokogawa Bridge	3,915	1.23
	TOTAL CONSTRUCTION & MATERIALS	62,863	19.70
	RAW MATERIALS & CHEMICALS – 5.75% (30.04.21 – 5.58%)		
220,000	ADEKA	3,383	1.06
110,000	Kureha	6,600	2.07
550,000	Toagosei	3,611	1.13
400,000	Toyo Ink	4,751	1.49
	TOTAL RAW MATERIALS & CHEMICALS	18,345	5.75
	AUTOMOBILES & TRANSPORTATION EQUIPMENT – 8.86% (30.04.21 – 9.02%)		
500,000	Honda Motor	10,503	3.29
545,000	Tokai Rika	4,577	1.44
525,000	Topre	3,566	1.12
700,000	Toyota Motor	9,618	3.01
	TOTAL AUTOMOBILES & TRANSPORTATION EQUIPMENT	28,264	8.86

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 30 April 2022

Holding	Portfolio of Investments	Value £'000	30.04.22 %
	STEEL & NON-FERROUS METALS – 5.70% (30.04.21 – 5.14%)		
900,000	Sumitomo Electric Industries	7,730	2.42
230,000	Yamato Kogyo	5,925	1.86
300,000	Yodogawa Steel Works	4,539	1.42
	TOTAL STEEL & NON-FERROUS METALS	18,194	5.70
	MACHINERY – 4.96% (30.04.21 – 4.41%)		
600,000	Aida Engineering	3,556	1.12
780,000	Amada	4,848	1.52
97,500	Riken	1,416	0.44
330,000	Tsubakimoto Chain	6,009	1.88
	TOTAL MACHINERY	15,829	4.96
	ELECTRIC APPLIANCES & PRECISION INSTRUMENTS – 3.49% (30.04.21 – 1.51%)		
210,000	Eizo	4,370	1.37
750,000	Nikon	6,778	2.12
	TOTAL ELECTRIC APPLIANCES & PRECISION INSTRUMENTS	11,148	3.49
	IT & SERVICES, OTHERS – 4.71% (30.04.21 – 3.87%)		
1,280,000	Fuji Media	8,805	2.76
215,000	Ryoden	2,221	0.70
440,000	TV Asahi	4,006	1.25
	TOTAL IT & SERVICES, OTHERS	15,032	4.71
	TRANSPORTATION & LOGISTICS – 4.55% (30.04.21 – 3.28%)		
70,000	Mitsubishi Logistics	1,291	0.40
300,000	Nikken	3,628	1.14
470,000	Sumitomo Warehouse	6,308	1.98
380,000	Toyo Seikan Kaisha	3,289	1.03
	TOTAL TRANSPORTATION & LOGISTICS	14,516	4.55

ACD'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 30 April 2022

Holding	Portfolio of Investments	Value £'000	30.04.22 %
	COMMERCIAL & WHOLESALE TRADE – 8.40% (30.04.21 – 9.82%)		
535,000	Canon Marketing Japan	9,288	2.91
325,000	Inaba Denki Sangyo	5,109	1.60
635,000	Inabata	8,296	2.60
360,000	Nagase	4,123	1.29
	TOTAL COMMERCIAL & WHOLESALE TRADE	26,816	8.40
	HEALTH CARE – 1.36% (30.04.21 – 1.30%)		
400,000	Alfresa	4,350	1.36
	BANKS – 12.72% (30.04.21 – 13.14%)		
2,350,000	Concordia Financial	6,805	2.13
2,550,000	Mitsubishi UFJ Financial	11,820	3.71
450,000	Sumitomo Mitsui Financial	10,822	3.39
450,000	Sumitomo Mitsui Trust	11,149	3.49
	TOTAL BANKS	40,596	12.72
	FINANCIALS (EX BANKS) – 13.72% (30.04.21 – 13.60%)		
700,000	Dai-ichi Life	11,189	3.51
1,850,000	Mitsubishi UFJ Lease & Finance	6,642	2.08
300,000	MS&AD Insurance	7,158	2.24
150,000	Ricoh Leasing	3,135	0.98
250,000	Sompo	8,121	2.55
175,000	Tokio Marine	7,541	2.36
	TOTAL FINANCIALS (EX BANKS)	43,786	13.72
	Portfolio of investments	311,026	97.46
	Net other assets	8,108	2.54
	Net assets	319,134	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.

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 30 April 2022

Total purchases for the year £'000 (note 16)	33,911	Total sales for the year £'000 (note 16)	121,780
Purchases	Cost £'000	Major sales	Proceeds £'000
Maeda Corp	9,040	Toppan Printing	9,154
Eizo	5,337	Okamura	8,992
TV Asahi	4,144	Nishimatsu Construction	8,352
Toagosei	3,803	INPEX	8,245
Okamura	3,669	Mitsubishi UFJ Financial	6,075
Toyo Seikan Kaisha	3,364	Dai-ichi Life	5,449
Mitsubishi Logistics	1,306	ADEKA	5,110
Amada	1,302	Kamigumi	4,490
Sumitomo Warehouse	1,144	Toyota Motor	3,858
Ricoh Leasing	802	Concordia Financial	3,735

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

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 Morant Wright Nippon Yield Fund

30 June 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 Fund and of the net revenue/expense and net capital gains/losses on the property of the Fund 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 Fund's 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 Fund 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 Fund in accordance with its Instrument of Incorporation, the Prospectus and the COLL Sourcebook.

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Fund 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 Fund'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 Fund and its investors.

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

The Depositary must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund 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 Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund'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 Fund is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Fund.

REPORT OF THE DEPOSITARY

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

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

THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

Depositary of LF Morant Wright Nippon Yield Fund

30 June 2022

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF MORANT WRIGHT NIPPON YIELD FUND ('THE FUND')

Opinion

We have audited the financial statements of the Fund for the year ended 30 April 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 Distribution Tables* for the Fund and the accounting policies set out on pages 27 to 29.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Fund as at 30 April 2022 and of the net revenue and the net capital gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Authorised Corporate Director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for the going concern period.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF MORANT WRIGHT NIPPON YIELD FUND ('THE FUND') *continued*

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Fund will continue in operation.

Fraud and Breaches of Laws and Regulations – Ability to Detect

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors as to the Fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- assessing the segregation of duties in place between the ACD, the Depositary, the Administrator and the Investment Manager.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the ACD and the Administrator, no further high-risk journal entries or other adjustments were identified.

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the ACD and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF MORANT WRIGHT NIPPON YIELD FUND ('THE FUND') *continued*

Secondly, the Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT OF THE ABILITY OF THE AUDIT TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other Information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Authorised Corporate Director's Report 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 matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LF MORANT WRIGHT NIPPON YIELD FUND ('THE FUND') *continued*

Authorised Corporate Director's (Link Fund Solutions Limited) Responsibilities

As explained more fully in their statement set out on page 19 the Authorised Corporate Director is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Fund'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 they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Purpose of Our Audit Work and to Whom We Owe Our Responsibilities

This report is made solely to the Fund's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Fund's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**GRANT ARCHER
FOR AND ON BEHALF OF KPMG LLP, STATUTORY AUDITOR**

Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
30 June 2022

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 30 April 2022

	Notes	£'000	30.04.22 £'000	£'000	30.04.21 £'000
Income:					
Net capital gains	3		14,198		45,178
Revenue	4	13,198		10,578	
Expenses	5	(4,220)		(3,930)	
Interest payable and similar charges	7	(14)		(11)	
Net revenue before taxation		8,964		6,637	
Taxation	6	(1,322)		(1,065)	
Net revenue after taxation			7,642		5,572
Total return before distributions			21,840		50,750
Distributions	8		(11,862)		(9,502)
Change in net assets attributable to shareholders from investment activities			9,978		41,248

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 April 2022

	Note	£'000	30.04.22 £'000	£'000	30.04.21 £'000
Opening net assets attributable to shareholders			398,684		355,261
Amounts receivable on issue of shares		28,931		166,576	
Amounts payable on redemption of shares		(120,124)		(166,280)	
			(91,193)		296
Dilution levy	1(H)		142		61
Change in net assets attributable to shareholders from investment activities			9,978		41,248
Retained distributions on Accumulation shares			1,523		1,818
Closing net assets attributable to shareholders			319,134		398,684

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 30 April 2022

	Notes	30.04.22 £'000	30.04.21 £'000
ASSETS			
Fixed assets			
Investments		311,026	384,255
Current assets			
Debtors	9	5,847	11,566
Cash and bank balances	10	9,180	14,963
Total assets		<u>326,053</u>	<u>410,784</u>
LIABILITIES			
Creditors			
Distribution payable	11	(5,459)	(6,002)
Other creditors	11	(1,460)	(6,098)
Total liabilities		<u>(6,919)</u>	<u>(12,100)</u>
Net assets attributable to shareholders		<u>319,134</u>	<u>398,684</u>

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 April 2022

1. Accounting Policies

The principal accounting policies, which have been applied in both the current and prior year, are set out below.

(A) BASIS OF ACCOUNTING

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

These financial statements are prepared on a going concern basis. The ACD has made an assessment of the Fund's ability to continue as a going concern, and is satisfied it has the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made as at the date of issue of these financial statements, covering the subsequent 12 months, and considers liquidity, declines in global capital markets, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19. The ACD also considered the Fund's continued ability to meet ongoing costs, and is satisfied it has the resources to meet these costs and to continue in business.

(B) RECOGNITION OF REVENUE

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

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

Any revenue or expense not directly attributable to a particular share class will normally be allocated pro-rata to the net assets of the relevant share classes 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.

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 April 2022

(E) TAXATION

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

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

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

(F) BASIS OF VALUATION OF INVESTMENTS

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

Quoted investments are valued at fair value which generally is the bid price.

(G) EXCHANGE RATES

The base and functional currency of the Fund 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 is in continual decline; on the 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 Fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

(I) PORTFOLIO TRANSACTION COSTS

Direct transaction costs may consist of fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. 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.

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 April 2022

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.

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.

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 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.

3. Net Capital Gains

The net capital gains during the year comprise:

	30.04.22 £'000	30.04.21 £'000
Non-derivative securities	14,725	45,020
Forward currency contracts	—	595
Transaction charges	(5)	(4)
Currency losses	(522)	(433)
Net capital gains	14,198	45,178

FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 30 April 2022

4. Revenue

	30.04.22 £'000	30.04.21 £'000
Non-taxable dividends	13,198	10,578
Total revenue	13,198	10,578

5. Expenses

	30.04.22 £'000	30.04.21 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	3,594	3,338
Administration fees	408	384
Legal and professional fees	10	9
Typesetting costs	4	4
Registration fees	99	96
	4,115	3,831
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	72	69
Safe custody and other bank charges	23	21
	95	90
Other expenses:		
Audit fees	8	8
Legal and professional fees	2	1
	10	9
Total expenses	4,220	3,930

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

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 April 2022

6. Taxation

	30.04.22 £'000	30.04.21 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Overseas tax	1,322	1,065
Current tax charge	1,322	1,065
Deferred tax – origination and reversal of timing differences (note 6c)	–	–
Total taxation (note 6b)	1,322	1,065

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (30.04.21: 20%). The difference is explained below:

	30.04.22 £'000	30.04.21 £'000
Net revenue before taxation	8,964	6,637
Corporation tax at 20%	1,793	1,327
Effects of:		
Non-taxable dividends	(2,640)	(2,115)
Unutilised excess management expenses	847	788
Corporation tax charge	–	–
Overseas tax	1,322	1,065
Total tax charge (note 6a)	1,322	1,065

c) Deferred tax

At the year end there is a potential deferred tax asset of £7,926,000 (30.04.21: £7,079,000) 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.

FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 30 April 2022

7. Interest Payable and Similar Charges

	30.04.22 £'000	30.04.21 £'000
Interest payable	14	11
Total interest payable and similar charges	14	11

8. Distributions

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

	30.04.22 £'000	30.04.21 £'000
Interim	4,667	4,479
Final	6,311	6,885
	10,978	11,364
Add: Revenue deducted on redemption of shares	1,005	396
Deduct: Revenue received on issue of shares	(121)	(2,258)
Net distributions for the year	11,862	9,502

Details of the distributions per share are set out in the table on pages 40 and 41.

	30.04.22 £'000	30.04.21 £'000
Distributions represented by:		
Net revenue after taxation	7,642	5,572
Allocations to capital:		
Expenses	4,220	3,930
Net distributions for the year	11,862	9,502

FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 30 April 2022

9. Debtors

	30.04.22 £'000	30.04.21 £'000
Amounts receivable for issue of shares	464	7,155
Accrued revenue:		
Non-taxable dividends	5,383	4,411
Total debtors	5,847	11,566

10. Cash and Bank Balances

	30.04.22 £'000	30.04.21 £'000
Bank balances	9,180	14,963
Total cash and bank balances	9,180	14,963

11. Creditors

	30.04.22 £'000	30.04.21 £'000
Distribution payable	5,459	6,002
Other Creditors		
Amounts payable for redemption of shares	119	725
Purchases awaiting settlement	1,019	4,985
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Annual Management Charge	263	323
Administration fees	30	37
Typesetting costs	2	2
Registration fees	8	8
	303	370

FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 30 April 2022

	30.04.22 £'000	30.04.21 £'000
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	6	6
Transaction charges	—	1
Safe custody and other bank charges	4	3
	10	10
Other expenses	9	8
Total other creditors	1,460	6,098

12. Related Party Transactions

The Annual Management Charge and legal and professional fees payable to Link Fund Solutions Limited ('the ACD'), registration and administration 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 25 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 34,593 (30.04.21: 33,571) of the Fund's shares at the balance sheet date.

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

Nortrust Nominees Limited	48.69% (30.04.21: 39.47%)
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13. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (30.04.21: none).

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 April 2022

14. Shares in Issue

	'A' Income	'A' Accumulation	'B' Income	'B' Accumulation
Annual Management Charge	1.50%	1.50%	1.00%	1.00%
Opening shares in issue	259,745	76,368	102,386,273	11,300,512
Issues	19,221	1,553	6,757,792	1,128,583
Redemptions	(52,561)	(5,130)	(29,416,321)	(3,391,760)
Conversions	(154)	(3,671)	(1,269)	4,470
Closing shares in issue	<u>226,251</u>	<u>69,120</u>	<u>79,726,475</u>	<u>9,041,805</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.

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 April 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.

As the Fund seeks to obtain its return from investing 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. Forward currency contracts are employed by the Investment Manager, where deemed appropriate, to mitigate the foreign exchange risk.

The table below shows the direct foreign currency risk profile:

	30.04.22 £'000	30.04.21 £'000
Currency:		
Japanese yen	319,426	391,106
Pounds sterling	(292)	7,578
Net assets	319,134	398,684

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 £15,971,000 on the net assets of the Fund (30.04.21: £19,555,000).

(D) LEVERAGE

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

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 April 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 73.87% of the portfolio can be liquidated within 5 days and 99.14% within 21 working days (30.04.21: 68.15% within 5 days and 95.88% 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.

(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 £15,551,000 (30.04.21: £19,213,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

The Fund held no derivatives of a material nature during the current or prior year.

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 April 2022

16. Portfolio Transaction Costs

30.04.22	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	33,886	25	–	33,911
Purchases total	33,886	25	–	33,911
<i>Transaction cost % of purchases total</i>		0.07%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	
Ordinary shares	121,851	(71)	–	121,780
Sales total	121,851	(71)	–	121,780
<i>Transaction cost % of sales total</i>		0.06%	–	
<i>Transaction cost % of average NAV</i>		0.02%	–	

Average portfolio dealing spread at 30.04.22 is 0.23% (30.04.21: 0.20%).

30.04.21	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	124,696	52	–	124,748
Purchases total	124,696	52	–	124,748
<i>Transaction cost % of purchases total</i>		0.04%	–	
<i>Transaction cost % of average NAV</i>		0.02%	–	
Ordinary shares	138,548	(103)	–	138,445
Sales total	138,548	(103)	–	138,445
<i>Transaction cost % of sales total</i>		0.07%	–	
<i>Transaction cost % of average NAV</i>		0.03%	–	

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 30 April 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 of the Fund's investments in the current and prior year are ordinary shares categorised as Level 1.

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 30 April 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	01.05.21	01.11.21
To	31.10.21	30.04.22

'A' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 31.12.21	Paid 31.12.20
Group 1	4.7091	–	4.7091	3.8775
Group 2	3.9115	0.7976	4.7091	3.8775

Final	Net Revenue	Equalisation	Payable 30.06.22	Paid 30.06.21
Group 1	6.3802	–	6.3802	5.4918
Group 2	4.2255	2.1547	6.3802	5.4918

'A' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 31.12.21	Allocated 31.12.20
Group 1	6.3654	–	6.3654	5.0805
Group 2	6.0278	0.3376	6.3654	5.0805

Final	Net Revenue	Equalisation	Allocation 30.06.22	Allocated 30.06.21
Group 1	8.7450	–	8.7450	7.2942
Group 2	7.1533	1.5917	8.7450	7.2942

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

'B' INCOME SHARES

Interim	Net Revenue	Equalisation	Paid 31.12.21	Paid 31.12.20
Group 1	5.0278	–	5.0278	4.1192
Group 2	5.0278	0.0000	5.0278	4.1192

Final	Net Revenue	Equalisation	Payable 30.06.22	Paid 30.06.21
Group 1	6.8290	–	6.8290	5.8480
Group 2	4.9072	1.9218	6.8290	5.8480

'B' ACCUMULATION SHARES

Interim	Net Revenue	Equalisation	Allocated 31.12.21	Allocated 31.12.20
Group 1	6.7922	–	6.7922	5.3947
Group 2	5.6599	1.1323	6.7922	5.3947

Final	Net Revenue	Equalisation	Allocation 30.06.22	Allocated 30.06.21
Group 1	9.3560	–	9.3560	7.7658
Group 2	4.7019	4.6541	9.3560	7.7658

GENERAL INFORMATION

Share Capital

The minimum share capital of the Fund is £1 and the maximum share capital is £100,000,000,000.

Classes of Shares

The Instrument of Incorporation allows income and accumulation shares to be issued.

Holders of income shares are entitled to be paid the distributable income attributed to such shares on any relevant interim and annual allocation dates.

Holders of accumulation shares are not entitled to be paid the income attributed to such shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation share.

Valuation Point

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

Buying and Selling Shares

The ACD will accept orders to deal in the shares on each business day between 8.30am and 5.30pm (London time). Instructions to buy or sell shares may be either in writing to PO Box 389, Darlington DL1 9UF, or by telephone on 0345 922 0044.

Prices

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

Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information 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 Fund should contact the ACD or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

GENERAL INFORMATION *continued*

Data Protection Act

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

Information for Swiss Qualified Investors

The distribution of shares of the Fund in Switzerland is made exclusively to, and directed at, qualified investors ('Qualified Investors') as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended, and its implementing ordinance. The Swiss representative for the Fund is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland. The Swiss paying agent for the Fund is Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva, Switzerland. Investors in Switzerland can obtain the documents of the Fund, such as the Prospectus, the Key Investor Information Documents (edition for Switzerland), the Instrument of Incorporation, the latest annual or semi-annual report, and further information free of charge from the Swiss representative. The place of jurisdiction regarding the distribution of interests to qualified investors in Switzerland is Geneva. This document may only be issued, circulated or distributed in Switzerland to Qualified Investors. Recipients of the document in Switzerland should not pass it on to anyone other than a Qualified Investor. In respect of shares distributed in Switzerland the place of jurisdiction is at the registered office of the representative in Switzerland.

Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of shares.



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