



LF Waverton Charity Fund

Annual Report and Financial Statements

31 December 2020

LF Waverton Charity Growth & Income Fund

MANAGER AND ALTERNATIVE INVESTMENT FUND MANAGER ('AIFM')

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WAVERTON INVESTMENT MANAGEMENT LIMITED

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MANAGER'S REPORT

for the year ended 31 December 2020

Authorised Status

LF Waverton Charity Fund ('the Trust') is a unit trust authorised by the Financial Conduct Authority ('FCA') with effect from 20 March 2019. The Trust has an unlimited duration.

The Trust is a Charity Authorised Investment Fund and has been established exclusively to further the charitable purposes of the charities that directly or indirectly hold units in the Trust. As such all unitholders must themselves be charities. The Trust is a charity registered by the Charity Commission for England and Wales with registration number 1182901.

The Manager and the Trustee are the charity trustees under the Charities Act ('Charity Trustees').

The Trust is a non-UCITS retail scheme for the purposes of the Regulations.

Unitholders are not liable for the debts of the Trust. Unitholders are not liable to make any further payment to the Trust after they have paid the price on purchase of the units.

Manager's Statement

COVID-19

The outbreak of COVID-19, declared by the World Health Organisation as a pandemic on 11 March 2020, caused significant disruption to business and economic activity which was reflected in the fluctuations seen in the global stock markets. In the period since its initial emergence and the global recognition of the seriousness of the pandemic, there were sharp declines in asset prices. As various national governments sought to provide financial support and stimulus to their economies and after the initial success of the global responses to constrain the spread of COVID-19, there followed a period of recovery. However, the impact of a second and even third wave of COVID-19 in a number of countries means that at this time recovery remains fragile. As 2021 emerges, with a number of approved vaccines now entering into the immunisation strategies of various countries there is, subject to no COVID-19 variants defeating the vaccine, hope that the nadir of the global recession may be near. How this will impact markets and translate into future asset pricing is dependent on many factors and it is reasonable to expect that instability and consequently volatility will continue through 2021.

MANAGER'S REPORT *continued*

Important Information

With effect from 1 February 2020, the rate of the periodic charge that The Bank of New York Mellon (International) Limited charges as Trustee changed. The new rates are as follows:

- £0 to £100 million – 0.03%;
- £100 million to £150 million – 0.0175%;
- £150 million to £1 billion – 0.01%;
- £1 billion to £2 billion – 0.005%; and
- £2 billion and above – 0.0025%.

With effect from 6 March 2020, the Trust is eligible for investment from Scottish charities.

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 Alternative Investment Funds ('AIFs') 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 UCITS funds and AIFs.

LFSL delegates portfolio management for the AIFs to various investment management firms. The portfolio managers' fees and expense for providing investment management services are paid by the Manager out of its own remuneration under the Manager 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 AIFs, nor are they remunerated by reference to the performance of any individual AIF. Accordingly, the information below is for LFSL as a whole. No attempt has been made to attribute remuneration to the Trust itself.

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. Accordingly, the information disclosed relates to the year ended 30 June 2020, being the most recent accounting period which accounts have been prepared for LFSL prior to the production of these accounts. As at 30 June 2020, LFSL operated 107 UCITS and 93 AIFs, whose respective assets under management ('AuM') were £41,011 million and £37,140 million. The Trust was valued at £10 million as at that date and represented 0.01% of LFSL's total AuM and 0.03% of its AIF AuM.

MANAGER'S REPORT *continued*

Remuneration Policy *continued*

The disclosure below represents that required under FUND 3.3.5 R (5) and (6) for funds subject to AIFMD obligations.

2020	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 30 June 2020	165	6,573	635	7,208
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 2020				
Senior management (including all Board members)	6	609	215	824
Staff engaged in control functions	4	371	30	401
Risk takers and other identified staff	15	1,327	164	1,491
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/policies/>.

Securities Financing Transactions

The Trust 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.

MANAGER'S REPORT *continued*

Value Assessment

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

LINK FUND SOLUTIONS LIMITED

Manager of LF Waverton Charity Fund

26 April 2021

DIRECTOR'S STATEMENT

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

N. BOYLING

K.J. MIDL

LINK FUND SOLUTIONS LIMITED

Manager of LF Waverton Charity Fund

26 April 2021

STATEMENT OF THE CHARITY TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

As set out on page 3 the Charity Trustees under the Charities Act are the Manager and the Trustee.

Under charity law, the Charity Trustees are responsible for preparing the financial statements for each financial year which show a true and fair view of the financial position of the Trust and of the net revenue/expense and net gains/losses on the property of the Trust for the year. The Charity Trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, generally accepted accounting practice entails that the Charity Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice *Accounting and Reporting by Charities* have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed and rules, subject to any material departures disclosed and explained in the financial statements;
- assess the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Charity Trustees are required to act in accordance with the trust deed and the rules of the Trust, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Trust at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Charity Trustees are responsible for the maintenance and integrity of the financial and other information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF MANAGER'S RESPONSIBILITIES

In addition to its responsibilities as a trustee set out above, the Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") requires the Manager to:

- prepare financial statements that comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assess the Trust's sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Trust's sub-fund or to cease operations, or have no realistic alternative but to do so.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL Rules.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and, from 22 July 2014, the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

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

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

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ('the AIFM'), are carried out (unless they conflict with the Regulations).

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

REPORT OF THE TRUSTEE

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

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

THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED

Trustee of LF Waverton Charity Fund

26 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE CHARITY TRUSTEES AND UNITHOLDERS OF LF WAVERTON CHARITY FUND ('THE TRUST')

Opinion

We have audited the financial statements of LF Waverton Charity Fund ('the Trust') for the year ended 31 December 2020 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Table and the accounting policies set out on pages 30 to 32.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for Opinion

We have been appointed as auditor under section 145 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

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 Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease its operations, and as they have concluded that the Trust'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 its 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 trustees' conclusions, we considered the inherent risks to the Trust's business model and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' 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 trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

INDEPENDENT AUDITOR'S REPORT TO THE CHARITY TRUSTEES AND UNITHOLDERS OF LF WAVERTON CHARITY FUND ('THE TRUST') *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 Trust 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 Trust'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 Manager, the Trustee, the Administrator and the Portfolio 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 Manager 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 Manager 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 Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charity legislation) 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 CHARITY TRUSTEES AND UNITHOLDERS OF LF WAVERTON CHARITY FUND ('THE TRUST') *continued*

Secondly, the Trust 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 Trust'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 trustees are responsible for the other information presented in the Trustee's 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. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE CHARITY TRUSTEES AND UNITHOLDERS OF LF WAVERTON CHARITY FUND ('THE TRUST') *continued*

Matters on Which We Are Required to Report By Exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the Trust has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' Responsibilities

As explained more fully in their statement set out on page 10, the trustees are responsible for: the preparation of financial statements which 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 Trust'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 Trust 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.

INDEPENDENT AUDITOR'S REPORT TO THE CHARITY TRUSTEES AND UNITHOLDERS OF LF WAVERTON CHARITY FUND ('THE TRUST') *continued*

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

This report is made solely to the Trust's trustees as a body, in accordance with section 145 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Trust's trustees 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 Trust and its trustees, 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
26 April 2021

LF WAVERTON CHARITY GROWTH & INCOME FUND MANAGER'S REPORT

for the year ended 31 December 2020

Important Information

Refer to the 'Important Information' section on page 4.

Investment Objective and Policy

The investment objective of the LF Waverton Charity Growth & Income Fund ('the Trust') is to deliver a total return (the combination of income and capital growth) equal to the Consumer Price Index plus 3% per annum net of fees over rolling six year periods. There is no guarantee that the objective will be met or that a positive return will be delivered over any time period and capital is at risk.

The investment policy adopts a multi-asset approach with a portfolio of between 35 to 70 holdings giving both UK and global exposure with no particular emphasis on any industry, market or geographical sector. The asset classes the Trust can invest in are equities, debt securities (government and corporate bonds, loans, credit), cash, money market instruments, private equity, property, infrastructure, commodities and hedge funds.

At least 40% of the portfolio will be in equities. The Trust may gain exposure to the asset classes listed directly and indirectly by investing in transferable securities and collective investment schemes (open and closed ended), which may include other collective investment schemes managed or advised by the Manager, the Portfolio Manager or their associates. The Trust may also invest in structured products. Exposure to property, private equity, infrastructure and commodities will be indirect.

The Trust may employ derivatives and forward transactions for investment purposes and for the purposes of Efficient Portfolio Management.

The Trust invests its direct equity exposure in accordance with the parameters of the Trust's ethical criteria, which consider ethical issues in relation to gambling, tobacco, controversial weapons or pornography. The Portfolio Manager operates screening whereby potential investments are screened against the Trust's ethical investment criteria, the details of which are included in the document on the Manager's website setting out the Trust's ethical investment criteria. Where an investment is subsequently identified as not meeting the Trust's ethical investment criteria the Portfolio Manager will seek to sell the investment within the following 90 days. The prices at which such an investment can be sold in these circumstances may be lower than the prices that might otherwise have been realised for the investment if such a sale was not required.

When assessing an investment the Portfolio Manager considers a number of financial factors; in particular the Portfolio Manager is seeking companies which it considers have a sustainable competitive advantage, opportunities to grow cash flow, a value enhancing management strategy and an attractive valuation in relation to opportunity and risk. In addition, with reference to direct equities and bonds the Portfolio Manager considers non-financial factors including environmental, social and governance ("ESG") factors. Whilst the Portfolio Manager looks to understand a company's ESG profile, they do not preclude it from investment solely on the basis of its profile but use this information to help inform their investment decision.

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

Benchmark

The Trust's target benchmark is the Consumer Price Index plus 3%.

The Consumer Price Index plus 3% has been selected as the Trust's target return benchmark as the Trust aims to achieve a return (the money made or lost on an investment) that is above the rate of inflation. The Consumer Price Index is used to measure the rate of inflation. Please refer to the Trust's investment objective for detail regarding how achievement of the target return benchmark is measured, and over what time period.

LINK FUND SOLUTIONS LIMITED

Manager of LF Waverton Charity Growth & Income Fund

26 April 2021

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

PORTFOLIO MANAGER'S REPORT

for the year ended 31 December 2020

The Trust enjoyed a successful year in terms of performance with a total return of 11.2% over the 12 month period (Total Return, net of fees). This return was well ahead of its objective of Consumer Price Index plus 3%, which returned 3.6%. The Trust's performance also puts it amongst the best performing charity funds of 2020. In addition, volatility was well controlled with an annualised figure of 15.2% for 2020.

Major Activity

The Trust grew steadily during the year after marketing activities were allowed to commence, following the one-year anniversary of its launch in the second quarter. This also coincided with a period of recovery following the panic in the first quarter of 2020, brought on by the COVID-19 health crisis.

The Trust was well positioned going into the crisis, which in market terms reached its peak in March. We had been cautious on a basis of valuations in late 2019, which led us to both reduce the equity weight and to focus on high quality stocks, in terms of the quality of the underlying earnings. The Trust also benefited from the risk offsetting positions as the crisis grew; gold, long dated US Treasury and Waverton's own managed protection strategy, which provided a useful inverse correlation to equities. All of these positions were successfully traded during the crisis period as we took profits.

We also reduced the cyclicity of the portfolio during the nadir of the health crisis, selling some companies which were potentially particularly vulnerable, including Melrose Industries, Rio Tinto and JP Morgan. As conditions improved and it became clear that some control had been gained over the health crisis, select new ideas were introduced, such as TE Connectivity (sensors manufacturer), Iberdrola (electricity utility), Avery Dennison (labels manufacturer), CME Group (the Chicago exchange) and Qualcomm (semi-conductors manufacturer). The equity weight was further increased following the announcement of the successful Pfizer vaccine trial in November, primarily by adding to companies such as Asahi (brewer), Royal Dutch Shell (Oil) and Amadeus (flight booking software provider).

A notable feature of 2020 was the successful participation in a number of initial public offerings, which added meaningfully to the total return over the second half of the year.

The Bond and Alternatives allocations remained largely unchanged during 2020, although we did add two innovative inflation protection instruments in December, which will help to protect the portfolio from an increase in inflation, which we think is one of the key risks of the measures being undertaken to deal with the current health crisis.

Portfolio Composition

The portfolio has a majority of its assets invested directly in global equities, which vacillated between 50% and 60% of the total assets during the year. As the Trust's objective is to at least match Consumer Price Index plus 3% per annum, equity volatility is managed through allocations to asset classes which can offer stability and

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

PORTFOLIO MANAGER'S REPORT *continued*

inverse correlations to equities. It is primarily for this reason that we hold bonds, both corporate and government, which made up 16.4% at the end of December. We have also maintained a meaningful exposure to alternative assets, including property, infrastructure and gold, which represented 15.6% as at 31 December. The cash weight changed substantially during the year as we adjusted the equity weight, and ended the year at 8.1%.

Outlook

We are reasonably constructive on risk assets given the news of the vaccine roll-out, with pent up demand and enormous monetary and fiscal support providing a powerful backdrop. Investors have moved quickly and the majority of the gains have probably already been made, but we expect the constructive environment to continue into 2021. Not all companies, or asset classes, will emerge equal from the crisis and we have concerns over government and many corporate bonds given their low yields in the face of potentially higher inflation. We believe that judicious security selection, in all asset classes, will be important in order to benefit from the success stories, and to avoid the casualties.

WAVERTON INVESTMENT MANAGEMENT LIMITED

Portfolio Manager

25 January 2021

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

TRUST INFORMATION

Risk and Reward Profile



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

The Trust 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 Trust.

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

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

Bond Risk: The Trust invests in bonds. The value of bonds are affected by changes in interest rates, inflation and their credit ratings.

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

Use of Derivatives Risk: The Trust invests in derivatives. A relatively small movement in the value of the derivative's underlying investment may have a much larger impact, positive or negative, on the value of the Trust than if the Trust were to hold the underlying investment itself.

Concentration Risk: The Trust may be invested in a concentrated number of securities or industries, markets or geographical sectors, which increases the possibility of the Trust's value being more volatile (both up and down) than if it were invested in a more diversified portfolio.

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

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

TRUST INFORMATION *continued*

Comparative Tables

Where the Trust has significant investment in collective investment schemes, the operating charges take 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 unit class at that date.

RETAIL INCOME UNITS

CHANGE IN NET ASSETS PER UNIT	31.12.20 pence per unit	31.12.19 ¹ pence per unit
Opening net asset value per unit	103.71	100.00
Return before operating charges*	12.54	5.51
Operating charges	(1.00)	(0.62)
Return after operating charges	11.54	4.89
Distributions	(2.32)	(1.18)
Closing net asset value per unit	112.93	103.71
* after direct transaction costs of:	0.04	0.07

PERFORMANCE

Return after charges	11.13%	4.89%
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OTHER INFORMATION

Closing net asset value (£'000)	12,748	9,788
Closing number of units	11,287,809	9,437,964
Operating charges	0.95% ³	1.01% ²
Direct transaction costs	0.04%	0.11% ²

PRICES

Highest unit price	114.76	105.56
Lowest unit price	90.24	98.59

¹ From 28 May 2019.

² Annualised figure due to unit class launched less than 1 year.

³ The Manager and the Portfolio Manager have agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 1.00%.

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

TRUST INFORMATION *continued*

Comparative Tables *continued*

RETAIL ACCUMULATION UNITS

CHANGE IN NET ASSETS PER UNIT	31.12.20 pence per unit	31.12.19 ¹ pence per unit
Opening net asset value per unit	104.90	100.00
Return before operating charges*	12.92	5.52
Operating charges	(1.03)	(0.62)
Return after operating charges	11.89	4.90
Distributions	(2.37)	(1.19)
Retained distributions on accumulation units	2.37	1.19
Closing net asset value per unit	116.79	104.90
* after direct transaction costs of:	0.04	0.07

PERFORMANCE

Return after charges	11.33%	4.90%
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OTHER INFORMATION

Closing net asset value (£'000)	530	679
Closing number of units	453,929	647,699
Operating charges	0.95% ³	1.01% ²
Direct transaction costs	0.04%	0.11% ²

PRICES

Highest unit price	118.16	106.01
Lowest unit price	91.27	98.59

¹ From 28 May 2019.

² Annualised figure due to unit class launched less than 1 year.

³ The Manager and the Portfolio Manager have agreed, on a discretionary basis, to waive a portion of their fee in order to seek to achieve an ongoing charges figure that does not exceed 1.00%.

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

TRUST INFORMATION *continued*

Trust Performance to 31 December 2020 (%)

	1 year	Since launch ¹
LF Waverton Charity Growth & Income Fund	11.21	16.90
Consumer Price Index plus 3% ²	3.61	6.33

¹ Launch date 28 May 2019.

² Source: Morningstar Direct.

The performance of the Trust is based on the published price per Retail Accumulation unit which includes reinvested income.

The performance of the Trust 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 unit for the year are shown in the Distribution Table on pages 45 and 46.

RISK WARNING

An investment in a unit trust should be regarded as a medium to long term investment. Investors should be aware that the price of units 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 WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 December 2020

Holding	Portfolio of Investments	Value £'000	31.12.20 %
	DEBT SECURITIES – 5.21% (31.12.19 – 8.99%)		
£8,900	Burford Capital 5% 1/12/2026	8	0.06
£30,000	Intermediate Capital 5% 24/3/2023	32	0.24
£200,000	International Bank for Reconstruction & Development 0.5% 24/7/2023	202	1.52
£120,000	Kreditanstalt fuer Wiederaufbau 0.875% 15/3/2022	121	0.91
\$359,000	US Treasury 2.75% 15/8/2047	329	2.48
	TOTAL DEBT SECURITIES	692	5.21
	BOND FUNDS – 11.22% (31.12.19 – 11.52%)		
82,637	Waverton Global Strategic Bond ^{1,2}	675	5.08
79,545	Waverton Sterling Bond ^{1,2}	815	6.14
	TOTAL BOND FUNDS	1,490	11.22
	UNITED KINGDOM – 18.07% (31.12.19 – 15.05%)		
4,315	AstraZeneca	316	2.38
143,016	Greencoat UK Wind ³	192	1.45
114,361	HICL Infrastructure ³	198	1.49
106,000	M&G	210	1.58
20,800	Prudential	280	2.11
14,400	RELX	258	1.94
25,000	Royal Dutch Shell 'B'	315	2.37
77,000	Syncona ³	201	1.52
80,000	The Charities Property ¹	96	0.72
343,769	The Property Income Trust For Charities ¹	277	2.09
4,400	Waverton UK ^{1,2}	56	0.42
	TOTAL UNITED KINGDOM	2,399	18.07
	CONTINENTAL EUROPE – 11.77% (31.12.19 – 11.00%)		
67,621	3i Infrastructure ³	208	1.57
18,500	Iberdrola	194	1.46
4,922	Koninklijke Philips	193	1.45
1,525	Linde	289	2.18

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2020

Holding	Portfolio of Investments	Value £'000	31.12.20 %
4,950	Novo Nordisk 'B'	255	1.92
185,977	Starwood European Real Estate Finance ³	167	1.26
2,900	TE Connectivity	257	1.93
	TOTAL CONTINENTAL EUROPE	1,563	11.77
	JAPAN – 8.62% (31.12.19 – 10.72%)		
9,600	Asahi	289	2.18
10,900	Hitachi	314	2.36
11,700	KDDI	254	1.91
700	Keyence	288	2.17
	TOTAL JAPAN	1,145	8.62
	ASIA PACIFIC (EXCL JAPAN) – 2.41% (31.12.19 – 4.57%)		
240	Samsung Electronics <i>GDR</i>	320	2.41
	NORTH AMERICA – 28.08% (31.12.19 – 29.87%)		
128	Amazon.com	305	2.30
2,945	American Express	260	1.96
2,800	Apple	272	2.05
2,000	Avery Dennison	227	1.71
1,900	CME	253	1.90
890	Costco Wholesale	245	1.84
2,020	Fidelity National Information Services	209	1.57
1,285	Home Depot	249	1.87
1,035	Intuit	288	2.17
2,560	Marsh & McLennan	219	1.65
2,220	Microsoft	361	2.72
1,750	Qualcomm	195	1.47
1,250	Salesforce.com	203	1.53
1,600	Union Pacific	243	1.83
1,250	Visa	200	1.51
	TOTAL NORTH AMERICA	3,729	28.08

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

PORTFOLIO STATEMENT *continued*

as at 31 December 2020

Holding	Portfolio of Investments	Value £'000	31.12.20 %
	NEW ZEALAND – 1.40% (31.12.19 – 0.92%)		
2,250	Xero	186	1.40
	GLOBAL – 2.28% (31.12.19 – 2.42%)		
2,260	Invesco Physical Gold ETC ⁴	303	2.28
	STRUCTURED PRODUCTS – 2.81% (31.12.19 – 0.00%)		
518	BNP Paribas Issuance Warrants Non-revised index of Consumer Prices for All Urban Consumers (CPI) 4/12/2025	37	0.28
170,000	Goldman Sachs Warrants (Cayman) Preference Shares 24/3/2026	194	1.46
846	Goldman Sachs Warrants Eurozone Harmonised Index of Consumer Prices – Ex Tobacco, Unrevised and Non Seasonally Adjusted 27/11/2025	38	0.29
119,000	Luminis 0% 24/7/2023	103	0.78
	TOTAL STRUCTURED PRODUCTS	372	2.81
	Portfolio of investments	12,199	91.87
	Net other assets	1,079	8.13
	Net assets	13,278	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.

² Related party holding (see note 11).

³ Closed-ended fund.

⁴ Exchange traded commodity.

Definition:

GDR – Global Depositary Receipts.

LF WAVERTON CHARITY GROWTH & INCOME FUND

MANAGER'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 December 2020

Total purchases for the year £'000 (note 15)	3,958	Total sales for the year £'000 (note 15)	4,187
	Cost		Proceeds
Major purchases	£'000	Major sales	£'000
CME	261	UK Treasury 2% 22/7/2020	751
M&G	239	Becton Dickinson	266
Avery Dennison	229	Amadeus IT	238
Amadeus IT	215	AT&T	164
Fidelity	210	JPMorgan Chase & Co.	160
Costco Wholesale	209	Wealthnavi	147
International Bank for Reconstruction & Development 0.5% 24/7/2023	203	Yappli	146
Qualcomm	199	Apple	136
TE Connectivity	190	American Tower	135
Prudential	181	East Japan Railway	134

In addition to the above, in-specie transfers totalling £1,059,000 were made into the Trust.

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

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

for the year ended 31 December 2020

	Notes	£'000	31.12.20 £'000	£'000	31.12.19 £'000
Income:					
Net capital gains	3		1,039		199
Revenue	4	247		90	
Expenses	5	(97)		(41)	
Net revenue before taxation		150		49	
Taxation	6	(12)		(5)	
Net revenue after taxation			138		44
Total return before distributions			1,177		243
Distributions	7		(235)		(85)
Change in net assets attributable to unitholders from investment activities			942		158

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 December 2020

	£'000	31.12.20 £'000	£'000	31.12.19 £'000
Opening net assets attributable to unitholders		10,467		–
Amounts receivable on issue of units	1,731		4,867	
In-specie transfer	1,084		5,675	
Amounts payable on redemption of units	(957)		(241)	
		1,858		10,301
Change in net assets attributable to unitholders from investment activities		942		158
Retained distributions on Accumulation units		11		8
Closing net assets attributable to unitholders		13,278		10,467

The Trust launched on 28 May 2019, therefore the comparative figures are for the period from 28 May 2019 to 31 December 2019.

LF WAVERTON CHARITY GROWTH & INCOME FUND **FINANCIAL STATEMENTS** *continued* **BALANCE SHEET**

as at 31 December 2020

	Notes	31.12.20 £'000	31.12.19 £'000
ASSETS			
Fixed assets			
Investments		12,199	9,950
Current assets			
Debtors	8	17	21
Cash and cash equivalents	9	1,340	560
Total assets		<u>13,556</u>	<u>10,531</u>
LIABILITIES			
Creditors			
Distribution payable	10	(56)	(46)
Other creditors	10	(222)	(18)
Total liabilities		<u>(278)</u>	<u>(64)</u>
Net assets attributable to unitholders		<u>13,278</u>	<u>10,467</u>

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Accounting Policies

The principal accounting policies, which have been applied in both, the current year and prior period, 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 Ireland. The financial statements have been prepared in accordance with Statement of Recommended Practice (Accounting and Reporting by Charities) issued by the Charity Commission for England and Wales in July 2014 and 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 Manager has made an assessment of the Trust'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 Manager also considered the Trust'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.

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

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

Revenue 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.

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

The treatment of the income on derivative contracts is dependent upon the nature of the transaction. To determine whether the returns should be treated as capital or revenue the motive and circumstances of the transaction are used. Where positions are undertaken to protect or enhance capital, the returns are recognised in net capital gains; similarly where positions are taken to generate or protect revenue, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.

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 UNIT CLASSES

Any revenue or expense not directly attributable to a particular unit class will normally be allocated pro-rata to the net assets of the relevant unit classes unless a different allocation method is deemed more appropriate by the Manager.

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

(E) TAXATION

The Trust is recognised by HMRC as a charity for UK tax purposes. As a charity, the Trust should not be subject to UK tax on gains (provided such gains are applied exclusively for charitable purposes) or income from investments (provided such income is applied exclusively to charitable purposes). As a charity, the Trust is exempt from UK Stamp Duty.

(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.

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.

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

(G) EXCHANGE RATES

The base and functional currency of the Trust 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 ADJUSTMENT

The Manager may require a dilution adjustment on the purchase and redemption of units if, in its opinion, the existing unitholders (for purchases) or remaining unitholders (for redemptions) might otherwise be adversely affected. For example, the dilution adjustment may be charged in the following circumstances: where the Trust is expanding or contracting, where the Trust is experiencing a large net subscription position or a large net redemption position relative to its size on any dealing day, in any other case where the Manager is of the opinion that the interest of unitholders requires the imposition of a dilution adjustment.

(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. 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.

(J) IN-SPECIE TRANSFER

The Manager may arrange for a Trust to issue units in exchange for assets other than cash and may also redeem units via a transfer of scheme property instead of a payment of cash. The issue/redemption of units and the transfer of assets will be recognised on the effective date of the in-specie transfer.

2. Distribution Policies

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

The Manager and Trustee may establish an Income Reserve Account in respect of the Trust.

The Manager may transfer to the Income Reserve Account up to 15% of the surplus revenue after expenses and taxation for distribution on an annual income allocation date. Any interest or other amounts earned on the revenue in the Income Reserve Account must be treated as revenue due to the Trust.

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

Any revenue retained in the Income Reserve Account remains part of the revenue property of the relevant Trust but is not available for allocation or distribution.

All expenses are transferred to capital for distribution purposes in line with the Trust'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 Manager's discretion. Final distributions are made in accordance with the COLL Sourcebook.

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Trust. 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 current year and prior period comprise:

	31.12.20 £'000	From 28.05.19 to 31.12.19 £'000
Non-derivative securities	1,049	198
Derivative contracts	(18)	–
Transaction charges	(1)	(1)
AMC rebates from underlying investments	9	3
Currency losses	–	(1)
Net capital gains	1,039	199

The net capital gains figure includes realised gains of £197,000 and unrealised gains of £1,045,000 (31.12.19: includes realised losses of £14,000 and unrealised gains of £211,000). The realised gains on investments in the current year include amounts previously recognised as unrealised gains in the prior period.

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

4. Revenue

	31.12.20 £'000	From 28.05.19 to 31.12.19 £'000
Non-taxable dividends	187	63
Taxable dividends	44	22
Interest on debt securities	11	4
Bank interest	1	1
Non-taxable stock dividends	4	–
Total revenue	247	90

5. Expenses

	31.12.20 £'000	From 28.05.19 to 31.12.19 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual Management Charge	65	27
Refund of expenses	–	(7)
Legal and professional fees	5	3
Typesetting costs	3	2
Registration fees	4	2
	77	27
Payable to the Trustee, associates of the Trustee or agents of either of them:		
Trustee's fees	11	5
Safe custody and other bank charges	1	1
	12	6
Other expenses:		
Audit fees	8	8
Total expenses	97	41

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

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

6. Taxation

	31.12.20 £'000	From 28.05.19 to 31.12.19 £'000
Analysis of charge for the current year and prior period		
Overseas tax	12	5
Current tax charge	12	5

As a charity, the Trust is not subject to UK tax.

7. Distributions

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

	31.12.20 £'000	From 28.05.19 to 31.12.19 £'000
First Interim	58	–
Second Interim	67	8
Third Interim	58	37
Final	58	49
	241	94
Add: Revenue deducted on redemption of units	3	1
Deduct: Revenue received on issue of units	(4)	(10)
Deduct: Revenue received on in-specie transfer	(5)	–
Net distributions for the current year and prior period	235	85

Details of the distributions per unit are set out in the table on pages 45 and 46.

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

	31.12.20 £'000	From 28.05.19 to 31.12.19 £'000
Distributions represented by:		
Net revenue after taxation	138	44
Allocations to capital:		
Expenses	97	41
Net distributions for the current year and prior period	235	85

8. Debtors

	31.12.20 £'000	31.12.19 £'000
Accrued revenue:		
Non-taxable dividends	10	5
Interest from debt securities	4	9
AMC rebates from underlying investments	2	2
	16	16
Amounts due from the Portfolio Manager:		
Refund of expenses	–	5
Taxation recoverable:		
Overseas withholding tax	1	–
Total debtors	17	21

9. Cash and Cash Equivalents

	31.12.20 £'000	31.12.19 £'000
Bank balances	1,340	560
Total cash and cash equivalents	1,340	560

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

10. Creditors

	31.12.20 £'000	31.12.19 £'000
Distribution payable	56	46
Other Creditors		
Purchases awaiting settlement	203	–
Accrued expenses:		
Amounts payable to the Manager, associates of the Manager and agents of either of them:		
Annual Management Charge, net of rebate	7	5
Typesetting costs	2	2
	9	7
Amounts payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	1	1
Other expenses	9	10
Total other creditors	222	18

11. Related Party Transactions

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

The aggregate monies received by the Manager through the issue of units and paid on redemption of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders on page 28. There were no amounts due at the year end.

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

Roy Nominees Limited	91.04% (31.12.19: 100%)
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LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

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

	31.12.20 £'000	31.12.19 £'000
Portfolio Manager in common	1,546	1,385

12. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.12.19: none).

13. Units in Issue

	Retail Income	Retail Accumulation
Annual Management Charge	0.60%	0.60%
Opening units in issue	9,437,964	647,699
Issues	2,586,403	–
Redemptions	(736,558)	(193,770)
Closing units in issue	11,287,809	453,929

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) and investment purposes.

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

The Manager has in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a trust and how the Manager 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

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

framework and the risk mitigations operated by the Manager in managing the identified risks of the Trust. The Manager requires that the appointed Portfolio Manager to the Trust has in place its own governance structure, policies and procedures that are commensurate with its regulatory obligations and the risks posed by the Trust 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 Trust 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 Trust has fulfilled its obligations. As part of its due diligence process, the Manager undertakes a review of the controls operated over counterparties by the Portfolio 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 Manager 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 Manager monitors the credit rating of bond holdings.

31.12.20 Counterparty	Structured products £'000	Net cash collateral pledged £'000
BNP Paribas	37	–
Goldman Sachs	335	–

The Trust held no structured products as at 31 December 2019.

(B) INTEREST RATE RISK

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

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

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

The table below shows the interest rate risk profile:

	31.12.20 £'000	31.12.19 £'000
Floating rate investments	1,490	1,206
Fixed rate investments	692	941
Investments on which interest is not paid	10,017	7,803
Total investments	12,199	9,950

The floating rate investments comprise and collective investment schemes that pay UK interest distributions.

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

(C) FOREIGN CURRENCY RISK

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

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

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

The table below shows the direct foreign currency risk profile:

	31.12.20 £'000	31.12.19 £'000
Currency:		
Australian dollars	186	96
Danish krone	256	249
Euros	714	548
Hong Kong dollars	–	84
Japanese yen	1,147	1,124
US dollars	4,982	3,943
	<u>7,285</u>	<u>6,044</u>
Pounds sterling	5,993	4,423
Net assets	<u>13,278</u>	<u>10,467</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 £364,000 on the net assets of the Trust (31.12.19: £302,000).

(D) LEVERAGE

The Manager is required to calculate and monitor the level of leverage of the Trust, expressed as a ratio between the exposure of the Trust and its Net Asset Value, under both the gross and commitment methods (in accordance with articles 7 and 8 of The Alternative Investment Fund Managers Regulations 2013). For a fund with no borrowing or derivative usage the leverage ratio would be 1:1 under the commitment method. The gross method calculation excludes cash and cash equivalents which are highly liquid.

As at 31 December 2020, leverage under the gross method was 0.92:1 and leverage under the commitment method was 1:1 (31.12.19: 0.95:1 and 1:1 respectively).

(E) LIQUIDITY RISK

The main liability of the Trust is the redemption of any units 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 Manager monitors the liquidity profile of the Trust on a daily basis. In assessing the liquidity profile of the Trust, the Manager assesses how much of the Trust 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 Manager utilises the lower of the 5 and 30 day average market volume of that company's shares. Where a risk is identified then a more in depth review is undertaken to establish

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

its significance, by assessing the liquidity profile of the Trust against a 25% market participation of the average daily volume. Based on this analysis 93.57% (31.12.19: 96.49%) of the portfolio can be liquidated within 5 days and 93.57% (31.12.19: 96.49%) within 30 days. Given this and the Manager's understanding of the investor base, it is considered that the liquidity profile of the Trust 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 Trust'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 Trust holds.

Market price risk represents the potential loss the Trust may suffer through holding market positions in the face of price movements. The Trust's investment portfolio is exposed to price fluctuations, which are monitored by the Manager 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 Trust's portfolio would have the effect of increasing the return and net assets by £610,000 (31.12.19: £498,000). A 5% decrease would have an equal and opposite effect.

(G) DERIVATIVES

During the year the Investment Manager has used warrants and structured products.

Refer to note 3 for the impact of derivatives in the year and the Portfolio Statement for details of the structured products held at the year end.

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

15. Portfolio Transaction Costs

31.12.20	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	3,251	1	2	3,254
Collective investment schemes	241	–	–	241
Debt securities	463	–	–	463
Purchases total	<u>3,955</u>	<u>1</u>	<u>2</u>	<u>3,958</u>
<i>Transaction cost % of purchases total</i>		0.03%	0.05%	
<i>Transaction cost % of average NAV</i>		0.01%	0.02%	
Ordinary shares	3,073	(1)	–	3,072
Collective investment schemes	342	–	–	342
Debt securities	773	–	–	773
Sales total	<u>4,188</u>	<u>(1)</u>	<u>–</u>	<u>4,187</u>
<i>Transaction cost % of sales total</i>		0.02%	–	
<i>Transaction cost % of average NAV</i>		0.01%	–	

Average portfolio dealing spread at 31.12.20 is 0.20% (31.12.19: 0.18%).

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 December 2020

31.12.19	Purchases/ sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases/ net sales £'000
Ordinary shares	4,030	2	3	4,035
Collective investment schemes	1,559	–	–	1,559
Debt securities	778	–	–	778
Purchases total	6,367	2	3	6,372
<i>Transaction cost % of purchases total</i>		0.03%	0.05%	
<i>Transaction cost % of average NAV</i>		0.03%	0.04%	
Ordinary shares	1,075	–	–	1,075
Collective investment schemes	5	–	–	5
Debt securities	187	–	–	187
Sales total	1,267	–	–	1,267
<i>Transaction cost % of sales total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	

The collective investment schemes include closed-ended funds and exchange traded commodities.

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).

31.12.20	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	9,545	2,654	–	12,199
31.12.19	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment assets	8,181	1,769	–	9,950

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE

for the year ended 31 December 2020 – in pence per unit

EQUALISATION

Equalisation applies only to units purchased during the distribution period (Group 2 units – the applicable distribution periods for each distribution are shown below). It represents the accrued revenue included in the purchase price of the units. 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 units for Capital Gains Tax purposes.

Group 2	First Interim	Second Interim	Third Interim	Final
From	01.01.20	01.04.20	01.07.20	01.10.20
To	31.03.20	30.06.20	30.09.20	31.12.20

RETAIL INCOME UNITS

First Interim	Net Revenue	Equalisation	Paid 31.05.20	Paid 31.05.19 ¹
Group 1	0.5894	–	0.5894	–
Group 2	0.2820	0.3074	0.5894	–

Second Interim	Net Revenue	Equalisation	Paid 31.08.20	Paid 31.08.19 ²
Group 1	0.6951	–	0.6951	0.2288
Group 2	0.6951	0.0000	0.6951	0.2288

Third Interim	Net Revenue	Equalisation	Paid 30.11.20	Paid 30.11.19
Group 1	0.5443	–	0.5443	0.4695
Group 2	0.0855	0.4588	0.5443	0.4695

Final	Net Revenue	Equalisation	Payable 28.02.21	Paid 28.02.20
Group 1	0.4924	–	0.4924	0.4860
Group 2	0.1987	0.2937	0.4924	0.4860

LF WAVERTON CHARITY GROWTH & INCOME FUND

FINANCIAL STATEMENTS *continued*

DISTRIBUTION TABLE *continued*

RETAIL ACCUMULATION UNITS

First Interim	Net Revenue	Equalisation	Allocated 31.05.20	Allocated 31.05.19 ¹
Group 1	0.5978	–	0.5978	–
Group 2	0.5978	0.0000	0.5978	–
Second Interim	Net Revenue	Equalisation	Allocated 31.08.20	Allocated 31.08.19 ²
Group 1	0.7077	–	0.7077	0.2308
Group 2	0.7077	0.0000	0.7077	0.2308
Third Interim	Net Revenue	Equalisation	Allocated 30.11.20	Allocated 30.11.19
Group 1	0.5574	–	0.5574	0.4727
Group 2	0.5574	0.0000	0.5574	0.4727
Final	Net Revenue	Equalisation	Allocation 28.02.21	Allocated 28.02.20
Group 1	0.5073	–	0.5073	0.4890
Group 2	0.5073	0.0000	0.5073	0.4890

¹ The Trust launched on 28 May 2019, therefore there was no comparative first interim distribution.

² For the period from 28 May 2019 to 30 June 2019.

GENERAL INFORMATION

Structure of LF Waverton Charity Fund

The Trust is structured as an umbrella fund, in that different sub-funds may be established from time to time by the Manager 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. The only sub-fund currently available is:

LF Waverton Charity Growth & Income Fund

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

Valuation Point

The current valuation point of the Trust 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 Units

The Manager will accept orders to buy or sell units 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 units may be either in writing to: PO Box 389, Darlington DL1 9UF or by telephone on 0345 922 0044.

Prices

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

Other Information

The Trust Deed, Prospectus, Key Investor Information Document and the most recent annual and interim reports may be inspected at the office of the Manager which is also the Head Office. Copies of these may be obtained upon application and, excepting the Trust Deed, can be found on the Manager's website, www.linkfundsolutions.co.uk. Unitholders who have any complaints about the operation of the Trust should contact the Manager or the Trustee in the first instance. In the event that a unitholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

Data Protection Act

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



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