

LF Stakeholder Pension Scheme

(Formerly CF Stakeholder Pension Scheme)
Annual Report and Financial Statements

30 September 2017

LF Tracker Pension Fund (Formerly CF Tracker Pension Fund)
LF Corporate Bond Pension Fund (Formerly CF Corporate Bond Pension Fund)
LF Money Market Pension Fund (Formerly CF Money Market Pension Fund)



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MASTER FUNDS
L&G (N) Tracker Trust
(Authorised and regulated by the
Financial Conduct Authority)

L&G Sterling Income Fund
(Authorised and regulated by the
Financial Conduct Authority)

Henderson Money Market Unit Trust
(Authorised and regulated by the
Financial Conduct Authority)

MANAGERS OF THE MASTER FUNDS
Legal & General (Unit Trust Managers)
Limited
Henderson Investment Funds Limited

TRUSTEES OF THE MASTER FUNDS
Northern Trust Global Services Limited
National Westminster Bank Plc

INVESTMENT ADVISORS OF THE MASTER
FUNDS
Legal & General Investment Management
Limited
Henderson Global Investors Limited

AUDITORS OF THE MASTER FUNDS
PricewaterhouseCoopers LLP

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LF STAKEHOLDER PENSION SCHEME MANAGER'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

AUTHORISED STATUS

The LF Stakeholder Pension Scheme ('the Scheme') is an authorised unit trust scheme and belongs to the category of Non-UCITS Retail Scheme 'umbrella funds' as recognised by the Regulations and qualifies as an Alternative Investment Fund ('AIF') under the Alternative Investment Fund Manager ('AIFM') Directive. The Scheme was established by Trust Deed dated March 2001 and was declared to be an authorised unit trust Scheme by the Financial Conduct Authority by an order made under Section 243 of the Financial Services and Markets Act 2000 dated 22 March 2001.

The Scheme is an appropriate personal pension scheme registered as a Stakeholder Pension Scheme.

The Scheme has three sub-funds ('Constituent Funds') each of which is a 'feeder fund' for the purpose of COLL 5.6.7(6) and each may invest 100% in value of the scheme property in one permitted collective investment scheme.

The base currency of the Scheme and each Constituent Fund is Pounds Sterling. The unitholders are not liable for the debts of the Constituent Funds.

The AIFM is the legal person appointed on behalf of the Scheme and which (through this appointment) is responsible for managing the Scheme in accordance with the AIFM Directive and The Alternative Investment Fund Managers Regulations 2013. This role is performed by the Manager and references to the Manager in this Annual Report and Financial Statements include the AIFM as applicable.

POLICY

The Scheme (and each of the Constituent Funds) aims for long-term capital growth by each investing in a single authorised collective investment schemes.

The Underlying Funds are L&G (N) Tracker Trust, Legal & General Sterling Income Fund and Henderson Money Market Unit Trust.

CROSS HOLDINGS

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

IMPORTANT INFORMATION

With effect from 7 January 2017, the fund accounting of the Scheme has changed from Capita Financial Administrators Limited to The Bank of New York Mellon (International) Limited.

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

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

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

- CF Stakeholder Pension Scheme to LF Stakeholder Pensions Scheme;
- CF Tracker Pension Fund changed to LF Tracker Pension Fund;
- CF Corporate Bond Pension Fund changed to LF Corporate Bond Pension Fund; and
- CF Money Market Pension Fund changed to LF Money Market Pension Fund.

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.

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's agreement. The investment management firms make information on remuneration publicly available in accordance with the disclosure requirements of Pillar 3 of the Capital Requirements Directive. This disclosure is in respect of LFSL activities (including activities performed by its sister company Link Fund Administrators Limited ('LFAL') or by employees of that entity), and excludes activities undertaken by third party investment management firms. LFSL staff do not perform duties in respect of particular 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 Scheme itself.

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. Accordingly, the information disclosed relates to the year ended 31 December 2016, being the most recent accounting period for which accounts have been prepared for LFSL prior to the production of these accounts. As at 31 December 2016, LFSL operated 95 UCITS and 48 AIFs, whose respective assets under management ('AuM') were £36,846 million and £12,587 million. This Scheme was valued at £348 million as at that date and represented 0.70% of LFSL's total AuM and 2.76% of its AIF AuM.

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

LF STAKEHOLDER PENSION SCHEME

Manager's Report (continued)

For the year ended 30 September 2017

REMUNERATION POLICY (continued)

Description	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the year ended 31 December 2016	131	4,488	401	4,889
Total amount of remuneration paid to Senior Management for the year ended 31 December 2016	6	590	164	754
Total amount of remuneration paid to members of staff whose activities have a material impact on the risk profile of LFSL's AIFs for the year ended 31 December 2016	13	849	83	932

SECURITIES FINANCING TRANSACTIONS

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

LINK FUND SOLUTIONS LIMITED

Manager of LF Stakeholder Pension Scheme

17 January 2018

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.

N. BOYLING

P. HUGH-SMITH

LINK FUND SOLUTIONS LIMITED

Manager of LF Stakeholder Pension Scheme

17 January 2018

STATEMENT OF MANAGER'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

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

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

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

In so far as the Manager is aware:

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

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES AND REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF LF STAKEHOLDER PENSION SCHEME FOR THE YEAR ENDED 30 SEPTEMBER 2017

The Trustee must ensure that the LF Stakeholder Pension Scheme ('the Scheme') is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, 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 Scheme and its investors.

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

The Trustee must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue and redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and
- the instructions of 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 Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

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

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

NATIONAL WESTMINSTER BANK PLC
Trustee of LF Stakeholder Pension Scheme
17 January 2018

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF LF STAKEHOLDER PENSION SCHEME

OPINION

In our opinion, LF Stakeholder Pension Scheme's financial statements (the "financial statements"):

- give a true and fair view of the financial position of the Scheme and each of the constituent funds as at 30 September 2017 and of the net revenue and the net capital gains/losses on the scheme property of the Scheme and each of the constituent funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

LF Stakeholder Pension Scheme (the 'Scheme') is an Authorised Unit Trust with 3 constituent funds. The financial statements of the Scheme comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: the balance sheets as at 30 September 2017; the statement of total return, and the statement of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and the notes to the financial statements.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's or any of the sub-funds' ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

AUTHORISED FUND MANAGER'S REPORT

In our opinion, the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE AUTHORISED FUND MANAGER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 7, the Authorised Corporate Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Manager is also 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.

In preparing the financial statements, the Authorised Corporate Manager is responsible for assessing the Scheme's and each of the constituent funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Manager either intends to wind up or terminate the scheme or individual constituent fund, or has no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the Scheme's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

OPINION ON MATTER REQUIRED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK EXCEPTION REPORTING

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
17 January 2018

LF STAKEHOLDER PENSION SCHEME

FINANCIAL STATEMENTS

ACCOUNTING POLICIES APPLICABLE TO ALL CONSTITUENT FUNDS

AS AT 30 SEPTEMBER 2017

1. ACCOUNTING POLICIES

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

(a) *Basis of accounting*

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

(b) *Recognition of revenue*

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.

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

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

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

(c) *Treatment of expenses*

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

(d) *Taxation*

The Scheme is an approved personal pension plan for tax purposes. Consequently income and gains arising from investments are not subject to corporation tax.

(e) *Basis of valuation of investments*

All investments are valued at their fair value as at close of business on 29 September 2017, being the last business day of the financial year, whereas at 30 September 2016, all investments were valued at their fair value as at 14.00 on the last business day of the financial year.

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

(f) *Exchange rates*

The base and functional currency of each constituent 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 close of business on the last business day of the financial year, whereas at 30 September 2016, these were translated into Sterling at the exchange rate prevailing at 14.00 on the last business day of the financial year.

1. ACCOUNTING POLICIES (*continued*)

(g) *Dilution adjustment*

The Manager may apply a dilution adjustment on the issue and redemption of units if, in its opinion, the existing unitholders (for sales) or remaining unitholders (for redemptions) might be adversely affected, and if in applying a dilution adjustment, so far as practicable, it is fair to all unitholders and potential unitholders. Typically the Manager will apply the dilution adjustment on each Dealing Day when there is either net sales or net redemptions.

The Manager's policy is not to charge a dilution levy in respect of the Scheme.

(h) *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. Indirect transaction costs may be incurred on transactions in underlying schemes but these do not form part of the direct transaction costs disclosures. Direct transaction costs do not include any difference between the quoted bid and offer prices or internal administrative or holding costs. The average portfolio dealing spread disclosed is the difference between the bid and offer prices of investments at the balance sheet date, including the effect of foreign exchange, expressed as a percentage of the value determined by reference to the offer price.

2. DISTRIBUTION POLICIES ATTRIBUTABLE TO ALL CONSTITUENT FUNDS

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

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

LF TRACKER PENSION FUND
MANAGER'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

IMPORTANT INFORMATION

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

INVESTMENT OBJECTIVE AND POLICY

The LF Tracker Pension Fund ('the Fund') is invested in the L&G (N) Tracker Trust where investment management is provided by Legal & General Investment Management Limited. The L&G (N) Tracker Trust aims to track the capital performance of the UK equity market, as represented by the FTSE All-Share Index, by investment in a representative sample of stocks selected from all economic sectors.

Securities in the FTSE All-Share Index will be held with weightings generally proportionate to their company's market capitalisation. From time to time non index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

Further information regarding the L&G (N) Tracker Trust can be found in its Prospectus. A copy of this is available on request from the L&G Investment Contact Centre on 0370 050 0955.

LINK FUND SOLUTIONS LIMITED
Manager of LF Tracker Pension Fund
17 January 2018

PORTFOLIO MANAGER'S REPORT

INVESTMENT REVIEW (PROVIDED BY LEGAL & GENERAL INVESTMENT MANAGEMENT)

The following information relates to the L&G (N) Tracker Trust, the underlying Collective Investment Scheme of the LF Tracker Pension Fund.

INVESTMENT SUMMARY

INVESTMENT ACTIVITY AND MARKET REVIEW

As an index-tracker fund, the investment activity in the L&G (N) Tracker Trust focused on the aim of achieving close and efficient tracking of its benchmark.

UK equity markets recorded double-digit percentage gains as investors became more positive on the prospects for economic growth, with mid-cap stocks and smaller companies outperforming FTSE 100 constituents. In recent months, there has been marked decline in equity market volatility, while markets have also been underpinned by companies buying back their own shares. However, there has also been a cooling of the so-called reflation trade that dominated equity markets in the latter half of 2016 when commodity-related sectors and financials performed relatively well. In addition, sterling strength provided a headwind for international companies.

OUTLOOK

Over the last few months, global growth has broadened and inflation has remained low. During September we upgraded our medium-term view on equities from cautious to neutral. This change was largely triggered by our view on systemic risks becoming less negative. Despite the ever-present short-term risks bringing uncertainty, we believe that it is unlikely that any of them escalate materially at the moment, or at least that they are appropriately priced into markets. These risks include the US debt ceiling, Chinese growth and geopolitical tensions with North Korea.

LINK FUND SOLUTIONS LIMITED
Portfolio Manager
20 October 2017

LF TRACKER PENSION FUND

ACD's Report (continued)

TRUST INFORMATION

RISK PROFILE

The Fund invests in a single collective investment scheme which invests almost entirely in company shares in order to closely match those that make up the FTSE All-Share Index. The main risk applicable to the Fund is Market Risk; specifically market price risk. This is due to the potential movement in the value of financial instruments held by the underlying fund as a result of price fluctuations. The underlying fund may invest in overseas financial securities and therefore performance of the Fund may be affected by changes in exchange rates through its holding in this fund. There is little exposure to either credit or liquidity risk, as the asset held is readily realisable.

COMPARATIVE TABLE

Where the Fund 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.

	30.09.17 (p/unit)	30.09.16 (p/unit)	30.09.15 (p/unit)
Accumulation units			
Change in net assets per unit			
Opening net asset value per unit	201.48	175.28	181.88
Return before operating charges*	25.38	27.26	(4.73)
Operating charges	(2.12)	(1.06)	(1.87)
Return after operating charges	23.26	26.20	(6.60)
Distributions	(5.60)	(5.08)	(4.49)
Retained distributions on accumulation units	5.60	5.08	4.49
Closing net asset value per unit	224.74	201.48	175.28
* after direct transaction costs of: ¹	–	–	–
Performance			
Return after charges	11.54%	14.95%	(3.63)%
Other Information			
Closing net asset value (£'000)	308,709	283,668	248,269
Closing number of units	137,363,222	140,790,433	141,640,201
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs ¹	–	–	–
Prices			
Highest unit price	227.60	203.61	199.47
Lowest unit price	197.15	161.34	167.98

¹ Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs. There are no transaction costs as the Fund invests only in Collective Investment Schemes which do not attract any transaction costs.

Details of the distributions per unit for the year are shown in the Distribution Table on page 27.

LF TRACKER PENSION FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	£'000	30.09.17 £'000	£'000	30.09.16 £'000
Income:					
Net capital gains	3		24,608		29,818
Revenue	4	9,752		8,690	
Expenses	5	(1,918)		(1,499)	
Net revenue before taxation		7,834		7,191	
Taxation		–		–	
Net revenue after taxation			7,834		7,191
Total return before distributions (Accumulation)			32,442		37,009
Distributions (Accumulation)	6		(7,834)		(7,191)
Change in net assets attributable to unitholders from investment activities			24,608		29,818

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	£'000	30.09.17 £'000	£'000	30.09.16 £'000
Opening net assets attributable to unitholders			283,668		248,269
Amounts receivable on issue of units		5,612		6,209	
Amounts payable on redemption of units		(12,923)		(7,809)	
			(7,311)		(1,600)
Change in net assets attributable to unitholders			24,608		29,818
Retained distributions on Accumulation units	6		7,744		7,181
Closing net assets attributable to unitholders			308,709		283,668

BALANCE SHEET
AS AT 30 SEPTEMBER 2017

Holding	Notes	£'000	30.09.17 %	£'000	30.09.16 %
ASSETS					
Fixed assets					
144,819,644					
L&G (N) Tracker Trust		304,382	98.60	282,847	99.71
Current assets					
Debtors	7	890	0.29	235	0.08
Cash and bank balances	8	7,996	2.59	802	0.28
Total assets		313,268	101.48	283,884	100.07
LIABILITIES					
Creditors					
Bank overdraft	8	(4,310)	(1.40)	–	–
Other creditors	9	(249)	(0.08)	(216)	(0.07)
Total liabilities		(4,559)	(1.48)	(216)	(0.07)
Net assets attributable to unitholders		308,709	100.00	283,668	100.00

During the year under review there were purchases and sales of units in the underlying fund of £567,000 and £11,029,000 respectively. There are no direct transaction costs relating to these transactions. These comprise all of the investment transactions for the year.

A separate portfolio statement has not been included as all the information required is provided in the Balance Sheet above.

LF TRACKER PENSION FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 12 and 13 have been applied to the financial statements of the Fund in the current and prior year.

2. DISTRIBUTION POLICIES

The distribution policy described on page 13 has been applied to the financial statements of the Fund in the current and prior year.

	30.09.17	30.09.16
	£'000	£'000
3. NET CAPITAL GAINS		
The net capital gains during the year comprise:		
Non-derivative securities	24,608	29,818
Net capital gains	<u>24,608</u>	<u>29,818</u>

The net capital gains figure includes realised gains of £3,440,000 and unrealised gains of £99,346,000 (30.09.16 : includes realised gains of £254,000 and unrealised gains of £78,178,000). The realised gains on investments in the current year includes amounts previously recognised as unrealised gains in the prior year.

	30.09.17	30.09.16
	£'000	£'000
4. REVENUE		
Non-taxable dividends	7,387	6,812
AMC rebates from underlying investments	2,365	1,876
Bank interest	–	2
Total revenue	<u>9,752</u>	<u>8,690</u>
5. EXPENSES		
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual Management Charge	1,918	1,499
Total expenses	<u>1,918</u>	<u>1,499</u>

During the year, audit fees of £6,662 and VAT on audit fees of £1,332 (audit fees of £6,500 and VAT on audit fees of £1,300 as at 30 September 2016) were borne directly by the Manager.

6. DISTRIBUTIONS

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

	30.09.17	30.09.16
	£'000	£'000
Interim	4,213	3,909
Final	3,531	3,273
	<u>7,744</u>	<u>7,182</u>
Add: Revenue deducted on redemption of units	159	47
Deduct: Revenue received on issue of units	(69)	(38)
Total distributions	<u>7,834</u>	<u>7,191</u>

Details of the distributions per unit are set out in the table on page 27.

	30.09.17	30.09.16
	£'000	£'000
7. DEBTORS		
Amounts receivable for issue of units	61	53
Accrued revenue:		
AMC rebates from underlying investments	829	182
Total debtors	<u>890</u>	<u>235</u>
8. CASH AND BANK BALANCES		
Bank balances	7,996	802
Total cash and bank balances	<u>7,996</u>	<u>802</u>
Bank overdraft	(4,310)	–
Total bank overdraft	<u>(4,310)</u>	<u>–</u>
9. OTHER CREDITORS		
Amounts payable for redemption of units	87	68

LF TRACKER PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

	30.09.17 £'000	30.09.16 £'000
9. OTHER CREDITORS (continued)		
Accrued expenses:		
Amounts payable to the Manager, associates of the Manager and agents of either of them:		
Annual Management Charge	162	148
Total other creditors	<u>249</u>	<u>216</u>

10. RELATED PARTY TRANSACTIONS

Annual Management Charge, payable to Link Fund Solutions Limited ('the Manager'), is disclosed in note 5 and amounts due at the year end are disclosed in note 9.

The aggregate monies received by the Manager through the issue of units and paid on cancellation of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders on page 18 and amounts due at the year end are disclosed in notes 7 and 9.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (30.09.16 : none).

12. UNITS IN ISSUE

	Accumulation
Annual Management Charge	1.00%
Opening units in issue	140,790,433
Issues	2,637,296
Redemptions	(6,064,507)
Closing units in issue	<u>137,363,222</u>

The closing net asset value and closing net asset value per unit, for the unit class in issue at the balance sheet date, are given in the Trust Information.

13. 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 hedging purposes.

13. RISK MANAGEMENT POLICIES (continued)

The main risks from the Fund'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 fund 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 framework and the risk mitigations operated by the Manager in managing the identified risks of the fund. The Manager requires that the appointed Portfolio 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.

i. 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 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.

ii. 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 securities and on bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The Fund takes on interest rate risk within its investment portfolio where the 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 Fund's underlying investments on a regular basis. As the Fund seeks to obtain its return from investing in a non-interest paying collective investment scheme and has no significant exposure to interest rate risk, no interest rate risk table or sensitivity analysis has been presented.

LF TRACKER PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

13. RISK MANAGEMENT POLICIES (continued)

iii. Foreign currency risk

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

The income and capital value of the Fund's investments are denominated in sterling and, therefore, the financial statements are not subject to the risk of currency movements.

iv. Leverage

The Manager is required to calculate and monitor the level of leverage of the Fund, expressed as a ratio between the exposure of the Fund 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 30 September 2017, leverage under the gross method was 0.99:1 (30.09.16 : 1:1) and leverage under the commitment method was 1:1 (30.09.16 : 1:1).

v. Liquidity risk

The main liability of the Fund 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.

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

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

vi. 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 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 Fund's portfolio would have the effect of increasing the return and net assets by £15,219,000 (30.09.16 : £14,142,000). A 5% decrease would have an equal and opposite effect.

13. RISK MANAGEMENT POLICIES (continued)

vii. Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

viii. Derivatives

The Fund held no derivatives during the current and prior year.

14. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
30.09.17				
Collective investment schemes	567	–	–	567
Purchases total	567	–	–	567
Transaction cost % of purchases total		–	–	
Transaction cost % of average NAV		–	–	
Collective investment schemes	11,029	–	–	11,029
Sales total	11,029	–	–	11,029
Transaction cost % of sales total		–	–	
Transaction cost % of average NAV		–	–	

Average portfolio dealing spread at 30.09.17 is 0.00% (30.09.16 : 0.00%).

LF TRACKER PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

14. PORTFOLIO TRANSACTION COSTS (continued)

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
30.09.16				
Collective investment schemes	3,066	–	–	3,066
Purchases total	3,066	–	–	3,066
Transaction cost % of purchases total		–	–	
Transaction cost % of average NAV		–	–	
Collective investment schemes	1,153	–	–	1,153
Sales total	1,153	–	–	1,153
Transaction cost % of sales total		–	–	
Transaction cost % of average NAV		–	–	

All direct transaction costs have already been suffered by the underlying funds and therefore the Fund will not be passed these costs.

15. FAIR VALUE HIERARCHY

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

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the assets.

All investments held at the current and prior year end are collective investment schemes categorised as Level 2.

DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2017 – IN PENCE PER UNIT

As the constituent fund is a Pension Fund, and hence exempt from taxation, group one units, group two units and equalisation do not apply and are therefore not included in the report.

Accumulation units

	Distribution accumulated 31.05.17	Distribution accumulated 31.05.16
Interim	3.0313	2.7603

	Distribution accumulated 30.11.17	Distribution accumulated 30.11.16
Final	2.5709	2.3244

FURTHER INFORMATION

The table above shows the interim and final accumulation in pence per unit. It has been calculated based on the number of units in issue and was the actual amount calculated.

LF CORPORATE BOND PENSION FUND
MANAGER'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

IMPORTANT INFORMATION

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

INVESTMENT OBJECTIVE AND POLICY

The LF Corporate Bond Pension Fund ('the Fund') is invested in the Legal & General Sterling Income Fund where investment management is provided by Legal & General Investment Management Limited. The Legal & General Sterling Income Fund aims to produce a high level of income consistent with long-term preservation of capital in sterling terms. It is intended that the Legal & General Sterling Income Fund will predominantly invest in interest bearing securities issued by governments, other public issuers and companies worldwide.

Further information regarding the Legal & General Sterling Income Fund can be found in its Prospectus. A copy of this is available on request from the L&G Investment Contact Centre on 0370 050 0955.

LINK FUND SOLUTIONS LIMITED

Manager of LF Corporate Bond Pension Fund
17 January 2018

PORTFOLIO MANAGER'S REPORT

INVESTMENT REVIEW (PROVIDED BY LEGAL & GENERAL INVESTMENT MANAGEMENT)

The following information relates to the Legal & General Sterling Income Fund, the underlying Collective Investment Scheme of the LF Corporate Bond Pension Fund.

INVESTMENT SUMMARY

INVESTMENT ACTIVITY AND MARKET REVIEW

The Legal & General Sterling Income Fund delivered positive returns over the year. The portfolio deliberately runs a shorter duration than the wider corporate bond market given its dual objectives of delivering a 2.75% distribution yield and maintaining capital over the medium term. During a difficult period for gilts, our favouring of short-dated bonds and comparatively large weightings in high yield bonds aided the fund's performance. Notwithstanding some longer-term macroeconomic concerns, we continue to look for attractive opportunities to increase credit exposure. This view is based on positive supply/dynamics into year-end and our opinion that, following recent weakness, gilts are largely pricing in a November rate hike. At the end of the year, sub-investment grade exposure was 12.2%; 6.5% in the Legal & General High Income Trust and the remainder in high-conviction single name positions. Headline duration (interest rate risk exposure) was 3.7 years, the lowest in over three years.

OUTLOOK

Looking immediately ahead, we believe the UK market remains in relatively good shape. During the fourth quarter there will be approximately £10 billion in redemptions and £7 billion in coupon payments returned to sterling credit investors, which is around 3% of the outstanding value of the overall market. With this money looking for a home, absent a broader global macro shift then the path of least resistance for credit spreads into year-end appears to be tighter. Looking further ahead, valuations look less attractive to us and given our 'late-cycle' views we retain a cautious long-term stance. In our view global growth rates are likely to remain low for the long term.

LINK FUND SOLUTIONS LIMITED

Portfolio Manager
20 October 2017

LF CORPORATE BOND PENSION FUND

ACD's Report (continued)

TRUST INFORMATION

RISK PROFILE

As LF Corporate Bond Pension Fund invests directly in Legal & General Sterling Income Fund, the former is exposed to the following risks as disclosed in the Prospectus of the underlying fund:

'This scheme invests in fixed interest securities – usually corporate and government bonds. Investment returns are particularly sensitive to longer term interest rate movements, typically those for five years and more. Scheme values are likely to fall when these interest rates rise.

This scheme invests in sub investment grade corporate bonds so there's an increased risk of fund values falling due to non-payment by the companies issuing bonds. The financial strength of a company or government issuing a fixed interest security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this could reduce the value of an investment and the amount of income paid.'

COMPARATIVE TABLE

Where the Fund 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.

	30.09.17 (p/unit)	30.09.16 (p/unit)	30.09.15 (p/unit)
Accumulation units			
Change in net assets per unit			
Opening net asset value per unit	200.17	181.01	175.65
Return before operating charges*	5.64	20.24	7.18
Operating charges	(2.01)	(1.08)	(1.82)
Return after operating charges	3.63	19.16	5.36
Distributions ²	(6.03)	(6.93)	(6.54)
Retained distributions on accumulation units	6.03	6.93	6.54
Closing net asset value per unit	203.80	200.17	181.01
* after direct transaction costs of: ¹	–	–	–
Performance			
Return after charges	1.81%	10.59%	3.05%
Other Information			
Closing net asset value (£'000)	24,018	24,337	22,463
Closing number of units	11,784,721	12,158,265	12,410,187
Operating charges	1.00%	1.00%	1.00%
Direct transaction costs ¹	–	–	–
Prices			
Highest unit price	205.00	201.10	187.99
Lowest unit price	193.78	178.90	175.93

¹ Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs. There are no transaction costs as the Fund invests only in Collective Investment Schemes which do not attract any transaction costs.

² All interest distributions payable after 6 April 2017 will be paid gross.

Details of the distributions per unit for the year are shown in the Distribution Table on page 41.

LF CORPORATE BOND PENSION FUND
 FINANCIAL STATEMENTS
 STATEMENT OF TOTAL RETURN
 FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	£'000	30.09.17 £'000	£'000	30.09.16 £'000
Income:					
Net capital (losses)/gains	3		(295)		1,505
Revenue	4	872		984	
Expenses	5	(153)		(133)	
Net revenue before taxation		719		851	
Taxation		–		–	
Net revenue after taxation			719		851
Total return before distributions (Accumulation)			424		2,356
Distributions (Accumulation)	6		(719)		(851)
Change in net assets attributable to unitholders from investment activities			(295)		1,505

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
 FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	£'000	30.09.17 £'000	£'000	30.09.16 £'000
Opening net assets attributable to unitholders			24,337		22,463
Amounts receivable on issue of units		664		680	
Amounts payable on redemption of units		(1,404)		(1,158)	
			(740)		(478)
Change in net assets attributable to unitholders			(295)		1,505
Retained distributions on Accumulation units	6		716		847
Closing net assets attributable to unitholders			24,018		24,337

BALANCE SHEET
 AS AT 30 SEPTEMBER 2017

Holding	Notes	£'000	30.09.17 %	£'000	30.09.16 %
ASSETS					
Fixed assets					
22,985,359					
Legal & General Sterling Income Fund		23,498	97.83	23,936	98.35
Current assets					
Debtors	7	153	0.64	96	0.39
Cash and bank balances	8	381	1.59	332	1.37
Total assets		24,032	100.06	24,364	100.11
LIABILITIES					
Creditors					
Bank overdraft	8	–	–	(13)	(0.05)
Other creditors	9	(14)	(0.06)	(14)	(0.06)
Total liabilities		(14)	(0.06)	(27)	(0.11)
Net assets attributable to unitholders		24,018	100.00	24,337	100.00

During the year under review there were purchases and sales of units in the underlying fund of £543,000 and £684,000 respectively. There are no transaction costs relating to these transactions. These comprise all of the investment transactions for the year.

A separate portfolio statement has not been included as all the information required is provided in the Balance Sheet above.

LF CORPORATE BOND PENSION FUND

Financial Statements (continued)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 12 and 13 have been applied to the financial statements of the Fund in the current and prior year.

2. DISTRIBUTION POLICIES

The distribution policy described on page 13 has been applied to the financial statements of the Fund in the current and prior year.

	30.09.17 £'000	30.09.16 £'000
3. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(295)	1,505
Net capital (losses)/gains	<u>(295)</u>	<u>1,505</u>

The net capital (losses)/gains figure includes realised gains of £58,000 and unrealised gains of £2,102,000 (30.09.16 : includes realised gains of £40,000 and unrealised gains of £2,456,000). The realised gains on investments in the current year includes amounts previously recognised as unrealised gains in the prior year.

	30.09.17 £'000	30.09.16 £'000
4. REVENUE		
Interest on collective Investment schemes	636	767
AMC rebates from underlying investments	236	217
Total revenue	<u>872</u>	<u>984</u>
5. EXPENSES		
Payable to the Manager, associates of the Manager and agents of either of them:		
Annual Management Charge	153	133
Total expenses	<u>153</u>	<u>133</u>

During the year, audit fees of £6,662 and VAT on audit fees of £1,332 (audit fees of £6,500 and VAT on audit fees of £1,300 as at 30 September 2016) were borne directly by the Manager.

6. DISTRIBUTIONS

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

	30.09.17 £'000	30.09.16 £'000
Interim	345	426
Final	<u>371</u>	<u>421</u>
	716	847
Add: Revenue deducted on redemption of units	7	7
Deduct: Revenue received on issue of units	<u>(4)</u>	<u>(3)</u>
Net distributions for the year	719	851
Interest	–	–
Total distributions	<u>719</u>	<u>851</u>

Details of the distributions per unit are set out in the table on page 41.

	30.09.17 £'000	30.09.16 £'000
7. DEBTORS		
Amounts receivable for issue of units	5	1
Accrued revenue:		
Interest on collective Investment schemes	55	65
AMC rebates from underlying investments	83	20
	138	85
Taxation recoverable:		
Income tax	10	10
Total debtors	<u>153</u>	<u>96</u>
8. CASH AND BANK BALANCES		
Bank balances	381	332
Total cash and bank balances	<u>381</u>	<u>332</u>
Bank overdraft	–	13
Total bank overdraft	<u>–</u>	<u>13</u>

LF CORPORATE BOND PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

	30.09.17 £'000	30.09.16 £'000
9. OTHER CREDITORS		
Amounts payable for redemption of units	1	1
Accrued expenses:		
Amounts payable to the Manager, associates of the Manager and agents of either of them:		
Annual Management Charge	13	13
Total other creditors	<u>14</u>	<u>14</u>

10. RELATED PARTY TRANSACTIONS

Annual Management Charge payable to Link Fund Solutions Limited ('the Manager') is disclosed in note 5 and amounts due at the year end disclosed in note 9.

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 32 and amounts due at the year end are disclosed in notes 7 and 9.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (30.09.16 : none).

12. UNITS IN ISSUE

	Accumulation
Annual Management Charge	1.00%
Opening units in issue	12,158,265
Issues	334,543
Redemptions	(708,087)
Closing units in issue	<u>11,784,721</u>

The closing net asset value and closing net asset value per unit, for each unit class in issue at the balance sheet date, are given in the Trust Information.

13. 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 hedging purposes.

13. RISK MANAGEMENT POLICIES (continued)

The main risks from the Fund'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 fund 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 framework and the risk mitigations operated by the Manager in managing the identified risks of the fund. The Manager requires that the appointed Portfolio 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.

i. 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 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.

ii. 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 securities and on bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

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

iii. Foreign currency risk

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

LF CORPORATE BOND PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

13. RISK MANAGEMENT POLICIES (continued)

iii. Foreign currency risk (continued)

The income and capital value of the Fund's investments are denominated in sterling and, therefore, the financial statements are not subject to the risk of currency movements.

iv. Leverage

The Manager is required to calculate and monitor the level of leverage of the Fund, expressed as a ratio between the exposure of the Fund 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 30 September 2017, leverage under the gross method was 0.98:1 (30.09.16 : 0.98:1) and leverage under the commitment method was 1:1 (30.09.16 : 1:1).

v. Liquidity risk

The main liability of the Fund 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.

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

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

vi. 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 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 Fund's portfolio would have the effect of increasing the return and net assets by £1,175,000 (30.09.16 : £1,197,000). A 5% decrease would have an equal and opposite effect.

vii. Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

viii. Derivatives

The Fund held no derivatives during the current and prior year.

14. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
30.09.17				
Collective investment schemes	543	–	–	543
Purchases total	543	–	–	543
Transaction cost % of purchases total		–	–	
Transaction cost % of average NAV		–	–	
Collective investment schemes	684	–	–	684
Sales total	684	–	–	684
Transaction cost % of sales total		–	–	
Transaction cost % of average NAV		–	–	

Average portfolio dealing spread at 30.09.17 is 0.00% (30.09.16 : 0.00%).

LF CORPORATE BOND PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

14. PORTFOLIO TRANSACTION COSTS (continued)

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
30.09.16				
Collective investment schemes	1,017	–	–	1,017
Purchases total	1,017	–	–	1,017
<i>Transaction cost % of purchases total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	
Collective investment schemes	538	–	–	538
Sales total	538	–	–	538
<i>Transaction cost % of sales total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	

All direct transaction costs have already been suffered by the underlying funds and therefore the Fund will not be passed these costs.

15. FAIR VALUE HIERARCHY

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

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the assets.

All investments held at the current and prior year end are collective investment schemes categorised as Level 2.

DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2017 – IN PENCE PER UNIT

As the constituent fund is a Pension Fund, and hence exempt from taxation, group one units, group two units and equalisation do not apply and are therefore not included in the report.

Accumulation units

	Distribution accumulated 31.05.17	Distribution accumulated 31.05.16
Interim	2.8851	3.4680

	Distribution accumulated 30.11.17	Distribution accumulated 30.11.16
Final	3.1476	3.4617

FURTHER INFORMATION

The table above shows the interim and final accumulation in pence per unit. It has been calculated based on the number of units in issue and was the actual amount calculated.

All interest distributions payable after 6 April 2017 will be paid gross. Prior to 6 April 2017, all interest distributions payable by the Fund attracted tax at 20%, and were accounted for on the shareholders' behalf to HM Revenue and Customs.

LF MONEY MARKET PENSION FUND
MANAGER'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

IMPORTANT INFORMATION

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

INVESTMENT OBJECTIVE AND POLICY

The LF Money Market Pension Fund ('the Fund') is invested in the Henderson Money Market Unit Trust, which is managed by Henderson Investment Funds Limited. The Henderson Money Market Unit Trust aims to achieve a high level of return consistent with a high degree of capital security. The Henderson Money Market Unit Trust will invest principally in short term deposits and other money-market instruments.

Further information regarding the Henderson Money Market Unit Trust is detailed in its Prospectus, a copy of which is available from www.henderson.com.

LINK FUND SOLUTIONS LIMITED

Manager of LF Money Market Pension Fund
17 January 2018

PORTFOLIO MANAGER'S REPORT

INVESTMENT REVIEW (PROVIDED BY HENDERSON GLOBAL INVESTORS LIMITED)

The following information relates to the Henderson Money Market Unit Trust, the underlying Collective Investment Scheme of the LF Money Market Pension Fund.

INVESTMENT SUMMARY

MARKET REVIEW

Politics dominated headlines over the twelve months. In March, the UK government triggered Article 50, unexpectedly followed by a snap general election in June, which resulted in a hung parliament and weakened the position of Prime Minister Theresa May. Economic data was mixed: the Gross Domestic Product ('GDP') annual growth rate for the second quarter was revised down to a four-year low, while the unemployment rate reached its lowest level since 1975 in July. The Bank of England kept interest rates on hold throughout the year, but announced in September that a near-term rate hike was likely as inflation continued to rise, coming in higher than expected in August.

Although Italy's rejection of Prime Minister Renzi's calls for constitutional reforms paved the way for a more euro-sceptic party to rise to power and caused the euro to drop to a 20-month low, elections elsewhere were more market friendly. France's election of Emmanuel Macron over euro-sceptic Marine Le Pen sent the euro soaring against the US dollar from late April. The European Central Bank made only minimal policy changes, though it did extend the end date of its bond-buying programme. President Mario Draghi announced in June that the threat of deflation had subsided, and in September announced that discussions on removing Quantitative Easing would begin in October due to economic strength in the eurozone. Inflation rose to a four-month high in August, and second quarter GDP grew by 0.6%, in line with expectations. Germany's general election in September secured Angela Merkel's fourth term as chancellor, but boosted the power of far-right group Alternative for Germany.

In the US, financial markets advanced following November's presidential election, and were later helped by strong corporate earnings. GDP growth slowed over the winter, but recovered and advanced by 3.1% in the second quarter, exceeding expectations. The Federal Reserve raised benchmark interest rates by 25 basis points in December, March and June. In September 2017, interest rates were left unchanged but the US Federal Reserve signalled both a further rate rise and an end to Quantitative Easing from October.

FUND ACTIVITY

At the beginning of the period, the Trust looked to increase its weighted asset maturity ('WAM') by investing more in the six to twelve month maturity period, even after the Monetary Policy Committee's ('MPC') November announcement that they were returning to a neutral bias (extension or withdrawal of monetary policy is dependent on the economic outlook). Towards the end of 2016, concerns over year-end liquidity had caused UK treasury bills to trade at negative interest rates; as such the Trust adopted a more defensive posture.

LF MONEY MARKET PENSION FUND

Manager's Report (continued)

For the year ended 30 September 2017

FUND ACTIVITY *(continued)*

In the New Year we looked to increase the Trust's WAM, although a lack of suitable issuance thwarted this strategy. With growing political uncertainty and a renewed hawkishness from a number of the MPC members, we started to reduce the WAM, which accelerated following the hawkish August inflation report. By the end of the review period, the Trust's WAM was 59 days.

OUTLOOK

With a turnaround in the MPC's outlook, it is likely the bank rate will be raised back to the pre-Brexit level of 0.50%. However, with the economy still sluggish and Brexit negotiations proving fractious, any change in monetary policy may be gradual.

LINK FUND SOLUTIONS LIMITED

Portfolio Manager

20 October 2017

TRUST INFORMATION

RISK PROFILE

As LF Money Market Pension Fund invests directly in Henderson Money Market Unit Trust, the former is exposed to the following risks as disclosed in the Prospectus of the underlying Trust:

'With funds investing in bonds there is a risk that interest rate fluctuations could affect the capital value of investments. Where long term interest rates rise, the capital value of shares/units is likely to fall, and vice versa. In addition to the interest rate risk, bond investments are also exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the redemption date). The risk of this happening is usually higher with bonds classified as 'sub-investment grade'. These may produce a higher level of income but at a higher risk than investments in 'investment grade' bonds. In turn, this may have an adverse impact on funds that invest in such bonds.'

LF MONEY MARKET PENSION FUND

Manager's Report (continued)

Trust Information (continued)

COMPARATIVE TABLE

Where the Fund 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.

	30.09.17 (p/unit)	30.09.16 (p/unit)	30.09.15 (p/unit)
Accumulation units			
Change in net assets per unit			
Opening net asset value per unit	140.09	139.54	139.15
Return before operating charges*	0.61	0.98	0.82
Operating charges	(0.43)	(0.43)	(0.43)
Return after operating charges	0.18	0.55	0.39
Distributions ²	(0.27)	(0.47)	(0.34)
Retained distributions on accumulation units	0.27	0.47	0.34
Closing net asset value per unit	140.27	140.09	139.54
* after direct transaction costs of: ¹	–	–	–

Performance

Return after charges	0.13%	0.39%	0.28%
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Other Information

Closing net asset value (£'000)	34,985	30,363	27,446
Closing number of units	24,940,621	21,674,451	19,669,173
Operating charges	0.31%	0.31%	0.31%
Direct transaction costs ¹	–	–	–

Prices

Highest unit price	140.29	140.09	139.46
Lowest unit price	140.08	139.57	139.06

¹ Transaction costs include dealing costs, broker commission, stamp duty and other explicit investment costs. There are no transaction costs as the Fund invests only in Collective Investment Schemes which do not attract any transaction costs.

² All interest distributions payable after 6 April 2017 will be paid gross.

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

FINANCIAL STATEMENTS

STATEMENT OF TOTAL RETURN

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	£'000	30.09.17 £'000	£'000	30.09.16 £'000
Income:					
Net capital (losses)/gains	3		(20)		15
Revenue	4	63		97	
Expenses	5	–		–	
Net revenue before taxation		63		97	
Taxation		–		–	
Net revenue after taxation			63		97
Total return before distributions (Accumulation)					
			43		112
Distributions (Accumulation)	6		(63)		(97)
Change in net assets attributable to unitholders from investment activities					
			(20)		15

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	£'000	30.09.17 £'000	£'000	30.09.16 £'000
Opening net assets attributable to unitholders					
			30,363		27,446
Amounts receivable on issue of units		6,951		5,564	
Amounts payable on redemption of units		(2,374)		(2,762)	
			4,577		2,802
Change in net assets attributable to unitholders			(20)		15
Retained distributions on Accumulation units	6		65		100
Closing net assets attributable to unitholders					
			34,985		30,363

LF MONEY MARKET PENSION FUND

Financial Statements (continued)

BALANCE SHEET

AS AT 30 SEPTEMBER 2017

Holding	Notes	30.09.17		30.09.16	
		£'000	%	£'000	%
ASSETS					
Fixed assets					
23,829,795					
Henderson Money Market Unit Trust		34,637	99.01	30,054	98.98
Current assets					
Debtors	7	105	0.30	116	0.38
Cash and bank balances	8	318	0.91	394	1.30
Total assets		<u>35,060</u>	<u>100.22</u>	<u>30,564</u>	<u>100.66</u>
LIABILITIES					
Creditors					
Bank overdraft	8	(75)	(0.22)	(33)	(0.11)
Other creditors	9	-	-	(168)	(0.55)
Total liabilities		<u>(75)</u>	<u>(0.22)</u>	<u>(201)</u>	<u>(0.66)</u>
Net assets attributable to unitholders		<u>34,985</u>	<u>100.00</u>	<u>30,363</u>	<u>100.00</u>

During the year under review there were purchases and sales of units in the underlying fund of £5,617,000 and £1,068,000 respectively. There are no transaction costs relating to these transactions. These comprise all of the investment transactions for the year.

A separate portfolio statement has not been included as all the information required is provided in the Balance Sheet above.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2017

1. ACCOUNTING POLICIES

The accounting policies described on pages 12 and 13 have been applied to the financial statements of the Fund in the current and prior year.

2. DISTRIBUTION POLICIES

The distribution policy described on page 13 has been applied to the financial statements of the Fund in the current and prior year.

	30.09.17 £'000	30.09.16 £'000
3. NET CAPITAL (LOSSES)/GAINS		
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(20)	15
Net capital (losses)/gains	<u>(20)</u>	<u>15</u>

The net capital (losses)/gains figure includes realised gains of £1,000 and unrealised gains of £2,000 (30.09.16 : includes realised gains of £2,000 and unrealised gains of £23,000). The realised gains on investments in the current year includes amounts previously recognised as unrealised gains in prior year.

	30.09.17 £'000	30.09.16 £'000
4. REVENUE		
Interest on collective investment schemes	63	97
Total revenue	<u>63</u>	<u>97</u>

5. EXPENSES

During the year, audit fees of £6,662 and VAT on audit fees of £1,332 (audit fees of £6,500 and VAT on audit fees of £1,300 as at 30 September 2016) were borne directly by the Manager.

LF MONEY MARKET PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

6. DISTRIBUTIONS

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

	30.09.17 £'000	30.09.16 £'000
Interim	43	44
Final	22	56
	<u>65</u>	<u>100</u>
Add: Revenue deducted on redemption of units	1	1
Deduct: Revenue received on issue of units	(3)	(4)
Total distributions	<u>63</u>	<u>97</u>

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

	30.09.17 £'000	30.09.16 £'000
Amounts receivable for issue of units	65	84
Taxation recoverable:		
Income tax	40	32
Total debtors	<u>105</u>	<u>116</u>

8. CASH AND BANK BALANCES

Bank balances	318	394
Total cash and bank balances	<u>318</u>	<u>394</u>
Bank overdraft	75	33
Total bank overdraft	<u>75</u>	<u>33</u>

9. OTHER CREDITORS

Purchases awaiting settlement	–	168
Total other creditors	<u>–</u>	<u>168</u>

10. RELATED PARTY TRANSACTIONS

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 47 and amounts due at the year end are disclosed in note 7.

11. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or unrecorded outstanding commitments (30.09.16 : none).

12. UNITS IN ISSUE

	Accumulation
Annual Management Charge	–
Opening units in issue	21,674,451
Issues	4,960,136
Redemptions	(1,693,966)
Closing units in issue	<u>24,940,621</u>

13. 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 hedging purposes.

The main risks from the Fund'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 fund 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 framework and the risk mitigations operated by the Manager in managing the identified risks of the fund. The Manager requires that the appointed Portfolio 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.

i. 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.

LF MONEY MARKET PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

13. RISK MANAGEMENT POLICIES (continued)

i. Credit risk (continued)

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 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.

ii. 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 securities and on bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates. Investment in collective investment schemes exposes the Fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

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

iii. Foreign currency risk

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

The income and capital value of the Fund's investments are denominated in sterling and, therefore, the financial statements are not subject to the risk of currency movements.

iv. Leverage

The Manager is required to calculate and monitor the level of leverage of the Fund, expressed as a ratio between the exposure of the Fund 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 30 September 2017, leverage under the gross method was 0.99:1 (30.09.16 : 0.99:1) and leverage under the commitment method was 1:1 (30.09.16 : 1:1).

13. RISK MANAGEMENT POLICIES (continued)

v. Liquidity risk

The main liability of the Fund 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.

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

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

vi. 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 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 Fund's portfolio would have the effect of increasing the return and net assets by £1,732,000 (30.09.16 : £1,503,000). A 5% decrease would have an equal and opposite effect.

vii. Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

viii. Derivatives

The Fund held no derivatives during the current and prior year.

LF MONEY MARKET PENSION FUND

Financial Statements (continued)

Notes to the Financial Statements (continued)

As at 30 September 2017

14. PORTFOLIO TRANSACTION COSTS

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
30.09.17				
Collective investment schemes	5,617	–	–	5,617
Purchases total	5,617	–	–	5,617
<i>Transaction cost % of purchases total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	
Collective investment schemes	1,068	–	–	1,068
Sales total	1,068	–	–	1,068
<i>Transaction cost % of sales total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	

Average portfolio dealing spread at 30.09.17 is 0.00% (30.09.16 : 0.00%).

14. PORTFOLIO TRANSACTION COSTS (continued)

	Purchases /sales before transaction costs £'000	Commissions £'000	Taxes £'000	Gross purchases /net sales £'000
30.09.16				
Collective investment schemes	3,507	–	–	3,507
Purchases total	3,507	–	–	3,507
<i>Transaction cost % of purchases total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	
Collective investment schemes	806	–	–	806
Sales total	806	–	–	806
<i>Transaction cost % of sales total</i>		–	–	
<i>Transaction cost % of average NAV</i>		–	–	

All direct transaction costs have already been suffered by the underlying funds and therefore the Fund will not be passed these costs.

15. FAIR VALUE HIERARCHY

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

Level 1: The unadjusted quoted price in an active market for identical assets that the Fund can access at the year end date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the assets.

All investments held at the current and prior year end are collective investment schemes categorised as Level 2.

LF MONEY MARKET PENSION FUND

Financial Statements (continued)

DISTRIBUTION TABLE

FOR THE YEAR ENDED 30 SEPTEMBER 2017 – IN PENCE PER UNIT

As the constituent fund is a Pension Fund, and hence exempt from taxation, group one units, group two units and equalisation do not apply and are therefore not included in the report.

Accumulation units

	Distribution accumulated 31.05.17	Distribution accumulated 31.05.16
Interim	0.1842	0.2147

	Distribution accumulated 30.11.17	Distribution accumulated 30.11.16
Final	0.0889	0.2564

FURTHER INFORMATION

The table above shows the interim and final accumulation in pence per unit. It has been calculated based on the number of units in issue and was the actual amount calculated.

All interest distributions payable after 6 April 2017 will be paid gross. Prior to 6 April 2017, all interest distributions payable by the Fund attracted tax at 20%, and were accounted for on the shareholders' behalf to HM Revenue and Customs.

GENERAL INFORMATION

VALUATION POINT

The valuation point of the Scheme is 14.00 (London time) daily on the basis described below and are completed as soon as possible thereafter, with the exception of Christmas Eve and New Year's Eve, or the last Business Day prior to those days annually, when the valuations may be carried out at a time agreed in advance between the Manager and the Trustee. The Manager may carry out additional valuations if this is considered desirable or is required by the Regulations.

PRICES

The most recent mid-market prices in respect of units in each Constituent Fund are published daily on the Manager's website: www.linkfundsolutions.co.uk. They are also available from the Administrator on 0345 603 0142.

OTHER INFORMATION

The Prospectus and the most recent interim and annual reports may be inspected at the office of the Manager. Copies of these may be obtained upon application.

DATA PROTECTION

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.

Unitholders who have any complaints about the operation of the Scheme 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.

