



LF Arch cru Diversified Funds

LF Arch cru Global Growth Fund
LF Arch cru Balanced Fund
LF Arch cru Income Fund
LF Arch cru Finance Fund

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



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K.J. Midl
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ACD'S REPORT

for the year ended 31 March 2020

Authorised Status

LF Arch cru Diversified Funds ('the Company') is an open-ended investment company with variable capital incorporated in England and Wales with registered number IC000184 and authorised by the Financial Conduct Authority ('FCA') with effect from 20 June 2002.

It is a Non-UCITS Retail Scheme and the currency of the Company and each sub-fund is Pounds Sterling.

Shareholders are not liable for the debts of the Company.

The Company is currently being wound-up following receipt of the FCA's approval on 1 February 2010. As a result, the financial statements of the Company and all its sub-funds have been prepared on a break-up basis.

The ACD, as sole director of the Company, presents its report and the audited financial statements of the Company for the year from 1 April 2019 to 31 March 2020.

Alternative Investment Fund Managers Directive ('AIFMD')

The FCA approved the commencement of the wind up of the Company from 1 February 2010 and, therefore, the Company falls outside the scope of the AIFMD.

General Background

We have previously informed you that the Funds were suspended on 13 March 2009 due to liquidity issues in certain of the Guernsey Incorporated Cell Companies ('the Cells') and also informed you in December 2009 that the Investment Manager of the Cells was replaced by Brooks Macdonald Group plc (formerly Spearpoint Limited). At this time the intention was to try to maximise the return to shareholders and that the wind up of the Cells needed to be undertaken on an orderly realisation basis with the aim of achieving this within three to five years. It is now evident that this process has extended beyond the anticipated five years. In January 2015, Brooks Macdonald were replaced by Elysium Fund Management Limited as the Cells' advisory Fund Manager and at that time reductions were made to the investment management fees paid by the Cells. In January 2016, due to the limited number of assets now held within the structure, the Cells became self-managed. In February 2018, the Cells' Board proposed a further scheme of amalgamation to simplify the structure, reduce ongoing operational costs and enable more effective management of liquidity. The scheme of amalgamation was concluded in March 2018. At the time of writing this report it is still not possible to predict with any accuracy as to when the orderly realisation process will be concluded, other than, based on the Report and Financial Statements issued by the Cells on 24 June 2019, and as noted last year, we do not expect this to be any sooner than the end of 2020 and it could potentially be 2021. Link Fund Solutions Limited ('LFSL') and the Depositary to the sub-funds have waived their fees since suspension and will continue to do so. The only fees and charges that are now charged to the sub-funds are: the FCA periodic fees, custody transaction charges, audit fees, postage and distribution costs and, mailing costs associated with making distributions or issuing documents such as the Company's report and accounts.

ACD'S REPORT *continued*

General Background *continued*

The ACD has been previously informed by the Directors of the Cells that they are taking legal action against various parties who were either connected with or involved in the management and investment activity of the Cells. We have also been informed that certain of those cases have been concluded and that a number may continue through 2020 and perhaps beyond.

Payment Scheme

The acceptance deadline for the payment scheme established for investors in the LF Arch cru Funds has passed. Full details and other relevant information are on our website – www.linkfundsolutions.co.uk, enter the 'Investor Services' section, then following the link 'Investor Communications', followed by 'LF Arch cru Fund' and then click on 'LF Arch cru Payment Scheme'.

Return of Capital

On 22 May 2019 the thirteenth return of capital was announced, payable to shareholders of the LF Arch cru Investment Funds and LF Arch cru Diversified Funds (together the 'Arch Funds') effective 24 May 2019, returning a further £3.0 million to investors. This, combined with previous returns of capital, means that £146.9 million has now been returned to investors since the commencement of the orderly realisation of the Arch Funds in February 2010. The timetable for making future returns of capital, and the amount of future returns of capital, continues to be dependent on the progress made by the Boards of the Cells in realising the underlying assets of the Cells. On 23 June 2020 the Cells published their Report and Financial Statements in which the Chairman's Statement provides an overview of the past year and forward looking comment on the ability of the Cells to make further distributions. This is more fully detailed in the Investment Manager's Report. The ACD will make a decision regarding any distribution by the sub-funds following the decision by the Cells.

FCA Consumer Redress Scheme

In December 2012 the FCA published a policy statement setting out rules on a consumer redress scheme where there is evidence of unsuitable advice being given to investors. The redress scheme has now concluded.

Frequency of Valuations

The ACD, based on the quarterly Cell Net Asset Value ('NAV'), publishes on its website the price of each share class of the sub-funds. This information can be found on the 'Investor Communications' tab of our website, www.linkfundsolutions.co.uk.

Investor Communications

Please note that since the suspension of the sub-funds all shareholder communications including information regarding the progress being made with the orderly realisation of the Cells' assets and up to date valuation information can be found on our website www.linkfundsolutions.co.uk, under the heading 'Investor Communications'.

ACD'S REPORT *continued*

Important Information

On 1 February 2010, the FCA granted permission to wind up the Company.

Cross Holdings

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

Securities Financing Transactions

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

Remuneration Policy

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

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

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

Information on LFSL's remuneration arrangements is collated annually, as part of its statutory accounts preparation processes. Accordingly, the information disclosed relates to the year ended 30 June 2019, being the most recent accounting period which accounts have been prepared for LFSL prior to the production of these accounts. As at 30 June 2019, LFSL operated 98 UCITS and 81 AIFs, whose respective assets under management ('AuM') were £38,284 million and £34,426 million. The Company was valued at £3 million as at that date and represented 0.004% of LFSL's total AuM and 0.01% of its UCITS AuM.

ACD'S REPORT *continued*

Remuneration Policy *continued*

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

2019	Number of beneficiaries	Fixed £'000	Variable £'000	Total £'000
Total amount of remuneration paid by LFSL for the financial year to 30 June 2019	163	7,503	682	8,185
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 2019				
Senior management (including all Board members)	6	740	310	1,050
Staff engaged in control functions	4	411	35	446
Risk takers and other identified staff	16	1,378	122	1,500
Any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers	–	–	–	–

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

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

Further details can be found at www.linkfundsolutions.co.uk/assets/media/LFS_Explanation_of_Compliance_with_Remuneration_Code.pdf.

LINK FUND SOLUTIONS LIMITED

ACD of LF Arch cru Diversified Funds
30 July 2020

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.

N. BOYLING

LINK FUND SOLUTIONS LIMITED

ACD of LF Arch cru Diversified Funds

30 July 2020

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

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

In preparing the financial statements the ACD is responsible for:

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

In relation to the going concern requirement, and for the reasons stated in the ACD's Report and Accounting Policy (A), the financial statements have been prepared on a break-up basis as the Company is not a going concern.

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

STATEMENT OF DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safekeeping of all the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Scheme Sourcebook ("The Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations) and the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

REPORT OF THE DEPOSITARY

The dealing in the sub-funds of the Scheme was suspended in March 2009. Since that date, there has been no issue or redemption of shares in the sub-funds of the Scheme. In February 2010 the sub-funds of the Scheme commenced winding up as a result of which, pursuant to COLL 7.3.6R of the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL), the rules set out in COLL relating to dealing, pricing, investment and borrowing powers no longer apply to the sub-funds.

HSBC Bank plc

This report is given on the basis that no breaches are subsequently advised to us before the distribution date. We therefore reserve the right to amend the report in the light of such circumstances.

LORNA MURPHY
HEAD OF TRUSTEE & FIDUCIARY OPERATIONS
HSBC BANK PLC

Depositary of LF Arch cru Diversified Funds
30 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF ARCH CRU DIVERSIFIED FUNDS

Opinion

We have audited the financial statements of LF Arch cru Diversified Funds ('the Company') for the year ended 31 March 2020 which comprise the Statement of Total Return and Statement of Change in Net Assets Attributable to Shareholders together with the Balance Sheet for each of the Company's sub-funds, the accounting policies of the Company, the related notes for each sub-fund and the Distribution Table¹, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 March 2020 and of the net expenses and the net capital losses² on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'.

Basis for Opinion

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

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

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

We draw attention to Accounting Policy (A) to the financial statements which explains that the ACD intends to wind-up the Company including its sub-funds and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements for the Company including its sub-funds have been prepared on a break-up basis as described in Accounting Policy (A). Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF ARCH CRU DIVERSIFIED FUNDS *continued*

Conclusions Relating to Going Concern

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

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

Other Information

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

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

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

We have nothing to report in this regard.

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

In our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF ARCH CRU DIVERSIFIED FUNDS *continued*

Matters on Which We Are Required to Report by Exception

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

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

Responsibilities of Authorised Corporate Director (ACD)

As explained more fully in the ACD's Responsibilities Statement set out on page 11, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Use of Our Report

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LF ARCH CRU DIVERSIFIED FUNDS *continued*

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

ERNST & YOUNG LLP

Statutory Auditor

Edinburgh

30 July 2020

Notes:

¹ *The maintenance and integrity of the Link Fund Solutions Limited website is the responsibility of the ACD; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*

² *Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

ACCOUNTING POLICIES

for the year ended 31 March 2020

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

(A) BASIS OF ACCOUNTING

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

The financial statements have been prepared on a break-up basis following FCA approval on 1 February 2010. Under this basis assets are recorded at their expected recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the wind up of the Company and its sub-funds will be borne by the ACD.

(B) RECOGNITION OF REVENUE

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

Receipts from the Guernsey Incorporated Cell Companies ('the Cells') are recognised when declared by the Cells.

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

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.

From 1 April 2009 to date, no further fees, which are calculated by reference to the value of the sub-funds, have been charged by Link Fund Solutions Limited, the Administrator, Depositary and Custodian.

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

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

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

ACCOUNTING POLICIES *continued*

(E) TAXATION

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

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

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

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

(F) DISTRIBUTION POLICY

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

Where the total amount of revenue available for an income distribution in a sub-fund on an income payment date does not exceed £5,000 ('the De Minimis Amount'), the ACD, in agreement with the Depositary, may withhold distribution of the revenue until the revenue available exceeds the De Minimis Amount.

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

(G) BASIS OF VALUATION OF INVESTMENTS

The sub-funds are substantially invested in certain Guernsey Incorporated Cells. The year end valuations are based on the audited Net Asset Values of the Cells as at 31 March 2020.

The Cells classify investments between those that are measured at fair value and those that are measured at deemed cost less impairment. Wherever fair value can be reasonably ascertained the Cell Directors have valued investments on this basis. However, where there is no active market for these investments and fair value cannot otherwise be obtained the investments are carried at deemed cost less impairment which involves considerable judgment and is subject to significant uncertainty. In making this determination of the impairment the Directors have largely relied on the determination made by the Directors of the Cells. This involves reviewing the impairments made by the Cell Directors which are often based on unaudited information and updating these valuations for any further material changes that might have occurred since the accounts of the Cells were approved and published.

The carrying value of the Cells' investments held at deemed cost less impairment which is subject to these uncertainties amounts to £nil (31.03.19: £nil). The carrying value is the expected recoverable value. The amounts eventually recovered may differ from the carrying value as at 31 March 2020, but the difference cannot presently be determined.

LF ARCH CRU GLOBAL GROWTH FUND ACD'S REPORT

for the year ended 31 March 2020

Important Information

Refer to 'Important Information' section on page 8.

Investment Objective and Policy

Given that the LF Arch cru Global Growth Fund ('the Fund') is being terminated on an orderly realisation basis, and given the illiquidity of the Cells, the management of the Fund does not involve active investment management of the assets. The investment management required for the Fund is essentially limited to a cash management role, i.e. receiving distributions/realisation proceeds from the Cells and passing these on to shareholders in the Fund.

The Fund is in the course of being terminated and is no longer available for investment.

LF ARCH CRU GLOBAL GROWTH FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2020

In a letter to investors dated 26 February 2010, Capita Financial Managers Limited ('CFML'), now Link Fund Solutions Limited ("LFSL"), informed investors that it had applied to the Financial Conduct Authority ('FCA') in December 2009 for approval of the commencement of termination of LF Arch cru Investment Funds ('the Company') with effect from 1 February 2010. The FCA granted this approval and the winding up of the Company on an orderly realisation basis commenced with effect from 1 February 2010. As such, LFSL's investment management activity for the Company continues to be principally focused on decision-making regarding whether to participate in corporate events proposed by the Guernsey Incorporated Cell Companies ('the Cells'), and cash management (i.e. receiving distributions/realisation proceeds from the Guernsey Cells and passing these on to shareholders in the LF Arch cru Investment Funds). LFSL is not charging any fees for performing this role.

LFSL maintains a close watch on the activity of the Cells to understand the likelihood and timing of further distributions from the Cells, with the last being made on the 22 May 2019. On 23 June 2020 the Cells published their Report and Financial Statements in which the Chairman's Statement provides an overview of the past year and forward looking comment on the ability of the combined Cells to make further distributions. In summary, the Chairman has noted various matters which are summarised below –

1. This has not been a good year for shareholders as the result of a case taken to arbitration being unsuccessful and that litigation continues in the Greek courts, which may continue for some years;
2. JPEL Private Equity Limited is the most significant liquid investment and it is anticipated further redemptions of the realisation shares at NAV will occur at some point in the future;
3. The Cells will continue with its actions to seek recoveries from investments made in Dubai; and
4. In summarising the outlook for 2020/21 the Chairman states "I am sorry to say that I might be writing to you for a year or two yet. Progress is largely in the hands of the courts, particularly in Greece and Dubai."

The Chairman further notes that the combined net assets of the Cells as at 31 March 2020, totalling £15.7mn, 54% relates to JPEL Private Equity Limited, 17% to various hedge funds and property, and 33% to cash.

It is not anticipated that a further capital repayment will be made to investors during the near term.

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 short time since its emergence the ramifications of COVID-19 and its long term impacts are now being fully recognised, as various national governments continue to provide financial support and stimulus to their economies. In the immediate aftermath of the global recognition of the seriousness of the pandemic there were sharp declines in asset prices, which had limited impact on this Fund due to the nature of the assets held within each of the Cells. However, what is an unknown factor of the most dramatic global recession seen in

LF ARCH CRU GLOBAL GROWTH FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

living memory is how this will translate into future asset pricing. This combined with the fear, in many countries, of a second wave of COVID-19 would indicate that an extended period of instability will exist for some time as governments, society and business seek to understand how COVID-19 can be managed until such time there is a means of immunising the population.

LINK FUND SOLUTIONS LIMITED

ACD of LF Arch cru Global Growth Fund

30 July 2020

LF ARCH CRU GLOBAL GROWTH FUND

ACD'S REPORT *continued*

FUND INFORMATION

Fund Performance

Due to the suspension of the Fund on 13 March 2009, no Fund Performance is reported for the year to 31 March 2020.

Risk and Reward Profile

Due to the suspension of the Fund on 13 March 2009, no Risk and Reward Profile is reported.

Income Distributions

There were no income distributions in the current or prior year.

Comparative Table

Due to the suspension of the Fund on 13 March 2009, no highest and lowest prices are reported.

ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.20 pence per share	31.03.19 pence per share	31.03.18 pence per share
Opening net asset value per share	7.73	9.95	13.55
Return before operating charges*	(1.96)	(0.24)	0.25
Operating charges	(0.64)	(0.60)	(0.50)
Return after operating charges	(2.60)	(0.84)	(0.25)
Return of capital	–	(1.38)	(3.35)
Closing net asset value per share	5.13	7.73	9.95
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(33.64)%	(8.44)%	(1.85)%
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OTHER INFORMATION

Closing net asset value (£'000)	99	149	191
Closing number of shares	1,924,308	1,924,308	1,924,308
Operating charges	10.42%	6.40%	4.06%
Direct transaction costs	–	–	–

LF ARCH CRU GLOBAL GROWTH FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 March 2020

Holding	Portfolio of Investments	Value £'000	31.03.20 %
	INVESTMENT COMPANIES – 96.97% (31.03.19 – 89.93%)		
55,667	SPL Parallel Private Equity (PE2) – GBP	40	40.40
231,862	SPL Realisation	56	56.57
	TOTAL INVESTMENT COMPANIES	<u>96</u>	<u>96.97</u>
	Portfolio of investments	96	96.97
	Net other assets	<u>3</u>	<u>3.03</u>
	Net assets	<u>99</u>	<u>100.00</u>

The investments have been valued in accordance with note (G) of the Accounting Policies and are Guernsey Incorporated Cell Companies.

All investments are currently delisted.

LF ARCH CRU GLOBAL GROWTH FUND
ACD'S REPORT *continued*
SUMMARY OF MATERIAL PORTFOLIO CHANGES
for the year ended 31 March 2020

There were no purchases or sales made during the year.

LF ARCH CRU GLOBAL GROWTH FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN

for the year ended 31 March 2020

	Notes	£'000	31.03.20 £'000	£'000	31.03.19 £'000
Income:					
Net capital losses	2		(38)		(4)
Revenue		–		–	
Expenses	3	(12)		(11)	
Net expense before taxation		(12)		(11)	
Taxation	4	–		–	
Net expense after taxation			(12)		(11)
Total return before distributions			(50)		(15)
Distributions	5		–		–
Change in net assets attributable to shareholders from investment activities			(50)		(15)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 March 2020

		31.03.20 £'000	31.03.19 £'000
Opening net assets attributable to shareholders		149	191
Change in net assets attributable to shareholders from investment activities		(50)	(15)
Return of capital to shareholders		–	(27)
Closing net assets attributable to shareholders		99	149

LF ARCH CRU GLOBAL GROWTH FUND

FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 31 March 2020

	Notes	31.03.20 £'000	31.03.19 £'000
ASSETS			
Fixed assets			
Investments		96	134
Current assets			
Debtors	8	–	24
Cash and bank balances		15	29
Total assets		<u>111</u>	<u>187</u>
LIABILITIES			
Creditors			
Return of capital payable		–	(27)
Other creditors	9	(12)	(11)
Total liabilities		<u>(12)</u>	<u>(38)</u>
Net assets attributable to shareholders		<u>99</u>	<u>149</u>

LF ARCH CRU GLOBAL GROWTH FUND

FINANCIAL STATEMENTS *continued*

STATEMENT OF CASH FLOWS

as at 31 March 2020

	Notes	£'000	31.03.20 £'000	£'000	31.03.19 £'000
Operating activities					
Loss before tax		(12)		(11)	
Interest received		–		–	
Decrease/(increase) in debtors		24		(24)	
Increase/(decrease) in creditors		1		(1)	
Net cash flow from/(used in) operating activities	6		13		(36)
Financial investment					
Disposal of investments		–		24	
Net cash flow from financing activities			–		24
Financing					
Return of capital		(27)		(64)	
Net cash flow used in financing activities			(27)		(64)
Change in cash and cash equivalent	7		(14)		(76)
Cash and cash equivalent at the start of the year			29		105
Cash and cash equivalent at the end of the year			15		29

LF ARCH CRU GLOBAL GROWTH FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

1. Accounting Policies

The accounting policies described on pages 17 and 18 have been applied to the financial statements of the Fund in the current and prior year.

2. Net Capital Losses

The net capital losses during the year comprise:

	31.03.20 £'000	31.03.19 £'000
Non-derivative securities	(38)	(4)
Net capital losses	(38)	(4)

3. Expenses

	31.03.20 £'000	31.03.19 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Other expenses: ¹	12	11
Total expenses	12	11

¹ Included within other expenses are audit fees paid to Ernst & Young LLP of £12,000 (31.03.19: £11,000).

4. Taxation

	31.03.20 £'000	31.03.19 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Current tax charge	–	–
Deferred tax – origination and reversal of timing differences (note 4c)	–	–
Total taxation (note 4b)	–	–

LF ARCH CRU GLOBAL GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.19: 20%). The difference is explained below:

	31.03.20 £'000	31.03.19 £'000
Net expense before taxation	(12)	(11)
Corporation tax at 20%	(2)	(2)
Effects of:		
Unutilised excess management expenses	2	2
Corporation tax charge	–	–
Total tax charge (note 4a)	–	–

c) Deferred tax

At the year end there is a potential deferred tax asset of £101,000 (31.03.19: £99,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

5. Distributions

	31.03.20 £'000	31.03.19 £'000
Distributions	–	–
Total distributions	–	–
Distributions represented by:		
Net expense after taxation	(12)	(11)
Allocations to capital:		
Revenue deficit	12	11
Net distributions for the year	–	–

LF ARCH CRU GLOBAL GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

6. Reconciliation of Net Operating Losses to Net Cash Flow from Operating Activities

	31.03.20 £'000	31.03.19 £'000
Change in net assets attributable to shareholders from investment activities	(50)	(15)
Net capital losses	38	4
Decrease/(increase) in debtors	24	(24)
Increase/(decrease) in creditors	1	(1)
Net cash flow used in operating activities	<u>13</u>	<u>(36)</u>

7. Reconciliation of Cash Flow to Movement in Net Other Assets

	31.03.20 £'000	31.03.19 £'000
Change in cash and cash equivalent	(14)	(76)
(Decrease)/increase in debtors	(24)	24
(Increase)/decrease in creditors	(1)	1
Change in return of capital payable	27	37
Movement in net other assets in the year	<u>(12)</u>	<u>(14)</u>
Net other assets at the beginning of the year	<u>15</u>	<u>29</u>
Net other assets at the end of the year	<u>3</u>	<u>15</u>

8. Debtors

	31.03.20 £'000	31.03.19 £'000
Sales awaiting settlement	<u>–</u>	<u>24</u>
Total debtors	<u>–</u>	<u>24</u>

LF ARCH CRU GLOBAL GROWTH FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 31 March 2020

9. Other Creditors

	31.03.20 £'000	31.03.19 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Other expenses	12	11
Total other creditors	12	11

10. Related Party Transactions

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held the following shareholdings in the Fund:

	31.03.20 £'000	31.03.19 £'000
Accumulation shares	55,813	46,122

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

Capita Holdings Limited	20.08% (31.03.19: 20.08%)
Canada Life Limited	25.30% (31.03.19: 32.91%)
Canada Life International Limited	25.52% (31.03.19: 25.52%)

11. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.03.19: none).

LF ARCH CRU GLOBAL GROWTH FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS *continued*
for the year ended 31 March 2020

12. Shares in Issue

	Accumulation
Annual Management Charge ¹	–
Opening shares in issue	<u>1,924,308</u>
Closing shares in issue	<u>1,924,308</u>

¹ Since 1 April 2009 the Annual Management Charge has been waived by ACD.

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 ACD's policy for managing these risks, are set out below:

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

(A) CREDIT RISK

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

The Fund only sells securities in response to corporate action events issued by the Cells. Those transactions that the Fund enters into expose it to the risk that the Cells will not deliver the cash after the Fund has fulfilled its obligations.

LF ARCH CRU GLOBAL GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

(B) INTEREST RATE RISK

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

The table below shows the direct interest rate risk profile:

	31.03.20 £'000	31.03.19 £'000
Floating rate assets:		
Pounds sterling	15	29
Assets on which interest is not paid:		
Pounds sterling	96	158
Liabilities on which interest is not paid:		
Pounds sterling	(12)	(38)
Net assets	<u>99</u>	<u>149</u>

The floating rate financial assets comprise bank balances which earn interest at rates linked to the Bank of England base rate or its international equivalents.

(C) FOREIGN CURRENCY RISK

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

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

As previously advised, dealings in the Fund were suspended on 13 March 2009. The suspensions took place because of concerns about illiquidity in the Cells which the Fund is substantially invested in.

LF ARCH CRU GLOBAL GROWTH FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

(F) MARKET PRICE RISK

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

The Fund is substantially invested in the shares of the Cells. Please refer to note (G) of the Accounting Policies.

The underlying assets of these Cells, taken as a whole, are investments in a limited range of assets, such as private equity, hedge funds, real estate linked investments, and other investments.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £5,000 (31.03.19: £7,000). A 5% decrease would have an equal opposite effect.

(G) FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As there is significant uncertainty in the carrying value of investments, where fair value can no longer be reliably measured, the amounts eventually recovered may differ from the carrying value.

(H) DERIVATIVES

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

14. Portfolio Transaction Costs

There were no purchases or sales in the year and there were no purchases in the prior year. Investments have been sold at the dealt price with no further transaction costs deducted from sales.

15. Fair Value Hierarchy

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

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

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

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

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.03.20				
Investment assets	—	—	96	96
31.03.19				
Investment assets	—	—	134	134

LF ARCH CRU BALANCED FUND ACD'S REPORT

for the year ended 31 March 2020

Important Information

Refer to 'Important Information' section on page 8.

Investment Objective and Policy

Given that the LF Arch cru Balanced Fund ('the Fund') is being terminated on an orderly realisation basis, and given the illiquidity of the Cells, the management of the Fund does not involve active investment management of the assets. The investment management required for the Fund is essentially limited to a cash management role, i.e. receiving distributions/realisation proceeds from the Cells and passing these on to shareholders in the Fund.

The Fund is in the course of being terminated and is no longer available for investment.

LF ARCH CRU BALANCED FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2020

In a letter to investors dated 26 February 2010, Capita Financial Managers Limited ('CFML'), now Link Fund Solutions Limited ("LFSL"), informed investors that it had applied to the Financial Conduct Authority ('FCA') in December 2009 for approval of the commencement of termination of LF Arch cru Investment Funds ('the Company') with effect from 1 February 2010. The FCA granted this approval and the winding up of the Company on an orderly realisation basis commenced with effect from 1 February 2010. As such, LFSL's investment management activity for the Company continues to be principally focused on decision-making regarding whether to participate in corporate events proposed by the Guernsey Incorporated Cell Companies ('the Cells'), and cash management (i.e. receiving distributions/realisation proceeds from the Guernsey Cells and passing these on to shareholders in the LF Arch cru Investment Funds). LFSL is not charging any fees for performing this role.

LFSL maintains a close watch on the activity of the Cells to understand the likelihood and timing of further distributions from the Cells, with the last being made on the 22 May 2019. On 23 June 2020 the Cells published their Report and Financial Statements in which the Chairman's Statement provides an overview of the past year and forward looking comment on the ability of the combined Cells to make further distributions. In summary, the Chairman has noted various matters which are summarised below –

1. This has not been a good year for shareholders as the result of a case taken to arbitration being unsuccessful and that litigation continues in the Greek courts, which may continue for some years;
2. JPEL Private Equity Limited is the most significant liquid investment and it is anticipated further redemptions of the realisation shares at NAV will occur at some point in the future;
3. The Cells will continue with its actions to seek recoveries from investments made in Dubai; and
4. In summarising the outlook for 2020/21 the Chairman states "I am sorry to say that I might be writing to you for a year or two yet. Progress is largely in the hands of the courts, particularly in Greece and Dubai."

The Chairman further notes that the combined net assets of the Cells as at 31 March 2020, totalling £15.7mn, 54% relates to JPEL Private Equity Limited, 17% to various hedge funds and property, and 33% to cash.

It is not anticipated that a further capital repayment will be made to investors during the near term.

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 short time since its emergence the ramifications of COVID-19 and its long term impacts are now being fully recognised, as various national governments continue to provide financial support and stimulus to their economies. In the immediate aftermath of the global recognition of the seriousness of the pandemic there were sharp declines in asset prices, which had limited impact on this Fund due to the nature of the assets held within each of the Cells. However, what is an unknown factor of the most dramatic global recession seen in

LF ARCH CRU BALANCED FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

living memory is how this will translate into future asset pricing. This combined with the fear, in many countries, of a second wave of COVID-19 would indicate that an extended period of instability will exist for some time as governments, society and business seek to understand how COVID-19 can be managed until such time there is a means of immunising the population.

LINK FUND SOLUTIONS LIMITED

ACD of LF Arch cru Balanced Fund

30 July 2020

LF ARCH CRU BALANCED FUND

ACD'S REPORT *continued*

FUND INFORMATION

Fund Performance

Due to the suspension of the Fund on 13 March 2009, no Fund Performance is reported for the year to 31 March 2020.

Risk and Reward Profile

Due to the suspension of the Fund on 13 March 2009, no Risk and Reward Profile is reported.

Income Distributions

There were no income distributions in the current or prior year.

Comparative Table

Due to the suspension of the Fund on 13 March 2009, no highest and lowest prices are reported.

ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.30.20 pence per share	31.03.19 pence per share	31.03.18 pence per share
Opening net asset value per share	7.32	8.93	12.68
Return before operating charges*	(2.01)	(0.26)	0.28
Operating charges	(0.08)	(0.08)	(0.07)
Return after operating charges	(2.09)	(0.34)	0.21
Return of capital	–	(1.27)	(3.96)
Closing net asset value per share	5.23	7.32	8.93
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(28.55)%	(3.81)%	1.66%
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OTHER INFORMATION

Closing net asset value (£'000)	778	1,088	1,327
Closing number of shares	14,860,438	14,860,438	14,860,438
Operating charges	1.37%	0.90%	0.56%
Direct transaction costs	–	–	–

LF ARCH CRU BALANCED FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 March 2020

Holding	Portfolio of Investments	Value £'000	31.03.20 %
	INVESTMENT COMPANIES – 99.62% (31.03.19 – 98.62%)		
492,152	SPL Parallel Private Equity (PE2) – GBP	357	45.89
165,015	SPL Private Finance (PF2) – GBP	17	2.19
1,649,520	SPL Realisation	401	51.54
	TOTAL INVESTMENT COMPANIES	<u>775</u>	<u>99.62</u>
	Portfolio of investments	775	99.62
	Net other assets	<u>3</u>	<u>0.38</u>
	Net assets	<u>778</u>	<u>100.00</u>

The investments have been valued in accordance with note (G) of the Accounting Policies and are Guernsey Incorporated Cell Companies.

All investments are currently delisted.

LF ARCH CRU BALANCED FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 March 2020

There were no purchases or sales made during the year.

LF ARCH CRU BALANCED FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN
for the year ended 31 March 2020

	Notes	£'000	31.03.20 £'000	£'000	31.03.19 £'000
Income:					
Net capital losses	2		(298)		(39)
Revenue		–		–	
Expenses	3	(12)		(11)	
Net expense before taxation		(12)		(11)	
Taxation	4	–		–	
Net expense after taxation			(12)		(11)
Total return before distributions			(310)		(50)
Distributions	5		–		–
Change in net assets attributable to shareholders from investment activities			(310)		(50)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the year ended 31 March 2020

		31.03.20 £'000	31.03.19 £'000
Opening net assets attributable to shareholders		1,088	1,327
Change in net assets attributable to shareholders from investment activities		(310)	(50)
Return of capital to shareholders		–	(189)
Closing net assets attributable to shareholders		778	1,088

LF ARCH CRU BALANCED FUND
FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 31 March 2020

	Notes	31.03.20 £'000	31.03.19 £'000
ASSETS			
Fixed assets			
Investments		775	1,073
Current assets			
Debtors	8	–	186
Cash and bank balances		15	29
Total assets		<u>790</u>	<u>1,288</u>
LIABILITIES			
Creditors			
Return of capital payable		–	(189)
Other creditors	9	(12)	(11)
Total liabilities		<u>(12)</u>	<u>(200)</u>
Net assets attributable to shareholders		<u>778</u>	<u>1,088</u>

LF ARCH CRU BALANCED FUND
FINANCIAL STATEMENTS *continued*
STATEMENT OF CASH FLOWS

as at 31 March 2020

	Notes	£'000	31.03.20 £'000	£'000	31.03.19 £'000
Operating activities					
Loss before tax		(12)		(11)	
Decrease/(increase) in debtors		186		(186)	
Increase/(decrease) in creditors		1		(1)	
Net cash flow from/(used in) operating activities	6		175		(198)
Financial investment					
Disposal of investments		–		186	
Net cash flow from financial activities			–		186
Financing					
Return of capital		(189)		(588)	
Net cash flow used in financing activities			(189)		(588)
Change in cash and cash equivalent	7		(14)		(600)
Cash and cash equivalent at the start of the year			29		629
Cash and cash equivalent at the end of the year			15		29

LF ARCH CRU BALANCED FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

1. Accounting Policies

The accounting policies described on pages 17 and 18 have been applied to the financial statements of the Fund in the current and prior year.

2. Net Capital Losses

The net capital losses during the year comprise:

	31.03.20 £'000	31.03.19 £'000
Non-derivative securities	(298)	(39)
Net capital losses	(298)	(39)

3. Expenses

	31.03.20 £'000	31.03.19 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Other expenses: ¹	12	11
Total expenses	12	11

¹ Included within other expenses are audit fees paid to Ernst & Young LLP of £12,000 (31.03.19: £11,000).

4. Taxation

	31.03.20 £'000	31.03.19 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Current tax charge	–	–
Deferred tax – origination and reversal of timing differences (note 4c)	–	–
Total taxation (note 4b)	–	–

LF ARCH CRU BALANCED FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.19: 20%). The difference is explained below:

	31.03.20 £'000	31.03.19 £'000
Net expense before taxation	(12)	(11)
Corporation tax at 20%	(2)	(2)
Effects of:		
Unutilised excess management expenses	2	2
Corporation tax charge	–	–
Total tax charge (note 4a)	–	–

c) Deferred tax

At the year end there is a potential deferred tax asset of £170,000 (31.03.19: £168,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

5. Distributions

	31.03.20 £'000	31.03.19 £'000
Distributions	–	–
Total distributions	–	–
Distributions represented by:		
Net expense after taxation	(12)	(11)
Allocations to capital:		
Revenue deficit	(12)	11
Net distributions for the year	–	–

LF ARCH CRU BALANCED FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

6. Reconciliation of Net Operating Losses to Net Cash Flow from Operating Activities

	31.03.20 £'000	31.03.19 £'000
Change in net assets attributable to shareholders from investment activities	(310)	(50)
Net capital losses	298	39
Decrease/(increase) in debtors	186	(186)
Increase/(decrease) in creditors	1	(1)
Net cash flow used in operating activities	<u>175</u>	<u>(198)</u>

7. Reconciliation of Cash Flow to Movement in Net Other Assets

	31.03.20 £'000	31.03.19 £'000
Change in cash and cash equivalent	(14)	(600)
(Decrease)/increase in debtors	(186)	186
(Increase)/decrease in creditors	(1)	1
Change in return of capital payable	189	399
Movement in net other assets in the year	<u>(12)</u>	<u>(14)</u>
Net other assets at the beginning of the year	<u>15</u>	<u>29</u>
Net other assets at the end of the year	<u>3</u>	<u>15</u>

8. Debtors

	31.03.20 £'000	31.03.19 £'000
Sales awaiting settlement	<u>–</u>	<u>186</u>
Total debtors	<u>–</u>	<u>186</u>

LF ARCH CRU BALANCED FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

9. Other Creditors

	31.03.20 £'000	31.03.19 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Other expenses	12	11
Total other creditors	<u>12</u>	<u>11</u>

10. Related Party Transactions

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held the following shareholdings in the Fund:

	31.03.20 £'000	31.03.19 £'000
Accumulation shares	<u>604,722</u>	<u>604,722</u>

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

Canada Life Limited	41.93% (31.03.19: 49.93%)
Canada Life International Limited	22.94% (31.03.19: 22.94%)

11. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.03.19: none).

12. Shares in Issue

	<i>Accumulation</i>
Annual Management Charge ¹	–
Opening shares in issue	<u>14,860,438</u>
Closing shares in issue	<u>14,860,438</u>

¹ Since 1 April 2009 the Annual Management Charge has been waived by ACD.

LF ARCH CRU BALANCED FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

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 ACD's policy for managing these risks, are set out below:

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

(A) CREDIT RISK

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

The Fund only sells securities in response to corporate action events issued by the Cells. Those transactions that the Fund enters into expose it to the risk that the Cells will not deliver the cash after the Fund has fulfilled its obligations.

(B) INTEREST RATE RISK

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

LF ARCH CRU BALANCED FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

The table below shows the direct interest rate risk profile:

	31.03.20 £'000	31.03.19 £'000
Floating rate assets:		
Pounds sterling	15	29
Assets on which interest is not paid:		
Pounds sterling	775	1,259
Liabilities on which interest is not paid:		
Pounds sterling	(12)	(200)
Net assets	<u>778</u>	<u>1,088</u>

The floating rate financial assets comprise bank balances which earn interest at rates linked to the Bank of England base rate or its international equivalents.

(C) FOREIGN CURRENCY RISK

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

(D) LEVERAGE

The Fund did not employ any significant leverage during the current and prior year.

(E) LIQUIDITY RISK

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

As previously advised, dealings in the Fund were suspended on 13 March 2009. The suspensions took place because of concerns about illiquidity in the Cells which all sub-funds are substantially invested in.

(F) MARKET PRICE RISK

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

The Fund is substantially invested in the shares of the Cells. Please refer to note (G) of the Accounting Policies.

The underlying assets of these Cells, taken as a whole, are investments in a limited range of assets, such as private equity, hedge funds, real estate linked investments, and other investments.

LF ARCH CRU BALANCED FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £39,000 (31.03.19: £54,000). A 5% decrease would have an equal opposite effect.

(G) FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As there is significant uncertainty in the carrying value of investments, where fair value can no longer be reliably measured, the amounts eventually recovered may differ from the carrying value.

(H) DERIVATIVES

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

14. Portfolio Transaction Costs

There were no purchases or sales in the year and there were no purchases in the prior year. Investments have been sold at the dealt price with no further transaction costs deducted from sales.

15. 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 observable inputs.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.03.20				
Investment assets	—	—	775	775
31.03.19				
Investment assets	—	—	1,073	1,073

LF ARCH CRU INCOME FUND ACD'S REPORT

for the year ended 31 March 2020

Important Information

Refer to 'Important Information' section on page 8.

Investment Objective and Policy

Given that the LF Arch cru Income Fund ('the Fund') is being terminated on an orderly realisation basis, and given the illiquidity of the Cells, the management of the Fund does not involve active investment management of the assets. The investment management required for the Fund is essentially limited to a cash management role, i.e. receiving distributions/realisation proceeds from the Cells and passing these on to shareholders in the Fund.

The Fund is in the course of being terminated and is no longer available for investment.

LF ARCH CRU INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2020

In a letter to investors dated 26 February 2010, Capita Financial Managers Limited ('CFML'), now Link Fund Solutions Limited ("LFSL"), informed investors that it had applied to the Financial Conduct Authority ('FCA') in December 2009 for approval of the commencement of termination of LF Arch cru Investment Funds ('the Company') with effect from 1 February 2010. The FCA granted this approval and the winding up of the Company on an orderly realisation basis commenced with effect from 1 February 2010. As such, LFSL's investment management activity for the Company continues to be principally focused on decision-making regarding whether to participate in corporate events proposed by the Guernsey Incorporated Cell Companies ('the Cells'), and cash management (i.e. receiving distributions/realisation proceeds from the Guernsey Cells and passing these on to shareholders in the LF Arch cru Investment Funds). LFSL is not charging any fees for performing this role.

LFSL maintains a close watch on the activity of the Cells to understand the likelihood and timing of further distributions from the Cells, with the last being made on the 22 May 2019. On 23 June 2020 the Cells published their Report and Financial Statements in which the Chairman's Statement provides an overview of the past year and forward looking comment on the ability of the combined Cells to make further distributions. In summary, the Chairman has noted various matters which are summarised below –

1. This has not been a good year for shareholders as the result of a case taken to arbitration being unsuccessful and that litigation continues in the Greek courts, which may continue for some years;
2. JPEL Private Equity Limited is the most significant liquid investment and it is anticipated further redemptions of the realisation shares at NAV will occur at some point in the future;
3. The Cells will continue with its actions to seek recoveries from investments made in Dubai; and
4. In summarising the outlook for 2020/21 the Chairman states "I am sorry to say that I might be writing to you for a year or two yet. Progress is largely in the hands of the courts, particularly in Greece and Dubai."

The Chairman further notes that the combined net assets of the Cells as at 31 March 2020, totalling £15.7mn, 54% relates to JPEL Private Equity Limited, 17% to various hedge funds and property, and 33% to cash.

It is not anticipated that a further capital repayment will be made to investors during the near term.

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 short time since its emergence the ramifications of COVID-19 and its long term impacts are now being fully recognised, as various national governments continue to provide financial support and stimulus to their economies. In the immediate aftermath of the global recognition of the seriousness of the pandemic there were sharp declines in asset prices, which had limited impact on this Fund due to the nature of the assets held within each of the Cells. However, what is an unknown factor of the most dramatic global recession seen in

LF ARCH CRU INCOME FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

living memory is how this will translate into future asset pricing. This combined with the fear, in many countries, of a second wave of COVID-19 would indicate that an extended period of instability will exist for some time as governments, society and business seek to understand how COVID-19 can be managed until such time there is a means of immunising the population.

LINK FUND SOLUTIONS LIMITED

ACD of LF Arch cru Income Fund

30 July 2020

LF ARCH CRU INCOME FUND

ACD'S REPORT *continued*

FUND INFORMATION

Fund Performance

Due to the suspension of the Fund on 13 March 2009, no Fund Performance is reported for the year to 31 March 2020.

Risk and Reward Profile

Due to the suspension of the Fund on 13 March 2009, no Risk and Reward Profile is reported.

Income Distributions

There were no income distributions in the current or prior year.

Comparative Table

Due to the suspension of the Fund on 13 March 2009, no highest and lowest prices are reported.

INCOME SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.20 pence per share	31.03.19 pence per share	31.03.18 pence per share
Opening net asset value per share	1.72	2.19	3.13
Return before operating charges*	(0.51)	(0.06)	0.03
Operating charges	(0.05)	(0.05)	(0.04)
Return after operating charges	(0.56)	(0.11)	(0.01)
Return of capital	–	(0.36)	(0.93)
Closing net asset value per share	1.16	1.72	2.19
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(32.56)%	(5.02)%	(0.32)%
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OTHER INFORMATION

Closing net asset value (£'000)	9	14	17
Closing number of shares	791,746	791,746	791,746
Operating charges	3.62%	2.24%	1.37%
Direct transaction costs	–	–	–

LF ARCH CRU INCOME FUND
ACD'S REPORT *continued*
FUND INFORMATION *continued*

Comparative Table *continued*

ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.20 pence per share	31.03.19 pence per share	31.03.18 pence per share
Opening net asset value per share	2.00	2.54	3.64
Return before operating charges*	(0.59)	(0.07)	0.03
Operating charges	(0.06)	(0.05)	(0.05)
Return after operating charges	(0.65)	(0.12)	(0.02)
Return of capital	–	(0.42)	(1.08)
Closing net asset value per share	1.35	2.00	2.54
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(32.50)%	(4.72)%	(0.55)%
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OTHER INFORMATION

Closing net asset value (£'000)	277	409	522
Closing number of shares	20,510,599	20,510,599	20,510,599
Operating charges	3.62%	2.24%	1.37%
Direct transaction costs	–	–	–

LF ARCH CRU INCOME FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 March 2020

Holding	Portfolio of Investments	Value £'000	31.03.20 %
	INVESTMENT COMPANIES – 99.30% (31.03.19 – 96.46%)		
223,467	SPL Private Finance (PF2) – GBP	24	8.39
1,069,762	SPL Realisation	260	90.91
	TOTAL INVESTMENT COMPANIES	284	99.30
	Portfolio of investments	284	99.30
	Net other assets	2	0.70
	Net assets	286	100.00

The investments have been valued in accordance with note (G) of the Accounting Policies and are Guernsey Incorporated Cell Companies.

All investments are currently delisted.

LF ARCH CRU INCOME FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 March 2020

There were no purchases or sales made during the year.

LF ARCH CRU INCOME FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN

for the year ended 31 March 2020

	Notes	£'000	31.03.20 £'000	£'000	31.03.19 £'000
Income:					
Net capital losses	2		(125)		(16)
Revenue		–		–	
Expenses	3	(12)		(11)	
Net expense before taxation		(12)		(11)	
Taxation	4	–		–	
Net expense after taxation			(12)		(11)
Total return before distributions			(137)		(27)
Distributions	5		–		–
Change in net assets attributable to shareholders from investment activities			(137)		(27)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 March 2020

	31.03.20 £'000	31.03.19 £'000
Opening net assets attributable to shareholders	423	539
Change in net assets attributable to shareholders from investment activities	(137)	(27)
Return of capital to shareholders	–	(89)
Closing net assets attributable to shareholders	286	423

LF ARCH CRU INCOME FUND
FINANCIAL STATEMENTS *continued*
BALANCE SHEET
as at 31 March 2020

	Notes	31.03.20 £'000	31.03.19 £'000
ASSETS			
Fixed assets			
Investments		284	408
Current assets			
Debtors	8	–	86
Cash and bank balances		14	29
Total assets		<u>298</u>	<u>523</u>
LIABILITIES			
Creditors			
Return of capital payable		–	(89)
Other creditors	9	(12)	(11)
Total liabilities		<u>(12)</u>	<u>(100)</u>
Net assets attributable to shareholders		<u>286</u>	<u>423</u>

LF ARCH CRU INCOME FUND
FINANCIAL STATEMENTS *continued*
STATEMENT OF CASH FLOWS
as at 31 March 2020

	Notes	£'000	31.03.20 £'000	£'000	31.03.19 £'000
Operating activities					
Loss before tax		(12)		(11)	
Decrease/(increase) in debtors		86		(86)	
(Increase)/decrease in creditors		1		(1)	
Net cash flow from/(used in) operating activities	6		75		(98)
Financial investments					
Disposal of investments		–		86	
Net cash flow from financial investment activities			–		86
Financing					
Return of capital		(90)		(229)	
Net cash flow used in financing activities			(90)		(229)
Change in cash and cash equivalent	7		(15)		(241)
Cash and cash equivalent at the start of the year			29		270
Cash and cash equivalent at the end of the year			14		29

LF ARCH CRU INCOME FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

1. Accounting Policies

The accounting policies described on pages 17 and 18 have been applied to the financial statements of the Fund in the current and prior year.

2. Net Capital Losses

The net capital losses during the year comprise:

	31.03.20 £'000	31.03.19 £'000
Non-derivative securities	(125)	(16)
Net capital losses	(125)	(16)

3. Expenses

	31.03.20 £'000	31.03.19 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Other expenses: ¹	12	11
Total expenses	12	11

¹ Included within other expenses are audit fees paid to Ernst & Young LLP of £12,000 (31.03.19: £11,000).

4. Taxation

	31.03.20 £'000	31.03.19 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Current tax charge	–	–
Deferred tax – origination and reversal of timing differences (note 4c)	–	–
Total taxation (note 4b)	–	–

LF ARCH CRU INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.19: 20%). The difference is explained below:

	31.03.20 £'000	31.03.19 £'000
Net expense before taxation	(12)	(11)
Corporation tax at 20%	(2)	(2)
Effects of:		
Unutilised excess management expenses	2	2
Corporation tax charge	-	-
Total tax charge (note 4a)	-	-

c) Deferred tax

At the year end there is a potential deferred tax asset of £118,000 (31.03.19: £116,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

5. Distributions

	31.03.20 £'000	31.03.19 £'000
Distributions	-	-
Total distributions	-	-
Distributions represented by:		
Net expense after taxation	(12)	(11)
Allocations to capital:		
Expenses	12	11
Net distributions for the year	-	-

LF ARCH CRU INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

6. Reconciliation of Net Operating Losses to Net Cash Flow from Operating Activities

	31.03.20 £'000	31.03.19 £'000
Change in net assets attributable to shareholders from investment activities	(137)	(27)
Net capital losses	125	16
Decrease/(increase) in debtors	86	(86)
Increase/(decrease) in creditors	1	(1)
Net cash flow used in operating activities	<u>75</u>	<u>(98)</u>

7. Reconciliation of Cash Flow to Movement in Net Other Assets

	31.03.20 £'000	31.03.19 £'000
Change in cash and cash equivalent	(15)	(241)
(Decrease)/increase in debtors	(86)	86
(Increase)/decrease in creditors	(1)	1
Change in return of capital payable	89	140
Movement in net other assets in the year	<u>(13)</u>	<u>(14)</u>
Net other assets at the beginning of the year	<u>15</u>	<u>29</u>
Net other assets at the end of the year	<u>2</u>	<u>15</u>

8. Debtors

	31.03.20 £'000	31.03.19 £'000
Sales awaiting settlement	<u>–</u>	<u>86</u>
Total debtors	<u>–</u>	<u>86</u>

LF ARCH CRU INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

9. Other Creditors

	31.03.20 £'000	31.03.19 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Other expenses	12	11
Total other creditors	12	11

10. Related Party Transactions

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held the following shareholdings in the Fund:

	31.03.20 £'000	31.03.19 £'000
Income shares	43,847	43,847
Accumulation shares	103,768	103,768

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

Canada Life Limited	40.09% (31.03.19: 48.39%)
Canada Life International Limited	32.68% (31.03.19: 32.68%)

11. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.03.19: none).

LF ARCH CRU INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

12. Shares in Issue

	Income	Accumulation
Annual Management Charge ¹	–	–
Opening shares in issue	791,746	20,510,599
Closing shares in issue	791,746	20,510,599

¹ Since 1 April 2009 the Annual Management Charge has been waived by ACD.

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 ACD's policy for managing these risks, are set out below:

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

(A) CREDIT RISK

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

The Fund only sells securities in response to corporate action events issued by the Cells. Those transactions that the Fund enters into expose it to the risk that the Cells will not deliver the cash after the Fund has fulfilled its obligations.

(B) INTEREST RATE RISK

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

LF ARCH CRU INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

The table below shows the direct interest rate risk profile:

	31.03.20 £'000	31.03.19 £'000
Floating rate assets:		
Pounds sterling	14	29
Assets on which interest is not paid:		
Pounds sterling	284	494
Liabilities on which interest is not paid:		
Pounds sterling	(12)	(100)
Net assets	<u>286</u>	<u>423</u>

The floating rate financial assets comprise bank balances which earn interest at rates linked to the Bank of England base rate or its international equivalents.

(C) FOREIGN CURRENCY RISK

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

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

As previously advised, dealings in the Fund were suspended on 13 March 2009. The suspensions took place because of concerns about illiquidity in the Cells which all sub-funds are substantially invested in.

(F) MARKET PRICE RISK

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

The Fund is substantially invested in the shares of the Cells. Please refer to note (G) of the Accounting Policies.

The underlying assets of these Cells, taken as a whole, are investments in a limited range of assets, such as private equity, hedge funds, real estate linked investments, and other investments.

LF ARCH CRU INCOME FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £14,000 (31.03.19: £20,000). A 5% decrease would have an equal opposite effect.

(G) FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As there is significant uncertainty in the carrying value of investments, where fair value can no longer be reliably measured, the amounts eventually recovered may differ from the carrying value.

(H) DERIVATIVES

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

14. Portfolio Transaction Costs

There were no purchases or sales in the year and there were no purchases in the prior year. Investments have been sold at the dealt price with no further transaction costs deducted from sales.

15. 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.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.03.20				
Investment assets	—	—	284	284
31.03.19				
Investment assets	—	—	408	408

LF ARCH CRU FINANCE FUND ACD'S REPORT

for the year ended 31 March 2020

Important Information

Refer to 'Important Information' section on page 8.

Investment Objective and Policy

Given that the LF Arch cru Finance Fund ('the Fund') is being terminated on an orderly realisation basis, and given the illiquidity of the Cells, the management of the Fund does not involve active investment management of the assets. The investment management required for the Fund is essentially limited to a cash management role, i.e. receiving distributions/realisation proceeds from the Cells and passing these on to shareholders in the Fund.

The Fund is in the course of being terminated and is no longer available for investment.

LF ARCH CRU FINANCE FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT

for the year ended 31 March 2020

In a letter to investors dated 26 February 2010, Capita Financial Managers Limited ('CFML'), now Link Fund Solutions Limited ("LFSL"), informed investors that it had applied to the Financial Conduct Authority ('FCA') in December 2009 for approval of the commencement of termination of LF Arch cru Investment Funds ('the Company') with effect from 1 February 2010. The FCA granted this approval and the winding up of the Company on an orderly realisation basis commenced with effect from 1 February 2010. As such, LFSL's investment management activity for the Company continues to be principally focused on decision-making regarding whether to participate in corporate events proposed by the Guernsey Incorporated Cell Companies ('the Cells'), and cash management (i.e. receiving distributions/realisation proceeds from the Guernsey Cells and passing these on to shareholders in the LF Arch cru Investment Funds). LFSL is not charging any fees for performing this role.

LFSL maintains a close watch on the activity of the Cells to understand the likelihood and timing of further distributions from the Cells, with the last being made on the 22 May 2019. On 23 June 2020 the Cells published their Report and Financial Statements in which the Chairman's Statement provides an overview of the past year and forward looking comment on the ability of the combined Cells to make further distributions. In summary, the Chairman has noted various matters which are summarised below –

1. This has not been a good year for shareholders as the result of a case taken to arbitration being unsuccessful and that litigation continues in the Greek courts, which may continue for some years;
2. JPEL Private Equity Limited is the most significant liquid investment and it is anticipated further redemptions of the realisation shares at NAV will occur at some point in the future;
3. The Cells will continue with its actions to seek recoveries from investments made in Dubai; and
4. In summarising the outlook for 2020/21 the Chairman states "I am sorry to say that I might be writing to you for a year or two yet. Progress is largely in the hands of the courts, particularly in Greece and Dubai."

The Chairman further notes that the combined net assets of the Cells as at 31 March 2020, totalling £15.7mn, 54% relates to JPEL Private Equity Limited, 17% to various hedge funds and property, and 33% to cash.

It is not anticipated that a further capital repayment will be made to investors during the near term.

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 short time since its emergence the ramifications of COVID-19 and its long term impacts are now being fully recognised, as various national governments continue to provide financial support and stimulus to their economies. In the immediate aftermath of the global recognition of the seriousness of the pandemic there were sharp declines in asset prices, which had limited impact on this Fund due to the nature of the assets held within each of the Cells. However, what is an unknown factor of the most dramatic global recession seen in

LF ARCH CRU FINANCE FUND

ACD'S REPORT *continued*

INVESTMENT MANAGER'S REPORT *continued*

living memory is how this will translate into future asset pricing. This combined with the fear, in many countries, of a second wave of COVID-19 would indicate that an extended period of instability will exist for some time as governments, society and business seek to understand how COVID-19 can be managed until such time there is a means of immunising the population.

LINK FUND SOLUTIONS LIMITED

ACD of LF Arch cru Finance Fund

30 July 2020

LF ARCH CRU FINANCE FUND

ACD'S REPORT *continued*

FUND INFORMATION

Fund Performance

Due to the suspension of the Fund on 13 March 2009, no Fund Performance is reported for the year to 31 March 2020.

Risk and Reward Profile

Due to the suspension of the Fund on 13 March 2009, no Risk and Reward Profile is reported.

Income Distributions

There were no income distributions in the current or prior year.

Comparative Table

Due to the suspension of the Fund on 13 March 2009, no highest and lowest prices are reported.

'A' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.20 pence per share	31.03.19 pence per share	31.03.18 pence per share
Opening net asset value per share	2.06	2.58	3.75
Return before operating charges*	(0.62)	(0.07)	0.04
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges	(0.64)	(0.09)	0.02
Return of capital	–	(0.43)	(1.19)
Closing net asset value per share	1.42	2.06	2.58
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(31.07)%	(3.49)%	0.53%
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OTHER INFORMATION

Closing net asset value (£'000)	271	393	491
Closing number of shares	19,056,744	19,056,744	19,056,744
Operating charges	1.24%	0.84%	0.52%
Direct transaction costs	–	–	–

LF ARCH CRU FINANCE FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Table *continued*

'B' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.20 pence per share	31.03.19 pence per share	31.03.18 pence per share
Opening net asset value per share	2.06	2.58	3.76
Return before operating charges*	(0.62)	(0.07)	0.04
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges	(0.64)	(0.09)	0.02
Return of capital	–	(0.43)	(1.20)
Closing net asset value per share	1.42	2.06	2.58
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(31.07)%	(3.49)%	0.53%
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OTHER INFORMATION

Closing net asset value (£'000)	430	625	782
Closing number of shares	30,288,908	30,288,908	30,288,908
Operating charges	1.24%	0.84%	0.52%
Direct transaction costs	–	–	–

LF ARCH CRU FINANCE FUND

ACD'S REPORT *continued*

FUND INFORMATION *continued*

Comparative Table *continued*

'C' ACCUMULATION SHARES

CHANGE IN NET ASSETS PER SHARE	31.03.20 pence per share	31.03.19 pence per share	31.03.18 pence per share
Opening net asset value per share	2.07	2.58	3.76
Return before operating charges*	(0.63)	(0.06)	0.03
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges	(0.65)	(0.08)	0.01
Return of capital	–	(0.43)	(1.19)
Closing net asset value per share	1.42	2.07	2.58
* after direct transaction costs of:	–	–	–

PERFORMANCE

Return after charges	(31.40)%	(3.10)%	0.27%
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OTHER INFORMATION

Closing net asset value (£'000)	140	203	254
Closing number of shares	9,831,570	9,831,570	9,831,570
Operating charges	1.24%	0.84%	0.52%
Direct transaction costs	–	–	–

LF ARCH CRU FINANCE FUND

ACD'S REPORT *continued*

PORTFOLIO STATEMENT

as at 31 March 2020

Holding	Portfolio of Investments	Value £'000	31.03.20 %
	INVESTMENT COMPANIES – 99.41% (31.03.19 – 98.61%)		
443,228	SPL Private Finance (PF2) - GBP	47	5.59
3,246,902	SPL Realisation	789	93.82
	TOTAL INVESTMENT COMPANIES	<u>836</u>	<u>99.41</u>
	Portfolio of investments	836	99.41
	Net other assets	<u>5</u>	<u>0.59</u>
	Net assets	<u>841</u>	<u>100.00</u>

The investments have been valued in accordance with note (G) of the Accounting Policies and are Guernsey Incorporated Cell Companies.

All investments are currently delisted.

LF ARCH CRU FINANCE FUND

ACD'S REPORT *continued*

SUMMARY OF MATERIAL PORTFOLIO CHANGES

for the year ended 31 March 2020

There were no purchases or sales made during the year.

LF ARCH CRU FINANCE FUND
FINANCIAL STATEMENTS
STATEMENT OF TOTAL RETURN

for the year ended 31 March 2020

	Notes	£'000	31.03.20 £'000	£'000	31.03.19 £'000
Income:					
Net capital losses	2		(368)		(44)
Revenue		–		–	
Expenses	3	(12)		(12)	
Net expense before taxation		(12)		(12)	
Taxation	4	–		–	
Net expense after taxation			(12)		(12)
Total return before distributions			(380)		(56)
Distributions	5		–		–
Change in net assets attributable to shareholders from investment activities			(380)		(56)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 March 2020

	31.03.20 £'000	31.03.19 £'000
Opening net assets attributable to shareholders	1,221	1,527
Change in net assets attributable to shareholders from investment activities	(380)	(56)
Unclaimed distributions	–	4
Return of capital to shareholders	–	(254)
Closing net assets attributable to shareholders	841	1,221

LF ARCH CRU FINANCE FUND
FINANCIAL STATEMENTS *continued*

BALANCE SHEET

as at 31 March 2020

	Notes	31.03.20 £'000	31.03.19 £'000
ASSETS			
Fixed assets			
Investments		836	1,204
Current assets			
Debtors	8	–	247
Cash and bank balances		18	36
Total assets		<u>854</u>	<u>1,487</u>
LIABILITIES			
Creditors			
Return of capital payable		–	(254)
Other creditors	9	<u>(13)</u>	<u>(12)</u>
Total liabilities		<u>(13)</u>	<u>(266)</u>
Net assets attributable to shareholders		<u>841</u>	<u>1,221</u>

LF ARCH CRU FINANCE FUND
FINANCIAL STATEMENTS *continued*
STATEMENT OF CASH FLOWS
as at 31 March 2020

	Notes	£'000	31.03.20 £'000	£'000	31.03.19 £'000
Operating activities					
Loss before tax		(12)		(12)	
Decrease/(increase) in debtors		247		(247)	
Increase in creditors		1		–	
Net cash flow from/(used in) operating activities	6		236		(259)
Financial investment					
Disposal of investments		–		247	
Net cash flow from financial investment activities			–		247
Financing					
Return of capital		(254)		(707)	
Unclaimed distributions		–		4	
Net cash flow used in financing activities			(254)		(703)
Change in cash and cash equivalent	7		(18)		(715)
Cash and cash equivalent at the start of the year			36		751
Cash and cash equivalent at the end of the year			18		36

LF ARCH CRU FINANCE FUND
FINANCIAL STATEMENTS *continued*
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

1. Accounting Policies

The accounting policies described on pages 17 and 18 have been applied to the financial statements of the Fund in the current and prior year.

2. Net Capital Losses

The net capital losses during the year comprise:

	31.03.20 £'000	31.03.19 £'000
Non-derivative securities	(368)	(44)
Net capital losses	(368)	(44)

3. Expenses

	31.03.20 £'000	31.03.19 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
Other expenses: ¹	12	12
Total expenses	12	12

¹ Included within other expenses are audit fees paid to Ernst & Young LLP of £12,000 (31.03.19: £11,000).

4. Taxation

	31.03.20 £'000	31.03.19 £'000
a) Analysis of charge for the year		
Corporation tax at 20%	–	–
Current tax charge	–	–
Deferred tax – origination and reversal of timing differences (note 4c)	–	–
Total taxation (note 4b)	–	–

LF ARCH CRU FINANCE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

b) Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (31.03.19: 20%). The difference is explained below:

	31.03.20 £'000	31.03.19 £'000
Net expense before taxation	(12)	(12)
Corporation tax at 20%	(2)	(2)
Effects of:		
Unutilised excess management expenses	2	2
Corporation tax charge	-	-
Total tax charge (note 4a)	-	-

c) Deferred tax

At the year end there is a potential deferred tax asset of £100,000 (31.03.19: £98,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and, therefore, no deferred tax asset has been recognised in the current or prior year.

5. Distributions

	31.03.20 £'000	31.03.19 £'000
Distributions	-	-
Total distributions	-	-
Distributions represented by:		
Net expense after taxation	(12)	(12)
Allocations to capital:		
Revenue deficit	12	12
Net distributions for the year	-	-

LF ARCH CRU FINANCE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

6. Reconciliation of Net Operating Losses to Net Cash Flow from Operating Activities

	31.03.20 £'000	31.03.19 £'000
Change in net assets attributable to shareholders from investment activities	(380)	(56)
Net capital losses	368	44
Decrease/(increase) in debtors	247	(247)
Increase in creditors	1	–
Net cash flow used in operating activities	<u>236</u>	<u>(259)</u>

7. Reconciliation of Cash Flow to Movement in Net Other Assets

	31.03.20 £'000	31.03.19 £'000
Change in cash and cash equivalent	(18)	(715)
(Decrease)/increase in debtors	(247)	247
Increase in creditors	(1)	–
Return of capital payable	254	453
Movement in net other assets in the year	<u>(12)</u>	<u>(15)</u>
Net other assets at the beginning of the year	<u>17</u>	<u>32</u>
Net other assets at the end of the year	<u>5</u>	<u>17</u>

8. Debtors

	31.03.20 £'000	31.03.19 £'000
Sales awaiting settlement	<u>–</u>	<u>247</u>
Total debtors	<u>–</u>	<u>247</u>

LF ARCH CRU FINANCE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

9. Other Creditors

	31.03.20 £'000	31.03.19 £'000
Accrued expenses:		
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
Other expenses	13	12
Total other creditors	13	12

10. Related Party Transactions

Link Fund Solutions Limited and its associates (including other authorised investment funds managed by Link Fund Solutions Limited or its associates) held the following shareholdings in the Fund:

	31.03.20 £'000	31.03.19 £'000
'A' Accumulation shares	3,710,145	3,776,561
'B' Accumulation shares	51,314	51,314
'C' Accumulation shares	515,139	515,139

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

Transact Nominees Limited	29.27% (31.03.19: 29.27%)
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11. Contingent Liabilities and Commitments

There are no contingent liabilities or unrecorded outstanding commitments (31.03.19: none).

LF ARCH CRU FINANCE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

12. Shares in Issue

	'A' Accumulation	'B' Accumulation	'C' Accumulation
Annual Management Charge ¹	–	–	–
Opening shares in issue	<u>19,056,744</u>	<u>30,288,908</u>	<u>9,831,570</u>
Closing shares in issue	<u>19,056,744</u>	<u>30,288,908</u>	<u>9,831,570</u>

¹ Since 1 April 2009 the Annual Management Charge has been waived by ACD.

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 ACD's policy for managing these risks, are set out below:

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

(A) CREDIT RISK

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

The Fund only sells securities in response to corporate action events issued by the Cells. Those transactions that the Fund enters into expose it to the risk that the Cells will not deliver the cash after the Fund has fulfilled its obligations.

LF ARCH CRU FINANCE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

(B) INTEREST RATE RISK

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

The table below shows the direct interest rate risk profile:

	31.03.20 £'000	31.03.19 £'000
Floating rate assets:		
Euros	–	–
Pounds sterling	18	36
	18	36
Assets on which interest is not paid:		
Euros	–	–
Pounds sterling	836	1,451
	836	1,451
Liabilities on which interest is not paid:		
Pounds sterling	(13)	(266)
Net assets	841	1,221

The floating rate financial assets comprise bank balances which earn interest at rates linked to the Bank of England base rate or its international equivalents.

(C) FOREIGN CURRENCY RISK

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

(D) LEVERAGE

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

(E) LIQUIDITY RISK

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

As previously advised, dealings in the Fund were suspended on 13 March 2009. The suspensions took place because of concerns about illiquidity in the Cells which all sub-funds are substantially invested in.

LF ARCH CRU FINANCE FUND

FINANCIAL STATEMENTS *continued*

NOTES TO THE FINANCIAL STATEMENTS *continued*

for the year ended 31 March 2020

(F) MARKET PRICE RISK

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

The Fund is substantially invested in the shares of the Cells. Please refer to note (G) of the Accounting Policies.

The underlying assets of these Cells, taken as a whole, are investments in a limited range of assets, such as private equity, hedge funds, real estate linked investments, and other investments.

A 5% increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £42,000 (31.03.19: £60,000). A 5% decrease would have an equal opposite effect.

(G) FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As there is significant uncertainty in the carrying value of investments, where fair value can no longer be reliably measured, the amounts eventually recovered may differ from the carrying value.

(H) DERIVATIVES

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

14. Portfolio Transaction Costs

There were no purchases or sales in the year and there were no purchases in the prior year. Investments have been sold at the dealt price with no further transaction costs deducted from sales.

15. 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.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
31.03.20				
Investment assets	—	—	836	836
31.03.19				
Investment assets	—	—	1,204	1,204

GENERAL INFORMATION

Head Office: 6th Floor, 65 Gresham Street, London EC2V 7NQ.

Address for Service: The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base Currency: The base currency of the Company is pounds sterling. Each sub-fund and share class is designated in pounds sterling.

Share Capital: The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the sub-funds.

Structure of the Company

The Company is structured as an umbrella company, in that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary.

The sub-funds are operated separately and the assets of each sub-fund are managed in accordance with the investment objective and policy applicable to that sub-fund.

It is not the intention of the ACD to launch any further sub-funds.

On 1 February 2010 the FCA granted permission to wind up the Company.

Classes of Shares

Holders of Income shares are entitled to be paid the income attributable to such shares, in respect of each annual or interim accounting period.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

Buying and Selling Shares

Dealing is currently suspended as the sub-funds are being wound up on an orderly realisation basis.

Other Information

The Instrument of Incorporation, Prospectus and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on the ACD's website, www.linkfundsolutions.co.uk.

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

GENERAL INFORMATION *continued*

Data Protection Act

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

Risk Warning

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



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