
LLOYDS MULTI STRATEGY FUND LIMITED

Annual Report and
Audited Financial Statements

For the year ended 31 May 2019



Contents

Company Information	2
Investment Objectives and Policy	3
Directors' Profiles	4
Report of the Directors	5
Report of the Asset Allocation Adviser	8
Report of the Custodian to the Members of Lloyds Multi Strategy Fund Limited	14
Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited	15
Statements of Financial Position	20
Statements of Comprehensive Income	24
Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares	26
Cash Flow Statements	28
Conservative Strategy Fund Investment Portfolio	32
Growth Strategy Fund Investment Portfolio	33
Aggressive Strategy Fund Investment Portfolio	34
Global US\$ Growth Strategy Fund Investment Portfolio	35
Notes to the Financial Statements	36
Performance Records	60
Change in Net Asset Value per Share	62
Distribution Tables	64
Notice of Meeting	65
Form of Proxy	66

Company Information

Registered Office

11-12 Esplanade,
St. Helier,
Jersey, JE2 3QA,
Channel Islands.

Principal Place of Business

PO Box 311, 11 - 12 Esplanade,
St Helier,
Jersey, JE4 8ZU,
Channel Islands.

Directors

c/o Registered Office
R. D. Willcox (Chairman)
I. M. J. Hardy
B. C. James
B. Lysiak
G. Cook (appointed 3 July 2019)

T. J. Herbert
(resigned as a Director of the Company with effect from
31 March 2019)
PO Box 87, 22 Grenville Street,
St Helier,
Jersey, JE4 8PX,
Channel Islands.

Manager and Registrar

Lloyds Investment Fund Managers Limited
11-12 Esplanade,
St. Helier,
Jersey, JE2 3QA,
Channel Islands.

Legal Advisers

Mourant Ozannes
PO Box 87, 22 Grenville Street,
St Helier,
Jersey, JE4 8PX,
Channel Islands.

Asset Allocation Adviser

Aberdeen Asset Investments Limited
Bow Bells House,
1 Bread Street,
London,
EC4M 9HH.

Custodian

Apex Financial Services (Jersey) Limited
(formerly Link Corporate Services (Jersey) Limited)
PO Box 532, 12 Castle Street,
St Helier,
Jersey, JE2 3RT,
Channel Islands.

Secretary

Lloyds Corporate Services (Jersey) Limited
PO Box 160, 11 - 12 Esplanade,
St Helier,
Jersey, JE4 8RG,
Channel Islands.

Independent Auditor

PricewaterhouseCoopers CI LLP
37 Esplanade,
St Helier,
Jersey, JE1 4XA,
Channel Islands.

Investment Objectives and Policy

Lloyds Multi Strategy Fund Limited ('the Company') is an open-ended investment company registered in Jersey with four classes, each being an individual 'Fund'.

The overall objective of the Company is to provide investors with a managed investment designed to meet the specific objectives laid down for each Fund. The investment objectives and policy of the Funds are set out below.

The policy of the Company or Funds is to invest in collective investment funds and multi-manager funds managed by a range of fund managers including, but not limited to, Lloyds Investment Fund Managers Limited and other subsidiaries of Lloyds Banking Group plc.

These funds, in turn, invest in a number of asset classes. These could include, but are not limited to, bonds, equities, property and cash. The Fund may also hold cash deposits to enable Shares to be repurchased or for the efficient management of the Funds.

The type of assets of each Fund is decided by the Manager and may change without notice to shareholders.

The exact allocation of the assets of each Fund between the various asset classes is decided by the Manager on the recommendation of the Asset Allocation Adviser and varies depending on the risk profile of each Fund.

The Funds are managed according to their risk profile and each Fund carries a risk of loss to capital value and/or return particularly in the short to medium term but with potential for growth over the medium to long term. There is a modest level of risk for investors in the Conservative Strategy. The level of risk increases for the Growth Strategy and the Global US\$ Growth Strategy and a higher risk level for the Aggressive Strategy. Typically, higher growth potential is associated with higher risk, although this cannot be guaranteed.

The investment objective of each Fund (or 'Strategy') is set out below:

Conservative Strategy Fund

Seek to provide a modest return achieved through investment in a range of funds which invest in various lower-risk asset classes.

This Fund may be suitable for investors willing to invest for a minimum of five years, preferably ten years.

Growth Strategy Fund

Seek to provide long-term growth achieved through investment in a range of funds which invest in various asset classes, providing diversification by medium, currency and country.

This Fund may be suitable for investors willing to invest for a minimum of five years, preferably ten years.

Aggressive Strategy Fund

Seek to provide a greater potential for long-term growth achieved through investment in a range of funds which invest in various asset classes, weighted towards equities. This Fund may be suitable for investors willing to invest for a minimum of five years, preferably ten years.

Global US\$ Growth Strategy Fund

Seek to provide long-term capital growth for US dollar-based investors primarily through investment in a range of funds which invest in various asset classes with an emphasis on US dollar assets.

This Fund may be suitable for investors willing to invest for a minimum of five years, preferably ten years.

Directors' Profiles

Ross Davey Willcox (Chairman) – Head of Products, Islands, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1977 and held a number of managerial positions in the UK and Internationally. Was appointed as Chairman of Lloyds Investment Fund Managers Limited in 1999 and as Chairman of the Company in 2004. Current responsibilities include the value proposition of all investment products for International Wealth. A qualified Banker, a Fellow of the Securities & Investment Institute, a Chartered Director and Fellow of the Institute of Directors.

Aged 59.

Ian Mark Jeremie Hardy – Senior Manager, Products, Islands, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1981 and held a number of managerial positions before being appointed as a Director of Lloyds Investment Fund Managers Limited in 2000 and a Director of the Company in 2004. Current responsibilities include provision of technical and regulatory advice on a range of investment products and services. Holder of an upper second class honours degree from the University of Aston in Birmingham in Business Administration and Transport Planning.

Aged 60.

Timothy Joseph Herbert – Consultant, Mourant Ozannes, Jersey. (resigned as a Director of the Company with effect from 31 March 2019).

Jersey born and educated. M.A. in jurisprudence Trinity College Oxford 1982. Joined Mourant du Feu & Jeune (now Mourant Ozannes) in May 1983. Sworn in as an advocate of the Royal Court, September 1985. Tim Herbert was a partner of Mourant Ozannes from 1987 to 2012. In July 2012 he stepped down from the partnership and is now retained by Mourant Ozannes as a consultant to the firm. He has extensive experience in corporate and commercial law and mutual funds advice. Holds other external directorships and also acts as Honorary Consul for Finland.

Aged 59.

Brian Charles James – Senior Manager, Investment Operations, Islands, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1988 and held a number of managerial positions primarily in Financial Control and Risk Management roles before being appointed as a Director of Lloyds Investment Fund Managers Limited in 1999 and as a Director of the Company in 2004. Current responsibilities include leading a team of specialists delivering operational support for a range of offshore investment products and services. A Chartered Director, Fellow of the Institute of Directors, holder of the International Diploma in Governance, Risk & Compliance and a member of the International Compliance Association.

Aged 58.

Bronislaw Lysiak – Senior Manager, Regulated Investments, Islands, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1993 and has held a number of managerial positions within a regulated personal customer environment before being appointed as a Director of the Company in 2014. Current responsibilities are for sales and distribution of investment products to regulated intermediaries and institutions. Holder of an Advanced Financial Planning Certificate in Taxation, Trust and Investment Planning and Higher National Diploma in Business and Finance.

Aged 54.

Geoff Cook – Non Executive Chair, Chartered Company Director and a Chartered banker.

A career in Financial Services spanning 30 years, including roles as Head of Wealth Management for HSBC UK and CEO of Jersey Finance. A Chartered Banker, MBA Distinction, Chartered Fellow of the Chartered Institute of Securities and Investment and a member of the Society of Trustee and Estate Practitioners. Geoff Cook is a Director of a number of bank, financing, fund and social enterprise companies. Geoff has been a standing member of a number of high level governance boards, including Jersey's Financial Services Advisory Board, Fiscal Strategy Group and the Sound Business Practice Committee and has represented Jersey at the G20, OECD, CHOG, IMF and World Bank meetings and is a leading figure in the IFC world.

Aged 63.

Report of the Directors

The Directors have pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended 31 May 2019. The Company is domiciled and incorporated as a limited company in Jersey, Channel Islands under the Companies (Jersey) Law 1991 and is listed on The International Stock Exchange and has a secondary listing on the Malta Stock Exchange. Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 7.

Results

The results for the year are set out in the Financial Statements on pages 20 to 59.

Distributions

No Distributions were paid in the year ended 31 May 2019.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

Mr G. Cook (appointed 3 July 2019)

Mr I.M.J. Hardy (appointed 20 July 2004)

Mr T.J. Herbert (appointed 1 January 2005, resigned 31 March 2019)

Mr B.C. James (appointed 20 July 2004)

Mr B. Lysiak (appointed 5 June 2014)

Mr R.D. Willcox (appointed 20 July 2004)

As at 31 May 2019, the Shares held in the Company by the Directors were as follows:

Aggressive Strategy	Shares
Mr R. D. Willcox	21,478
Mrs S. J. Willcox (Spouse of Mr R. D. Willcox)	4,873

Growth Strategy

Mr I. M. J. Hardy	68,868
Mr B. C. James	18,576

As at 31 May 2019 there were no amounts receivable or payable in respect of the above holdings. No Director has a service contract with the Company and no Director is, or was, materially interested in any service or other contract entered into by the Company other than those disclosed below.

Mr T.J. Herbert resigned as a Director of the Company on 31 March 2019 due to retirement. Mr T.J. Herbert is a consultant to Mourant Ozannes, who are the Jersey legal advisers to the Company and the Manager. Mourant Ozannes receives fees in connection with advising the Company and the Manager. These are disclosed in Note 10.

As disclosed above Mr G. Cook was appointed as a Director of the Company on 3 July 2019.

Mr I.M.J. Hardy, Mr B.C. James and Mr R.D. Willcox are Directors of Lloyds Investment Fund Managers Limited (the 'Manager') which has a management contract with the Company. The Manager acts as the Company's non-EU Alternative Investment Fund Manager for the purpose of the Alternative Investment Fund Managers Directive (AIFMD). Fees earned by the Manager are disclosed in these Financial Statements in Note 9.

Custodian Change of Name

APEX Group and Genstar Capital have acquired the Corporate and Private Client Services and Throgmorton businesses of Link Group's Asset Services Division. The APEX Group, established in Bermuda in 2003, is one of the world's largest fund solutions providers with nearly \$500 billion in Assets under Administration (AUA) and over 40 offices worldwide. With effect from 1 July 2019 Link Corporate Services (Jersey) Limited, as Custodian of Lloyds Multi Strategy Fund Limited, changed its name to Apex Financial Services (Jersey) Limited. This has resulted in no material impact to the Company or Funds.

Directors Remuneration

Following an assessment of market rates a proposal will be placed before the shareholders at the Annual General Meeting to set the maximum amount of Director remuneration at £12,500 per annum (2018: £5,000 per annum). The increase is the first since 2007.

Investment Activities

The Report of the Asset Allocation Adviser is set out on pages 8 to 13.

Independent Auditor

PricewaterhouseCoopers CI LLP was re-appointed as Independent Auditor at the Annual General Meeting held on 24 October 2018 and have indicated their willingness to remain in office.

Changes to the Asset Allocation Adviser

With effect from 23 November 2019 the Investment Manager for Lloyds Multi Strategy Fund Limited will change from Aberdeen Asset Investments Limited to Schroder Investment Management Limited ('Schroders').

Prospectus

Copies of the Prospectus dated May 2018 together with any subsequent addenda are available, free of charge, on application to the Manager. Alternatively it can be accessed on our website at <http://international.lloydsbank.com/products-and-services/investments/funds/>

Management and Administration Providers

The names and addresses of management and administration providers are stated on page 2.

Comparatives Tables

The Performance Records, Change in Net Asset Value per Share and Distribution Tables are stated on pages 60 to 64.

Financial Risk Management

The Directors have taken into consideration the financial risk management of the Company, this has been disclosed in Note 20 of the financial statements.

Report of the Directors (continued)

Information Exchange

Jersey has entered into a number of Information Exchange Agreements with the authorities of other jurisdictions.

Shareholders should be aware that information on their investment may be shared with the relevant authorities, and may be passed to the tax authorities in their country of residence, citizenship or residence for tax purposes. For the avoidance of doubt this information may include (but not be limited to) details of shareholder names, addresses, unique identifiers (such as tax or national insurance numbers), amount of investment, redemption or sale proceeds and dividend payments.

Reporting Funds Regime

HM Revenue & Customs has accepted the entry of the Company into the Reporting Funds Regime for the purposes of regulation 51 of the Offshore Funds (Tax) Regulations 2009. The UK offshore funds rules apply in relation to each Fund within the Company. The following Funds have been approved by HM Revenue & Customs in the UK as "Reporting Funds" for the purposes of the UK offshore fund rules: Conservative Strategy, Growth Strategy and Aggressive Strategy.

Directors' Responsibilities

The Directors are responsible for preparing the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRS).

The Directors have also chosen to adopt areas of the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued in May 2014 by the IMA (Investment Management Association) where this does not conflict with other reporting requirements.

The Directors are required by the Companies (Jersey) Law 1991 to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company for that year and are in accordance with applicable laws. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Funds and to enable them to ensure that the Financial Statements comply with the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended).

They are also responsible for the safeguarding of the assets of the Company which includes the appointment of a duly qualified Custodian. The Directors must also ensure that they or their duly appointed agents take reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps that he ought to have taken as Director, in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Market Conditions

Assets held within certain Funds can be affected by market conditions and this may affect the share price of those Funds.

The Directors would like to remind shareholders that investment in the Funds should be considered as a long term commitment, as the price of shares may rise and fall in the short term in response to changing market conditions.

General Information

The Company is an open-ended investment Company with variable capital and shareholders are not liable for the debts of the Company.

The Company holds a certificate as a recognized Securities Fund under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended), and holds a permit under Article 7 of the Collective Investment Funds (Jersey) Law, 1988.

The Manager has the benefit of professional indemnity and directors' and officers' liabilities insurance coverage.

The Manager also maintains an appropriate level of 'own funds' to cover the equivalent professional liability risks set out in the Alternative Investment Fund Managers Directive (AIFMD). The Company is listed on The International Stock Exchange.

The published share price of the assets of each Fund was as follows:

	31 May 2019	1 June 2018
Sterling Denominated Strategies		
	pence	pence
Conservative Strategy Fund	125.70	123.40
Growth Strategy Fund	181.10	183.30
Aggressive Strategy Fund	243.40	248.70
US\$ Denominated Strategies		
	US\$ cents	US\$ cents
Global US\$ Growth Strategy Fund	158.70	163.70

The latest prices can be viewed on our website.

<http://international.lloydsbank.com/products-and-services/investments/international-funds/fund-prices/>

Report of the Directors (continued)

General Information (continued)

Absolute total returns for each Fund for the year are as follows:

	31 May 2019 %
Conservative Strategy Fund	1.74
Growth Strategy Fund	-1.12
Aggressive Strategy Fund	-2.13
Global US\$ Growth Strategy Fund	-3.05

Average Portfolio Dealing Spread

The average portfolio dealing spread percentage, including the effect of foreign exchange, for the year is shown below:

	31 May 2019 %	31 May 2018 %
Conservative Strategy Fund	0.08	0.08
Growth Strategy Fund	0.05	0.05
Aggressive Strategy Fund	0.02	0.01
Global US\$ Growth Strategy Fund	0.01	0.01

The spread on the statement of financial position date is representative of the typical spread throughout the year.

Remuneration

As per the requirement for AIFMD disclosure of remuneration, the Alternative Investment Fund Manager (AIFM) has no direct employees. Fixed and variable costs (including any bonuses) are recharged by fellow Group Companies, as set out in the financial statements of Lloyds Investment Fund Managers Limited, a copy of which are available upon request. Total staff costs and numbers have been allocated to Lloyds Multi Strategy Fund Limited based on the value of the assets under management as at 31 December 2018 as shown in the table below:

31 December 2018	Number of Employees	Fixed Remuneration £000	Variable Remuneration £000	Total Remuneration £000
Lloyds Multi Strategy Fund Limited	7	469	134	603
Total staff costs and numbers recharged to the AIFM by fellow Group Companies	21	1,340	385	1,725

The Alternative Investment Fund Manager has no employees and other than the fees set out in the Related Party Note 10 no other remuneration is paid.

UK Ring-fencing and Lloyds Investment Fund Managers Limited (the Manager)

Following the financial crisis, legislation was passed in the UK to strengthen the financial system, this is known as “ring-fencing”. To comply with these requirements, Lloyds Banking Group has separated its activities into the ring-fenced bank and a non-ring-fenced bank. Lloyds Bank plc, is a ring-fenced bank and is not permitted to operate a branch or subsidiary outside the European Economic Area (EEA).

Lloyds Banking Group transferred ownership of its Crown Dependency subsidiaries, including the Manager, to Lloyds Bank Corporate Markets plc, the non-ring-fenced bank on 1 July 2018. The Manager remains a member of Lloyds Banking Group.

Website

The Directors have selected Lloyds Bank International Limited’s website as the host website for the Company’s financial statements and believe this selection to be a reasonable one. The work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Information published on the internet is accessible in many countries. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board of Directors
B. C. James

27 August 2019

Report of the Asset Allocation Adviser

Market Overview

Overall, global equities were up over the 12 month reporting period, but returns varied considerably by region. US shares did well, but those trading on Japanese and other Asian markets were down over the period. UK stocks also declined.

At the start of the period, the US S&P 500 Index hit an all-time high, driven by a buoyant economy. While still positive, markets elsewhere were less buoyant. Investors paid close attention to political concerns, from Brexit to the threat of a trade war between the US and China. Towards the end of 2018, markets across the globe weakened, erasing previous gains. Losses came as concerns resurfaced over political risks and the potential for rising interest rates. In particular, many questioned the decision to raise US rates in December, which came despite signs of faltering global growth.

Markets rebounded at the start of 2019. US stocks enjoyed their best January in more than 30 years, supported by a more favourable interest rate outlook and upbeat corporate results. Further gains came amid optimism that the US and China could resolve their trade dispute. However, the positive mood was not to last. Global equity markets tumbled in May 2019, as US-China trade relations worsened again. In the UK, Prime Minister Theresa May announced her resignation, which increased the possibility of a 'no deal' Brexit.

UK

UK share prices were down over the last 12 months, having been somewhat volatile along the way. The stock market had to weather political upheaval and Brexit related uncertainty. At the sector level, shares in technology and healthcare companies were among the top performers. By contrast, telecoms and utilities were in the doldrums.

After a weak start to 2018, the UK equity market rebounded into the summer. Sterling weakness benefited companies that make the bulk of their earnings overseas. In particular, oil firms were in the ascendency as crude reached nearly \$80 per barrel in May 2018, its highest level in four years. The positive mood was not to last, however. UK equities fell back, as stumbling Brexit negotiations, the worsening US-China trade conflict and emerging market volatility dominated headlines. Nevertheless, economic data was generally positive, with better than anticipated Gross Domestic Product (GDP) growth and lower unemployment. This led the Bank of England (BoE) to increase interest rates to 0.75% in August 2018.

UK share prices ended 2018 in the doldrums. As a result, the FTSE 100 Index delivered its weakest annual performance since 2008. The broader FTSE All-Share Index also closed the year with a double digit decline. The prospect of a worldwide economic slowdown and Brexit uncertainty continued to dent sentiment. Although UK equities enjoyed a rebound in the opening months of 2019, they were to fall once again in May. Prime Minister Theresa May announced her resignation mid-month as MPs once more moved to reject her EU withdrawal agreement.

Europe

European equities made modest gains over the 12 months, falling sharply towards the end of 2018 before rebounding in early 2019. At the start of the period, markets were volatile due to fears rising inflation would necessitate higher interest rates. The US-China trade dispute also weighed heavily on sentiment. Export dependent Europe particularly suffered, especially the auto industry. It also endured the additional challenge of having to deal with new diesel emission regulations. On the political front, Italy grabbed the headlines with the election of a new populist government. It announced public spending plans that set it on a collision course with Brussels. This badly affected banks in Italy given their fragile health. In general, European banks had a difficult time, not least over the industry's exposure to Turkey. Its currency was on the verge of collapse in the summer of 2018. Economic signs and business confidence deteriorated as the year progressed and purchasing managers' surveys data softened. Germany posted negative GDP growth towards the end of 2018 and only narrowly avoided recession. Italy did enter recession before barely recovering with 0.1% growth in the first three months of 2019.

Only one month after ending its monetary stimulus programme in December, the European Central Bank (ECB) reversed its policy. The EU's anaemic economy forced the ECB into restarting its provision of cheap loans to banks and to rule out interest rate rises in 2019. Nevertheless, European equity markets enjoyed a positive start to 2019. A softer tone from the Fed and perceived progress in the US-China trade negotiations sent share prices higher. However, European equities sold off in May, as the US-China trade dispute resurfaced with greater intensity. Sentiment was further soured by the US threatening Mexico with tariffs. In addition, the European Commission cut its 2019 growth forecasts for the euro area.

Japan

Equities in Japan delivered a negative return over the past 12 months. The main factors were concerns around global trade, weak economic data and recent yen strength. Conditions did improve in 2019 but the Fed's decision to put interest rises on hold lifted markets. However, the positive sentiment reversed in May thanks to renewed worries about global trade.

The market got off to a bumpy start. Japan's annualised first quarter 2018 GDP contracted by 0.6%. Falling private consumption and weaker capital expenditure hampered the economy. This ended its longest streak of expansion since 1989. In September, voters re-elected Prime Minister Abe as president of the ruling Liberal Democratic Party. He will now remain prime minister, giving him a fresh mandate to push through his reform agenda. Thereafter, escalating trade tensions took centre stage. This caused equity markets to slump in December, wiping out much of the year's gains. The yen also climbed thanks to its 'safe haven' status. This hurt a number of companies that sell goods overseas. The Fed then surprised investors in January when it said it would halt interest rates rises. Hopes of a breakthrough between the US and China were also positive. First quarter 2019 GDP grew at a faster pace than expected, up 2.1%. However, trade tension resurfaced in May after President Trump imposed further sanction on China. Japanese equities surrendered all the gains they made in the first four months of the year.

Report of the Asset Allocation Adviser (continued)

US

Despite a challenging year, US equities outperformed other major equity markets. It was not all plain sailing, however. A sell off meant that US equities suffered their worst fourth quarter return since 2011, although markets did bounce back in early 2019.

At the start of the period, positive corporate results and a strengthening economy dominated investors' sentiment. In particular, unemployment and manufacturing numbers all pointed to robust, sustainable growth. As a result, equities advanced admirably during the second and third quarters of 2018. The flow of good news was eventually overridden by interest rate worries resurfacing and the US-China trade dispute coming back into play. This prompted a strong pullback across equity markets in October, which marked the worst month for US stocks in seven years. Heavy losses in December then wiped out gains made during the rest of 2018. The Federal Reserve's (Fed) latest interest rate rise was a key reason for the decline. Many observers questioned the need for higher rates when growth outside the US was faltering.

With global growth challenges rising, the Fed softened its tone on further rate hikes. This acted as the catalyst for a recovery in markets as we entered 2019. Growing optimism of a resolution to the US-China trade dispute further lifted investors' confidence. This led to the first quarter of 2019 returning the best quarterly performance for US shares in nearly a decade. However, events then took a turn for the worse. The US-China trade deal collapsed, causing a market sell off. The mood was further soured by the blacklisting of Huawei and US threats of tariffs on Mexico. Despite this, the US equity market remains in positive territory over the year to date given its robust start to 2019.

Bonds

Over much of the review period, monetary policy became less favourable for corporate bonds. The Fed continued to unwind its huge quantitative easing programme and raised interest rates in June, September and December 2018. However, from early 2019 there were growing indications that the Fed was adopting a more dovish stance in the face of economic data that pointed to a global slowdown. This was underlined in March when the Fed excised all of its previously forecast 2019 rate cuts, while moving to taper its balance sheet runoff well ahead of market expectations. The ECB also halted its quantitative easing buying programme in December. Meanwhile, the prospect of further BoE rate hikes reduced considerably amid mounting Brexit related worries.

All of this led to a rally in risk assets, buoyed also by optimism around a US-China trade settlement. For the first three months of 2019, corporate bond markets delivered strong returns. However, returns from corporate bonds were then flat in April, largely affected by the uncertainties created by Brexit. In May, escalating global trade tensions, notably the US-China tariff wars, came once more to the fore. Corporate bonds suffered as investors' appetite for risk fell.

A shift in central bank policy from quantitative easing to quantitative tightening characterised much of the past 12 months. Government bond markets proved volatile in the face of interest rate rises, a slowing world economy, and political upsets in Europe. Safe haven assets gained strong support as 2018 ended, reflecting increased risk aversion and continued macro uncertainty.

Government bonds had been bolstered by worries about higher than expected inflation. The impact of protectionism on global growth also revived investors' appetite for risk free assets. The BoE backed away from raising interest rates early on in the face of weak first quarter economic growth but hiked rates to 0.75% in August. The new year promised a pause to the process of quantitative tightening. In the UK, Brexit negotiations rumbled on, with no real clarification as to the eventual outcome. These worries were sufficient to trigger a 'flight to safety' in March 2019, pushing prices higher in major global government bond markets. That pessimism dissipated somewhat in April as a surge of optimism over global growth caused core 10-year government bond yields to rise sharply (prices fell). However, that trend reversed once more in May as heightened US-China trade tensions drove investors towards perceived haven assets.

Commercial property

Total returns from UK commercial real estate remained positive over the year to the end of April (the latest data available). While the return was lower than in previous years, it was still attractive compared to the return from holding cash over the same period. The industrial sector outperformed all the other UK property sectors.

Meanwhile, central London offices held up well, despite ongoing concerns over the uncertain macroeconomic backdrop and Brexit paralysis. Office values in the UK's six biggest regional cities are proving resilient. There has been strong occupational demand so far this year, with companies expanding further into regional markets. This regional trend has also been boosted by public sector requirements for large scale hubs in key regional cities. HMRC, for example, has plans to merge 170 of its offices across the country in favour of 13 regional hubs by 2020.

Report of the Asset Allocation Adviser (continued)

Conservative Strategy

At the start of June we commenced a number of regional equity trades in line with our desire to focus risk budget at Level One (main asset class e.g. equities or / and bonds). We closed our marginal underweights to both the US and the UK and reduced our overweight to Europe ex-UK equities. The overweight cash position was reduced to achieve this.

In early July, we elected to shift 1% from Japan Equities into US Equities. In order to diversify our overweight equities exposure, we trimmed our 2% overweight to Japan Equities (Level Two) and initiated a 1% overweight US Equities position where we were previously benchmark weighted.

At the end of July, we concluded our regional equity positioning to achieve a more balanced mix. We elected to reduce further the overweight position in Europe ex-UK as the funding source used to initiate a new overweight to emerging market equities.

In mid September, we increased our allocation to emerging market debt (EMD) following a period of underperformance for the asset class against developed markets. We think that USD-strength may be reaching a peak as slower growth momentum and worries over trade may be largely priced in. We believe this could be beneficial to emerging market regions. The increase was funded by eliminating the Cash overweight.

In early December, given the short term recovery in markets and with our overarching view that equities will continue to exhibit volatility, we reduced the overweight to US equities. We expect to see earnings momentum slow over time and the US Federal Reserve normalise interest rates. The recovery in the S&P500 to the top of its trading range provided the opportunity to take profits.

At the end of January 2019, we elected to further reduce our equity overweight following a strong period of returns in risk markets. Given the reductions in macro momentum across European markets and issues around global trade, we believed downside risk outweighed upside risk and so choose to reduce our lowest conviction region, European Equity back to neutral. The proceeds were reinvested into emerging market debt. Over 2018, emerging market assets had a difficult time due to idiosyncratic risks in conjunction with high US rates, a strong dollar and high oil prices. At this time we believed there were several supporting factors for emerging market debt namely positive valuations; the fading of fear around idiosyncratic risks; benefits from a US/China trade deal; and the Fed's softer tone probably keeping US dollar strength and yields contained.

At the start of March we felt confident in adding back to our Credit position. At the end of 2018, the US Federal Reserve (the Fed) became more cautious and the market had consequently priced out any potential rate hikes in 2019. The repricing of the Fed rate led equities to rally meaningfully since the beginning of the year, and therefore, we elected to continue to trim our equity exposure choosing our largest overweight, Japan. With little sign of inflation and global central banks on hold, we believe rates will stay lower for longer. We expressed this by reducing our underweight to UK corporate bonds.

Report of the Asset Allocation Adviser (continued)

Growth Strategy

At the start of June we commenced a number of regional equity trades in line with our desire to focus risk budget at Level One (main asset class e.g. equities or / and bonds). We closed our marginal underweights to both the US and the UK and reduced our overweight to Europe ex-UK equities. The overweight cash position was reduced to achieve this.

In early July, we elected to shift 1% from Japan Equities into US Equities. In order to diversify our overweight equities exposure, we trimmed our 3% overweight to Japan Equities (Level Two) and initiated a 1% overweight US Equities position where we were previously benchmark weighted.

At the end of July, we concluded our regional equity positioning to achieve a more balanced mix. We elected to reduce further, the overweight position in Europe ex-UK as the funding source used to initiate a new overweight to emerging market equities.

In mid September, we increased our allocation to emerging market debt (EMD) following a period of underperformance for the asset class against developed markets. We think that USD strength may be reaching a peak as slower growth momentum and worries over trade may be largely priced in. We believe this could be beneficial to emerging market regions. The increase was funded out of Cash.

In mid October we elected to take initial steps to reduce our Level One equity overweight. We chose to do so from Japan and Europe. At the asset allocation level, we think the decrease in economic momentum may continue to provide some headwinds for equities. The proceeds were added to Cash.

In early December, given the short term recovery in markets and with our overarching view that equities will continue to exhibit volatility, we reduced the overweight to US equities. We expect to see earnings momentum slow over time and the US Federal Reserve normalise interest rates. The recovery in the S&P500 to the top of its trading range provided the opportunity to take profits.

At the end of January 2019, we elected to further reduce our equity overweight following a strong period of returns in risk markets. Given the reductions in macro momentum across European markets and issues around global trade, we believed downside risk outweighed upside risk and so choose to reduce our lowest conviction region, European Equity back to neutral. The proceeds were reinvested into emerging market debt. Over 2018, emerging market assets had a difficult time due to idiosyncratic risks in conjunction with high US rates, a strong dollar and high oil prices. At this time we believed there were several supporting factors for emerging market debt namely positive valuations; the fading of fear around idiosyncratic risks; benefits from a US/China trade deal; and the Fed's softer tone probably keeping US dollar strength and yields contained.

During February, following positive performance since the start of the year, we trimmed the Japanese equity overweight. In Japan, production continues to soften with slowing exports to China. The current expansion has been driven by export growth under a recovering global economy and capex growth on the back of elevated corporate earnings. Corporate earnings could weaken given a slower global economy and higher fixed costs (i.e. wage inflation). Additionally, appreciation in the Yen under risk off conditions hurts the economy because exports become more expensive. Proceeds were added to Cash.

At the start of March we felt confident in adding back to our Credit position. At the end of 2018, the US Federal Reserve (the Fed) became more cautious and the market had consequently priced out any potential rate hikes in 2019. With little sign of inflation and global central banks on hold, we believe rates will stay lower for longer. Regarding emerging market debt, we believe global growth is experiencing a mid cycle slowdown as opposed to the start of a recession. The mitigated fear of a recession coupled with a Fed pause, which we believe will likely suppress further USD strength, gave us confidence in building our EM Government overweight and also reducing the underweight to UK Corporate bonds. Cash holdings were used to fund these purchases.

Report of the Asset Allocation Adviser (continued)

Aggressive Strategy

At the start of June we commenced a number of regional equity trades in line with our desire to focus risk budget at Level One (main asset class e.g. equities or / and bonds). We closed our marginal underweights to both the US and the UK and reduced our overweight to Europe ex-UK equities. Cash went further underweight to achieve this.

In early July, we elected to shift 1% from Japan Equities into US Equities. In order to diversify our overweight equities exposure, we trimmed our 2.5% overweight to Japan Equities (Level Two) and initiated a 1% overweight US Equities position where we were previously benchmark weighted.

At the end of July, we concluded our regional equity positioning to achieve a more balanced mix. We elected to reduce further, the overweight position in Europe ex-UK as the funding source used to initiate a new overweight to emerging market equities.

In mid September, we increased our allocation to emerging market debt (EMD) following a period of underperformance for the asset class against developed markets. We think that USD strength may be reaching a peak as slower growth momentum and worries over trade may be largely priced in. We believe this could be beneficial to emerging market regions. The increase was funded by the sale of Global high-yield (HY) bonds. The Global HY index is weighted heavily towards the USA (53%) and Europe (16%) and both have outperformed EMD since the start of 2019. Therefore, by switching to EMD Government bonds we were able to get full exposure.

In mid October we elected to take initial steps to reduce our Level One equity overweight. We chose to do so from Japan. At the asset allocation level, we think the decrease in economic momentum may continue to provide some headwinds for equities. The proceeds were added to Cash.

In early December, given the short term recovery in markets and with our overarching view that equities will continue to exhibit volatility, we reduced the overweight to US equities. We expect to see earnings momentum slow over time and the US Federal Reserve normalise interest rates. The recovery in the S&P500 to the top of its trading range provided the opportunity to take profits.

At the end of January 2019, we elected to further reduce our equity overweight following a strong period of returns in risk markets. Given the reductions in macro momentum across European markets and issues around global trade, we believed downside risk outweighed upside risk and so choose to reduce our lowest conviction region, European Equity back to neutral. The proceeds were used to neutralize the underweight to global high yield bonds rather than open an overweight in the small allocation to emerging market debt.

During February, following positive performance since the start of the year, we trimmed the Japanese equity overweight. In Japan, production continues to soften with slowing exports to China. The current expansion has been driven by export growth under a recovering global economy and capex growth on the back of elevated corporate earnings. Corporate earnings could weaken given a slower global economy and higher fixed costs (i.e. wage inflation). Additionally, appreciation in the Yen under risk off conditions hurts the economy because exports become more expensive. Proceeds were added to Cash.

At the start of March we felt confident in adding back to our Credit position. At the end of 2018, the US Federal Reserve (the Fed) became more cautious and the market had consequently priced out any potential rate hikes in 2019. With little sign of inflation and global central banks on hold, we believe rates will stay lower for longer. Regarding emerging market debt, we believe global growth is experiencing a mid cycle slowdown as opposed to the start of a recession. The mitigated fear of a recession coupled with a Fed pause, which we believe will likely suppress further USD strength, gave us confidence in opening an EM Government overweight funded from Cash holdings.

Global USD Growth Strategy

At the start of June we commenced a number of regional equity trades in line with our desire to focus risk budget at Level One (main asset class e.g. equities or / and bonds). We closed our marginal underweights to both the US and the UK and reduced our overweight to Europe ex-UK equities. The overweight cash position was reduced to achieve this.

In early July, we elected to shift 1% from Japan Equities into US Equities. In order to diversify our overweight equities exposure, we trimmed our 2.75% overweight to Japan Equities (Level Two) and initiated a 1% overweight US Equities position where we were previously benchmark weighted.

At the end of July, we concluded our regional equity positioning to achieve a more balanced mix. We elected to reduce further, the overweight position in Europe ex-UK as the funding source used to initiate a new overweight to emerging market equities.

In mid September, we increased our allocation to emerging market debt (EMD) following a period of underperformance for the asset class against developed markets. We think that USD strength may be reaching a peak as slower growth momentum and worries over trade may be largely priced in. We believe this could be beneficial to emerging market regions. The increase was funded out of Cash.

In mid October we elected to take initial steps to reduce our Level One equity overweight. We chose to do so from Japan and Europe. At the asset allocation level, we think the decrease in economic momentum may continue to provide some headwinds for equities. The proceeds were added to Cash.

In early December, given the short term recovery in markets and with our overarching view that equities will continue to exhibit volatility, we reduced the overweight to US equities. We expect to see earnings momentum slow over time and the US Federal Reserve normalise interest rates. The recovery in the S&P500 to the top of its trading range provided the opportunity to take profits.

At the end of January 2019, we elected to further reduce our equity overweight following a strong period of returns in risk markets. Given the reductions in macro momentum across European markets and issues around global trade, we believed downside risk outweighed upside risk and so choose to reduce our lowest conviction region, European Equity back to neutral. The proceeds were reinvested into emerging market debt. Over 2018, emerging market assets had a difficult time due to idiosyncratic risks in conjunction with high US rates, a strong dollar and high oil prices. At this time we believed there were several supporting factors for emerging market debt namely positive valuations; the fading of fear around idiosyncratic risks; benefits from a US/China trade deal; and the Fed's softer tone probably keeping US dollar strength and yields contained.

During February, following positive performance since the start of the year, we trimmed the Japanese equity overweight. In Japan, production continues to soften with slowing exports to China. The current expansion has been driven by export growth under a recovering global economy and capex growth on the back of elevated corporate earnings. Corporate earnings could weaken given a slower global economy and higher fixed costs (i.e. wage inflation). Additionally, appreciation in the Yen under risk off conditions hurts the economy because exports become more expensive. Proceeds were added to Cash.

At the start of March we felt confident in adding back to our Credit position. At the end of 2018, the US Federal Reserve (the Fed) became more cautious and the market had consequently priced out any potential rate hikes in 2019. With little sign of inflation and global central banks on hold, we believe rates will stay lower for longer. Regarding emerging market debt, we believe global growth is experiencing a mid cycle slowdown as opposed to the start of a recession. The mitigated fear of a recession coupled with a Fed pause, which we believe will likely suppress further USD strength, gave us confidence in building our EM Government overweight and also reducing the underweight to Global Corporate bonds. Cash holdings were used to fund these purchases.

This report is solely for information purposes and is not intended to be and should not be construed as an offer or recommendation to buy and sell investments, nor shall it form the basis or part of any contract to be relied upon in any way.

Aberdeen Asset Investments Limited

27 August 2019

Report of the Custodian to the Members of Lloyds Multi Strategy Fund Limited

Statement of Custodian's Responsibilities.

The Custodian is required under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) (the 'Rules') to ensure that, inter alia, it:

- satisfies itself that the sale, issue, redemption, cancellation and valuation of shares in the Company are carried out in accordance with the Rules; and
- takes into its custody all the assets of the Company and holds them in trust for the shareholders in accordance with the Rules; and
- enquires into the conduct of the Company in each annual accounting year and reports thereon to shareholders in a report, which shall contain the matters prescribed by the Rules. The Custodian's Report is included in this Annual Report.

Report of the Custodian to the Members of Lloyds Multi Strategy Fund Limited

In accordance with Article 2.06 of the Rules, Apex Financial Services (Corporate) Limited, has acted throughout the year as independent Custodian to the Company.

In accordance with Article 7.08 of the Rules we confirm, in our capacity as the Custodian, that we have enquired into the conduct of the Company for the year ended 31 May 2019 and in our opinion, to the best of our knowledge having made such enquiry, the affairs of the Company have been conducted in all material respects for the year then ended:

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association, by prospectuses and by all Orders for the time being in force under Article 11 of the Collective Investment Funds (Jersey) Law 1988 (as amended) ('the Law'); and
- otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Law.

Apex Financial Services (Corporate) Limited,
Custodian,
12 Castle Street, St Helier,
Jersey, JE2 3RT
Channel Islands

27 August 2019

Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Lloyds Multi Strategy Fund Limited (the "Company") and the separate financial statements of each Fund listed below (the "Funds"), (together "the financial statements") as at 31 May 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003.

What we have audited

The financial statements of the Company and the Funds listed below:

- Conservative Strategy Fund;
- Growth Strategy Fund;
- Aggressive Strategy Fund; and
- Global US\$ Growth Strategy Fund.

The financial statements comprises:

- the Statements of Financial Position as at 31 May 2019;
- the Statements of Comprehensive Income for the year then ended;
- the Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares for the year then ended;
- the Cash Flow Statements for the year then ended;
- the Investment Portfolios of the Funds as at 31 May 2019; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company and Funds in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



Materiality

- Overall materiality represents 1% of Net assets attributable to holders of participating redeemable preference shares of the Company and Funds respectively.

Audit scope

- Our audit work was performed solely in Jersey, which is where the Company and Funds are incorporated.
- We have audited the financial statements which have been prepared by Lloyds Investment Fund Managers Limited (the "Manager").
- We tailored the scope of our audit taking into account the types of investments within the Company and Funds in addition to the accounting processes and controls.

Key audit matters

- Valuation of Financial assets at fair value through profit or loss.

Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited

(continued)

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company and Funds, the accounting processes and controls, and the industry in which they operate.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Funds materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality		
Company	£1,855k	(2018: £2,022k)
Conservative Strategy Fund	£254k	(2018: £273k)
Growth Strategy Fund	£1,385k	(2018: £1,525k)
Aggressive Strategy Fund	£148k	(2018: £157k)
Global US\$ Growth Strategy Fund	US\$86k	(2018: US\$89k)
How we determined it	1% of net assets attributable to holders of participating redeemable preference shares.	
Rationale for the materiality benchmark	We believe that net assets are the most appropriate benchmark because this is a key metric of interest to members and users of the financial statements. It is also a generally accepted measure used for companies in this industry.	

We agreed with the board of directors that we would report to them misstatements identified during our audit above 10% of overall materiality for the Company and Funds as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited

(continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p>Valuation of financial assets at fair value through profit or loss</p> <p>The Company and Funds' financial assets are valued at £181,947,537 and represent the majority of the net assets attributable to holders of participating redeemable preference shares as at 31 May 2019.</p> <p>Refer to further information on the investment portfolios included in the financial statements on pages 32 – 35 and Note 20 (Financial Risk Management).</p> <p>The fair value of the Company and Funds' financial assets is based on quoted market prices as at the Statement of Financial Position date. The quoted market price used for these financial assets held by the Company and Funds are the current mid-market price at the close of business on the last business day of the accounting year, in line with IFRS 13 (Fair Value Measurement).</p> <p>Whilst the valuation of these financial assets are not considered complex, nor does it involve significant judgements and estimates to be made by the directors, the market value is material to the Company and Funds. A material misstatement due to fraud or error could potentially be material to the financial statements as a whole.</p> <p>As a result, whilst we have not concluded it to be a significant audit risk, we consider the valuation of financial assets at fair value through profit or loss to be an area of focus in our audit and accordingly a key audit matter.</p>	<p>Our audit procedures included understanding and evaluating the key controls around the valuation performed by the Manager.</p> <p>We assessed the accounting policy for the valuation of financial assets at fair value through profit or loss for compliance with IFRS; performed testing to ensure that the investment valuation had been accounted for in accordance with the stated accounting policy and determined that the accounting policy complied with accounting standards and had been consistently applied.</p> <p>In addition to this, we compared all investment prices used by the Manager at year end to the prices obtained from an independent pricing source for reasonableness.</p> <p>No misstatements were identified by our testing which required reporting to the directors.</p>

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Audited Financial Statements but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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 identified above 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Jersey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company and Funds' ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and Funds or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited

(continued)

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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited

(continued)

Report on other legal and regulatory requirements

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

This report, including the opinion, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Ian Ross

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants

Jersey, Channel Islands

27 August 2019

Statements of Financial Position

As at 31 May 2019

	Notes	Company	Conservative Strategy Fund
		£	£
Current Assets			
Cash and cash equivalents		3,372,699	635,186
Creations receivable		108,055	12,067
Investment sales receivable		236,589	—
Financial assets at fair value through profit or loss		181,947,537	24,809,210
Other accrued income and other debtors	4	197,195	28,264
Total Assets		185,862,075	25,484,727
Equity			
Ordinary share capital		1,000	—
Total Equity		1,000	—
Current Liabilities			
Redemptions payable		—	—
Distributions payable	5	—	—
Accrued expenses and other creditors	6	247,641	34,863
Nominal shares		85,753	—
Total Liabilities*		333,394	34,863
Net assets attributable to holders of participating redeemable preference shares	17	185,527,681	25,449,864
Total Liabilities and Equity		185,862,075	25,484,727

* Excluding Net assets attributable to holders of participating redeemable preference shares

The financial statements on pages 20 to 31 were approved by the Board of Directors on 27 August 2019 and are signed on their behalf by:

B. C. James
R. D. Willcox } Directors

The notes on pages 36 to 59 form an integral part of these financial statements.

Statements of Financial Position

As at 31 May 2019

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Current Assets			
Cash and cash equivalents	2,675,847	51,927	12,275
Creations receivable	76,515	13,996	6,903
Investment sales receivable	—	43,000	244,000
Financial assets at fair value through profit or loss	135,817,184	14,726,823	8,311,480
Other accrued income and other debtors	74,320	4,719	3,957
Total Assets	138,643,866	14,840,465	8,578,615
Equity			
Ordinary share capital	—	—	—
Total Equity	—	—	—
Current Liabilities			
Redemptions payable	—	—	—
Distributions payable	—	—	—
Accrued expenses and other creditors	182,714	21,079	11,325
Nominal shares	—	—	—
Total Liabilities*	182,714	21,079	11,325
Net assets attributable to holders of participating redeemable preference shares	138,461,152	14,819,386	8,567,290
Total Liabilities and Equity	138,643,866	14,840,465	8,578,615

* Excluding Net assets attributable to holders of participating redeemable preference shares

The notes on pages 36 to 59 form an integral part of these financial statements.

Statements of Financial Position (continued)

As at 31 May 2018

	Notes	Company	Conservative Strategy Fund
		£	£
Current Assets			
Cash and cash equivalents		889,780	197,726
Creations receivable		105,115	18,181
Investment sales receivable		—	—
Financial assets at fair value through profit or loss		201,909,458	27,176,105
Other accrued income and other debtors	4	76,871	18,761
Total Assets		202,981,224	27,410,773
Equity			
Ordinary share capital		1,000	—
Total Equity		1,000	—
Current Liabilities			
Redemptions payable		71,291	—
Distributions payable	5	487,487	121,429
Accrued expenses and other creditors	6	236,294	34,048
Nominal shares		—	—
Total Liabilities*		795,072	155,477
Net assets attributable to holders of participating redeemable preference shares	17	202,185,152	27,255,296
Total Liabilities and Equity		202,981,224	27,410,773

* Excluding net assets attributable to holders of participating redeemable preference shares.

Statements of Financial Position (continued)

As at 31 May 2018

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Current Assets			
Cash and cash equivalents	468,522	15,816	276,397
Creations receivable	63,250	17,409	8,349
Investment sales receivable	—	—	—
Financial assets at fair value through profit or loss	152,551,651	15,674,970	8,658,183
Other accrued income and other debtors	49,462	4,622	4,027
Total Assets	153,132,885	15,712,817	8,946,956
Equity			
Ordinary share capital	—	—	—
Total Equity	—	—	—
Current Liabilities			
Redemptions payable	71,291	—	—
Distributions payable	366,058	—	—
Accrued expenses and other creditors	168,477	23,237	14,014
Nominal shares	—	—	—
Total Liabilities*	605,826	23,237	14,014
Net assets attributable to holders of participating redeemable preference shares	152,527,059	15,689,580	8,932,942
Total Liabilities and Equity	153,132,885	15,712,817	8,946,956

* Excluding net assets attributable to holders of participating redeemable preference shares.

Statements of Comprehensive Income

For the year ended 31 May 2019

	Notes	Company	Conservative Strategy Fund
		£	£
Operating Profit			
Net (loss) / profit on financial assets at fair value through profit or loss	7	(2,630,475)	359,806
Investment income		1,915,396	338,558
Other income	8	235,534	13,683
Operating expenses	9	(2,192,000)	(273,384)
Net operating (loss) / profit before tax		(2,671,545)	438,663
Finance Costs			
Distributions to holders of participating redeemable preference shares	5	—	—
Total finance costs		—	—
Net operating (loss) / profit		(2,671,545)	438,663
Withholding tax on dividends and other investment income	18	—	—
(Decrease) / increase in net assets attributable to holders of participating redeemable preference shares from operations		(2,671,545)	438,663

For the year ended 31 May 2018

	Notes	Company	Conservative Strategy Fund
		£	£
Operating Profit			
Net profit / (loss) on financial assets at fair value through profit or loss	7	5,936,925	(204,933)
Investment income		1,610,325	371,052
Other income	8	165,563	14,758
Operating expenses	9	(1,639,428)	(287,561)
Net operating profit / (loss) before tax		6,073,385	(106,684)
Finance Costs			
Distributions to holders of participating redeemable preference shares	5	(487,487)	(121,429)
Total finance costs		(487,487)	(121,429)
Net operating profit / (loss)		5,585,898	(228,113)
Withholding tax on dividends and other investment income	18	—	—
Increase / (decrease) in net assets attributable to holders of participating redeemable preference shares from operations		5,585,898	(228,113)

The notes on pages 36 to 59 form an integral part of these financial statements.

Statements of Comprehensive Income

For the year ended 31 May 2019

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Operating Profit			
Net (loss) / profit on financial assets at fair value through profit or loss	(2,424,122)	(388,371)	(230,764)
Investment income	1,429,215	145,510	2,742
Other income	175,342	27,849	24,220
Operating expenses	(1,648,104)	(185,151)	(110,796)
Net operating (loss) / profit before tax	(2,467,669)	(400,163)	(314,598)
Finance Costs			
Distributions to holders of participating redeemable preference shares	—	—	—
Total finance costs	—	—	—
Net operating (loss) / profit	(2,467,669)	(400,163)	(314,598)
Withholding tax on dividends and other investment income	—	—	—
(Decrease) / increase in net assets attributable to holders of participating redeemable preference shares from operations	(2,467,669)	(400,163)	(314,598)

For the year ended 31 May 2018

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Operating Profit			
Net profit / (loss) on financial assets at fair value through profit or loss	4,796,067	895,963	606,988
Investment income	1,082,521	144,426	16,633
Other income	107,585	26,460	22,615
Operating expenses	(1,075,549)	(191,042)	(115,069)
Net operating profit / (loss) before tax	4,910,624	875,807	531,167
Finance Costs			
Distributions to holders of participating redeemable preference shares	(366,058)	—	—
Total finance costs	(366,058)	—	—
Net operating profit / (loss)	4,544,566	875,807	531,167
Withholding tax on dividends and other investment income	—	—	—
Increase / (decrease) in net assets attributable to holders of participating redeemable preference shares from operations	4,544,566	875,807	531,167

The notes on pages 36 to 59 form an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 May 2019

	Company	Conservative Strategy Fund
	£	£
Net assets attributable to holders of participating redeemable preference shares at the beginning of the year	202,185,152	27,255,296
Creation of participating redeemable preference shares issued	5,963,346	1,087,101
Redemption of participating redeemable preference shares	(20,321,797)	(3,331,196)
Net decrease from share transactions	(14,358,451)	(2,244,095)
(Decrease) / increase in net assets attributable to holders of participating redeemable preference shares from operations	(2,671,545)	438,663
Movement in currency translation	372,525	—
Net assets attributable to holders of participating redeemable preference shares as at 31 May	185,527,681	25,449,864

For the year ended 31 May 2018

	Company	Conservative Strategy Fund
	£	£
Net assets attributable to holders of participating redeemable preference shares at the beginning of the year	146,010,366	29,378,561
Creation of participating redeemable preference shares issued	65,625,670	1,308,935
Redemption of participating redeemable preference shares	(14,831,084)	(3,204,087)
Net increase / (decrease) from share transactions	50,794,586	(1,895,152)
Increase / (decrease) in net assets attributable to holders of participating redeemable preference shares from operations	5,585,898	(228,113)
Movement in currency translation	(205,698)	—
Net assets attributable to holders of participating redeemable preference shares as at 31 May	202,185,152	27,255,296

The notes on pages 36 to 59 form an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the year ended 31 May 2019

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
Net assets attributable to holders of participating redeemable preference shares at the beginning of the year	152,527,059	15,689,580	8,932,942
Creation of participating redeemable preference shares issued	2,906,126	1,298,993	872,882
Redemption of participating redeemable preference shares	(14,504,364)	(1,769,024)	(923,936)
Net decrease from share transactions	(11,598,238)	(470,031)	(51,054)
(Decrease) / increase in net assets attributable to holders of participating redeemable preference shares from operations	(2,467,669)	(400,163)	(314,598)
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 May	138,461,152	14,819,386	8,567,290

For the year ended 31 May 2018

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
Net assets attributable to holders of participating redeemable preference shares at the beginning of the year	93,867,477	15,178,108	9,793,430
Creation of participating redeemable preference shares issued	62,354,322	1,007,346	1,289,501
Redemption of participating redeemable preference shares	(8,239,306)	(1,371,681)	(2,681,156)
Net increase / (decrease) from share transactions	54,115,016	(364,335)	(1,391,655)
Increase / (decrease) in net assets attributable to holders of participating redeemable preference shares from operations	4,544,566	875,807	531,167
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 May	152,527,059	15,689,580	8,932,942

The notes on pages 36 to 59 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 31 May 2019

	Company	Conservative Strategy Fund
	£	£
Cash flows from operating activities		
Purchase of financial assets	(23,416,169)	(2,849,990)
Receipts from sale of investments	40,900,130	5,580,507
Investment income received	1,886,732	329,182
Fee rebates received	217,429	12,472
Bank interest received	12,985	1,084
Interest paid	(9,844)	(1,382)
Operating expenses paid	(2,173,940)	(271,187)
Net cash inflow / (outflow) from operating activities	17,417,323	2,800,686
Cash flows from financing activities		
Distributions paid to holders of participating redeemable preference shares issued	(487,487)	(121,429)
Proceeds received from issue of participating redeemable preference shares	5,982,173	1,093,215
Payments on redemption of participating redeemable preference shares	(20,408,925)	(3,331,196)
Net cash outflow from financing activities	(14,914,239)	(2,359,410)
Net increase / (decrease) in cash and cash equivalents	2,503,084	441,276
Cash and cash equivalents at the beginning of the year	889,780	197,726
Exchange losses on cash and cash equivalents	(31,742)	(3,816)
Movement in currency translation	11,577	—
Cash and cash equivalents as at 31 May	3,372,699	635,186

The notes on pages 36 to 59 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 31 May 2019

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Cash flows from operating activities			
Purchase of financial assets	(16,610,003)	(2,701,017)	(1,582,002)
Receipts from sale of investments	30,936,665	3,226,036	1,458,184
Investment income received	1,409,483	145,501	3,234
Fee rebates received	159,693	27,399	22,517
Bank interest received	10,523	362	1,281
Interest paid	(6,682)	(822)	(1,207)
Operating expenses paid	(1,627,185)	(186,487)	(112,278)
Net cash inflow / (outflow) from operating activities	14,272,494	510,972	(210,271)
Cash flows from financing activities			
Distributions paid to holders of participating redeemable preference shares issued	(366,058)	—	—
Proceeds received from issue of participating redeemable preference shares	2,892,861	1,302,406	874,328
Payments on redemption of participating redeemable preference shares	(14,575,655)	(1,769,024)	(923,936)
Net cash outflow from financing activities	(12,048,852)	(466,618)	(49,608)
Net increase / (decrease) in cash and cash equivalents	2,223,642	44,354	(259,879)
Cash and cash equivalents at the beginning of the year	468,522	15,816	276,397
Exchange losses on cash and cash equivalents	(16,317)	(8,243)	(4,243)
Movement in currency translation	—	—	—
Cash and cash equivalents as at 31 May	2,675,847	51,927	12,275

The notes on pages 36 to 59 form an integral part of these financial statements.

Cash Flow Statements (continued)

For the year ended 31 May 2018

	Company	Conservative Strategy Fund
	£	£
Cash flows from operating activities		
Purchase of financial assets	(108,749,712)	(9,786,986)
Receipts from sale of investments	57,092,937	11,799,933
Investment income received	1,614,546	371,052
Fee rebates received	147,580	10,701
Bank interest received	1,126	9
Interest paid	(19,568)	(6,628)
Operating expenses paid	(1,591,164)	(288,933)
Net cash (outflow) / inflow from operating activities	(51,504,255)	2,099,148
Cash flows from financing activities		
Distributions paid to holders of participating redeemable preference shares issued	(929,889)	(264,459)
Proceeds received from issue of participating redeemable preference shares	65,653,592	1,306,241
Payments on redemption of participating redeemable preference shares	(14,848,554)	(3,293,936)
Net cash inflow / (outflow) from financing activities	49,875,149	(2,252,154)
Net decrease in cash and cash equivalents	(1,629,106)	(153,006)
Cash and cash equivalents at the beginning of the year	2,557,118	360,165
Exchange losses on cash and cash equivalents	(28,882)	(9,433)
Movement in currency translation	(9,350)	—
Cash and cash equivalents as at 31 May	889,780	197,726

The notes on pages 36 to 59 form an integral part of these financial statements.

Cash Flow Statements (continued)

For the year ended 31 May 2018

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Cash flows from operating activities			
Purchase of financial assets	(93,325,160)	(2,868,993)	(3,684,002)
Receipts from sale of investments	38,309,935	3,206,993	5,024,635
Investment income received	1,082,521	144,424	22,021
Fee rebates received	94,416	26,301	21,506
Bank interest received	25	13	1,436
Interest paid	(9,599)	(2,257)	(1,442)
Operating expenses paid	(1,022,399)	(188,843)	(121,074)
Net cash (outflow) / inflow from operating activities	(54,870,261)	317,638	1,263,080
Cash flows from financing activities			
Distributions paid to holders of participating redeemable preference shares issued	(665,430)	—	—
Proceeds received from issue of participating redeemable preference shares	62,370,459	1,005,551	1,292,515
Payments on redemption of participating redeemable preference shares	(8,168,015)	(1,371,681)	(2,681,156)
Net cash inflow / (outflow) from financing activities	53,537,014	(366,130)	(1,388,641)
Net decrease in cash and cash equivalents	(1,333,247)	(48,492)	(125,561)
Cash and cash equivalents at the beginning of the year	1,815,314	68,257	404,560
Exchange losses on cash and cash equivalents	(13,545)	(3,949)	(2,602)
Movement in currency translation	—	—	—
Cash and cash equivalents as at 31 May	468,522	15,816	276,397

The notes on pages 36 to 59 form an integral part of these financial statements.

Investment Portfolios

As at 31 May 2019

Conservative Strategy

	Holding 31.05.19	Market Value 31.05.19	% of Total Net Assets	Holding 31.05.18	Market Value 31.05.18	% of Total Net Assets
		£			£	
Bond Funds 52.54% (50.88%)*						
BlackRock Overseas Corporate Bond Fund	1,738,779	2,750,749	10.81	2,043,019	2,919,475	10.71
L&G Emerging Government Bond Fund	3,660,683	2,632,397	10.34	3,873,580	2,495,360	9.16
Lloyds Investment Funds High Income	3,125,388	2,661,893	10.46	3,264,396	2,792,691	10.25
Lloyds Investment Funds Sterling Bond	1,747,050	2,664,252	10.47	1,847,081	2,792,787	10.25
PIMCO Global Investment Grade Credit Fund	128,171	2,662,110	10.46	145,079	2,863,865	10.51
Equity Funds 29.10% (30.69%)*						
Russell Continental Europe Equity Fund	23,561	502,548	1.97	37,615	860,259	3.16
Russell Emerging Markets Equity Fund	16,426	632,900	2.49	12,872	536,123	1.97
Russell Japan Equity Fund	44,180	1,154,420	4.54	58,540	1,651,414	6.06
Russell UK Equity Fund	208	3,498,405	13.75	206	3,719,591	13.65
Russell US Equity Fund	57,633	1,615,462	6.35	58,915	1,595,422	5.85
Property Funds 1.02% (1.02%)*						
BlackRock Global Property Securities Fund	115,068	258,328	1.02	140,197	278,711	1.02
Money Market Funds 0% (2.40%)*						
Lloyds Sterling Money Fund	—	—	—	12,460	654,363	2.40
Absolute Return Funds 14.84% (14.73%)*						
SLI Global Absolute Return Fund	299,682	3,775,746	14.84	321,263	4,016,044	14.73
Total value of investments		24,809,210	97.50		27,176,105	99.72
Other assets		675,517	2.65		234,668	0.86
Total assets		25,484,727	100.15		27,410,773	100.58
Liabilities		(34,863)	(0.15)		(155,477)	(0.58)
Net assets attributable to holders of participating redeemable preferences shares		25,449,864	100.00		27,255,296	100.00
* as at 31.05.18						
		For the year ended 31.05.19			For the year ended 31.05.18	
Cost of investments purchased		£2,849,990			£9,786,986	
Proceeds from investments sold		£5,580,507			£11,799,933	

Investment Portfolios (continued)

As at 31 May 2019

Growth Strategy

	Holding 31.05.19	Market Value 31.05.19	% of Total Net Assets	Holding 31.05.18	Market Value 31.05.18	% of Total Net Assets
		£			£	
Bond Funds 16.87% (14.63%)*						
BlackRock Overseas Corporate Bond Fund	7,317,072	11,575,607	8.36	8,657,101	12,370,997	8.11
L&G Emerging Government Bond Fund	8,592,447	6,178,828	4.46	7,173,704	4,621,300	3.03
Lloyds Investment Funds High Income	6,577,275	5,601,865	4.05	6,227,042	5,327,235	3.49
Equity Funds 71.06% (73.34%)*						
Russell Continental Europe Equity Fund	358,179	7,639,954	5.52	474,101	10,842,679	7.11
Russell Emerging Markets Equity Fund	217,705	8,388,173	6.06	198,260	8,257,518	5.41
Russell Japan Equity Fund	515,244	13,463,338	9.72	628,622	17,733,419	11.62
Russell Asia Pacific Ex Japan Equity Fund	81,593	2,784,763	2.01	82,148	3,091,225	2.03
Russell UK Equity Fund	1,316	22,086,024	15.95	1,350	24,335,423	15.95
Russell US Equity Fund	784,074	21,977,589	15.87	859,872	23,285,336	15.27
Threadneedle Luxembourg UK Equity Fund	568,320	22,056,497	15.93	593,089	24,316,629	15.94
Property Funds 4.13% (4.11%)*						
BlackRock Global Property Securities Fund	2,549,543	5,723,724	4.13	3,154,105	6,270,362	4.11
Money Market Funds 0% (2.06%)*						
Lloyds Sterling Money Fund	—	—	—	59,900	3,145,867	2.06
Absolute Return Funds 6.02% (5.87%)*						
SLI Global Absolute Return Fund	662,012	8,340,822	6.02	716,247	8,953,661	5.87
Total value of investments		135,817,184	98.08		152,551,651	100.00
Other assets		2,826,682	2.04		581,234	0.38
Total assets		138,643,866	100.12		153,132,885	100.38
Liabilities		(182,714)	(0.12)		(605,826)	(0.38)
Net assets attributable to holders of participating redeemable preferences shares		138,461,152	100.00		152,527,059	100.00

* as at 31.05.18

	For the year ended 31.05.19	For the year ended 31.05.18
Cost of investments purchased	£16,610,003	£93,325,160
Proceeds from investments sold	£30,936,665	£38,309,935

Investment Portfolios (continued)

As at 31 May 2019

Aggressive Strategy

	Holding 31.05.19	Market Value 31.05.19	% of Total Net Assets	Holding 31.05.18	Market Value 31.05.18	% of Total Net Assets
		£			£	
Bond Funds 5.52% (4.42%)*						
L&G Emerging Government Bond Fund	521,122	374,739	2.53	364,014	234,498	1.49
Robeco High Yield Bonds Fund	3,673	443,713	2.99	3,963	459,320	2.93
Equity Funds 90.86% (92.20%)*						
Russell Continental Europe Equity Fund	103,825	2,214,597	14.94	111,035	2,539,361	16.19
Russell Emerging Markets Equity Fund	39,335	1,515,567	10.23	34,547	1,438,901	9.17
Russell Japan Equity Fund	45,731	1,194,945	8.06	53,110	1,498,222	9.55
Russell Asia Pacific Ex Japan Equity Fund	15,390	525,267	3.54	14,604	549,547	3.50
Russell UK Equity Fund	119	2,004,170	13.52	117	2,104,263	13.41
Russell US Equity Fund	71,848	2,013,912	13.59	78,383	2,122,622	13.53
Russell US Quant Equity Fund	64,035	2,005,561	13.53	70,510	2,120,935	13.52
Threadneedle Luxembourg UK Equity Fund	51,358	1,993,223	13.45	51,007	2,091,306	13.33
Money Market Funds 0% (0.20%)*						
Lloyds Sterling Money Fund	—	—	—	610	32,011	0.20
Property Funds 2.98% (3.08%)*						
BlackRock Global Property Securities Fund	196,494	441,129	2.98	243,453	483,984	3.08
Total value of investments		14,726,823	99.36		15,674,970	99.90
Other assets		113,642	0.77		37,847	0.24
Total assets		14,840,465	100.13		15,712,817	100.14
Liabilities		(21,079)	(0.13)		(23,237)	(0.14)
Net assets attributable to holders of participating redeemable preferences shares		14,819,386	100.00		15,689,580	100.00

* as at 31.05.18

	For the year ended 31.05.19	For the year ended 31.05.18
Cost of investments purchased	£2,701,017	£2,868,933
Proceeds from investments sold	£3,226,036	£3,206,993

Investment Portfolios (continued)

As at 31 May 2019

Global US\$ Growth Strategy

	Holding 31.05.19	Market Value 31.05.19 US\$	% of Total Net Assets	Holding 31.05.18	Market Value 31.05.18 US\$	% of Total Net Assets
Bond Funds 22.01% (20.04%)*						
BlackRock GIF Emerging Market Government Bond Fund	4,198	538,816	6.29	3,697	444,421	4.98
Kames Investment Grade Global Bond Fund	—	—	—	5,668	66,931	0.75
Robeco Global Credits USD	1,127	118,214	1.38	—	—	—
Vanguard US Investment Grade Credit Fund	6,328	1,228,133	14.34	7,053	1,278,468	14.31
Equity Funds 66.01% (67.93%)*						
Russell Continental Europe Equity Fund	31,596	844,257	9.85	34,037	1,011,228	11.32
Russell Emerging Markets Equity Fund	1,503	610,409	7.12	1,218	558,670	6.25
Russell Japan Equity Fund	44,708	934,835	10.91	48,191	1,142,603	12.79
Russell Asia Pacific Ex Japan Equity Fund	4,257	171,437	2.00	3,796	176,919	1.98
Russell UK Equity Fund	12,660	295,855	3.45	10,429	269,495	3.02
Russell US Equity Fund	49,926	1,401,929	16.36	51,064	1,455,316	16.29
Russell US Quant Equity Fund	49,644	1,397,975	16.32	50,835	1,454,376	16.28
Property Funds 3.97% (4.05%)*						
BlackRock Developed Real Estate Fund	26,993	340,349	3.97	30,801	361,604	4.05
Absolute Return Funds 5.01% (4.90%)*						
SLI Global Absolute Return Fund	33,449	429,271	5.01	35,052	438,152	4.90
Total value of investments		8,311,480	97.00		8,658,183	96.92
Other assets		267,135	3.12		288,773	3.23
Total assets		8,578,615	100.12		8,946,956	100.15
Liabilities		(11,325)	(0.12)		(14,014)	(0.15)
Net assets attributable to holders of participating redeemable preferences shares		8,567,290	100.00		8,932,942	100.00

* as at 31.05.18

	For the year ended 31.05.19	For the year ended 31.05.18
Cost of investments purchased	\$1,582,002	\$3,684,002
Proceeds from investments sold	\$1,458,184	\$5,024,635

Notes to the Financial Statements

For the year ended 31 May 2019

1. The Company

The Company is domiciled and incorporated as a limited company in Jersey, Channel Islands under the Companies (Jersey) Law 1991 and is listed on The International Stock Exchange and has a secondary listing on the Malta Stock Exchange. Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 7.

2. Basis of Preparation

2.1 Basis of preparation

The annual report of the Company and the Funds have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis. Within the Financial Statements the Company represents the total value of the Funds combined, with the exception of the Statements of Financial Position which also includes the Nominal Share values. The Funds are:

- Conservative Strategy Fund
- Growth Strategy Fund
- Aggressive Strategy Fund
- Global US\$ Growth Strategy Fund

The policies set out below have been consistently applied to all years presented (unless otherwise stated).

The annual report has been prepared under the historical cost convention, as modified by the revaluation of investments, held at fair value through the profit or loss and in accordance with the Companies (Jersey) Law 1991 and with the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended). Jersey is not part of the United Kingdom ('UK') and the Company is not regulated by the Financial Conduct Authority ('FCA') or the Prudential Regulation Authority ('PRA') of the UK.

The capital of the Company comprises various classes of Shares each relating to a separate Fund consisting of securities, cash, other assets and liabilities. This annual report presents the statements of financial position, statements of comprehensive income, statements of changes in net assets attributable to holders of participating redeemable preference shares, cash flow statements, investment portfolios, notes to the financial statements, performance records, change in net asset value per share and distribution tables. At the statement of financial position date there were four Funds in existence; Conservative Strategy Fund, Growth Strategy Fund, Aggressive Strategy Fund and Global US\$ Growth Strategy Fund (Same as 2018). The Directors may from time to time create further classes (Funds).

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Founders Shares. Details of Founders Shares are disclosed in Notes 3 and 14.

Where assets of an individual Fund are insufficient to meet that Fund's liabilities, then any liabilities that remain undischarged will revert to the Company as a whole and be allocated amongst the other Funds.

2.2 Significant accounting estimates and judgements

The Company makes assumptions and estimates that affect the reported amounts of assets and liabilities at the statement of financial position date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting policies deemed significant to the Company's results and financial position, based upon materiality and significant judgements and estimates, are discussed in the following notes. There are no significant estimates and judgements that have a material effect on the financial statements.

2.3 Going concern

The Financial Statements of the Company and Funds have been prepared in accordance with IFRS on the going concern basis. The Directors have a reasonable expectation that the Lloyds Multi Strategy Fund Limited will continue as a going concern for the foreseeable future.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated in the following text:

The Directors also monitor new standards and ensure that they are applied when relevant.

3.1 Standards, amendments and interpretations

The following new standards, amendments and interpretations have been adopted in these financial statements.

Amendments to IAS 40, IFRIC 22, IFRS 2, IFRS 4, IFRS 9 and IFRS 15: The Company has applied the amendments to IAS 40, IFRIC 22, IFRS 2, IFRS 4, IFRS 9 and IFRS 15 for the first time in the current year. None of these amendments had a material impact on the financial statements.

IFRS 9 'Financial Instruments' became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI).

A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

3. Summary of Significant Accounting Policies (continued)

3.1 Standards, amendments and interpretations (continued)

All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

IFRS 9 has been applied retrospectively by the Fund and did not result in a change to the classification or measurement of financial instruments as outlined in note 3 (a) Classification. The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

3.2 The following new and revised standards, amendments and interpretations have been published but are not yet effective:

- IAS 19, 'Employee benefits' (effective from 1 January 2019).
- IAS 28, 'Investments in associates and joint ventures' (effective from 1 January 2019).
- IFRIC 23, 'Uncertainty over income tax treatments' (effective from 1 January 2019).
- IFRS 16, 'Leases' (effective 1 January 2019).
- IFRS 17, 'Insurance contracts' (effective from 1 January 2021).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

Functional currency and presentational currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). The Directors have adopted sterling as the functional and presentational currency which reflects the Company's primary activity of investing in sterling share Classes and the regulatory environment of the majority of investors, being UK based.

The Company has adopted sterling as its presentational and functional currency for the Conservative Strategy Fund, Growth Strategy Fund and Aggressive Strategy Fund as the majority of the Shares in each Fund have been subscribed for in sterling and all non dealing related fees and expenses are paid in sterling.

The Company has adopted the US Dollar as its presentation and functional currency for the Global US\$ Growth Strategy Fund. The primary activity of this Strategy is to invest in US Dollar denominated securities, the majority of shares in this Strategy have been subscribed for in US Dollars and the primary currency in which income, fees and expenses are paid is the US Dollar.

Share premium and share capital currency translation

Share premium and share capital transactions are translated into sterling at the exchange rate ruling at the time of the transaction.

The aggregated balance of net assets attributable to holders of participating redeemable preference Shares has been translated using the average exchange rate for the year.

Segmental reporting

The Company, at the statement of financial position date is organised into four business segments or Funds, each focusing on achieving returns by investing in a range of investments as described in the Investment Objectives and Policy on page 3.

The Company issues Shares which are allocated to the Fund selected by the investor. A separate account is maintained for each Fund, to which proceeds of issue, the income arising from those proceeds and expenses are allocated. Upon redemption, shareholders are entitled to their proportion of the net assets held in the Fund in which their Shares have been designated.

A statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to holders of participating redeemable preference shares and cash flow statement have been prepared for each Fund as well as for the Company as a whole.

Foreign currency translation

Assets and liabilities denominated in currencies other than the functional currency of the Fund are translated at the rate of exchange ruling at the statement of financial position date. The currency profits or losses arising on translation, together with currency profits or losses realised during the year, are recognised in the statement of comprehensive income.

The rate of exchange to sterling from dollar ruling at 31 May 2019 used for the conversion of statement of financial position items was 1.26040 and the average rate for the year used for the conversion of the statement of comprehensive income was 1.29798.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

3. Summary of Significant Accounting Policies (continued)

Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis.

The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss and therefore there is no impact as a result of the adoption of IFRS9.

(b) Recognition

Purchases and sales are recognised on the trade date (the date on which the Company commits to purchase or sell the asset).

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income as incurred. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are recognised in the statement of comprehensive income in the period in which they arise.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Creations receivable and Redemptions payable

Creations receivable represent the amount due from investors for the issue of participating shares. Redemptions payable represent the amount payable to investors following a cancellation of participating shares. These are recognised at fair value.

Investment sales receivable and Investment purchases payable

Investment sales receivable represent securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date.

Investment purchases payable represent securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

A provision for impairment of amounts due on investment sales receivable is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from the broker is impaired.

Revenue recognition

Investment income from Fund investments is recognised in the statement of comprehensive income on an ex-dividend basis when the right to receive payment is established. When a Fund holds derivatives with offsetting market risks, it uses bid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid-market price to the net open position as appropriate, please note the Funds held no derivatives at 31 May 2019 (31 May 2018 : Nil).

Fee rebate income is recognised in the statement of comprehensive income on a time proportionate basis using the rates provided by the underlying fund managers.

Bank Interest is recognised in the statement of comprehensive income on a time proportionate basis using the effective interest rate method ("EIR"). The EIR is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial asset or liability, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. There is no impact as a result of adopting IFRS 15.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

3. Summary of Significant Accounting Policies (continued)

Transaction costs

There are no direct transaction costs related to the purchase or sale of underlying investments, however, the value of the underlying investments includes indirect transaction costs from the purchase and sale of underlying assets. These transaction costs do not form part of the disclosures herein.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets and financial liabilities held by the Fund is the current mid-market price as required by IFRS 13 financial assets and financial liabilities at fair value at close of business on the last business day of the accounting year.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Overdraft facility

Where investments cannot be realised in time to meet any redemptions of Participating Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities. An overdraft facility of £5,000,000 is in place with Lloyds Bank International Limited, covering the maximum aggregated amount outstanding on all Funds managed by Lloyds Investment Fund Managers Limited at any time.

Interest is calculated on the cleared daily balance of each account and payable on amounts owing at 2% per annum over Base Rate (currently 2.5% per annum in total). Where borrowing exceeds the maximum aggregated amount borrowing will be charged at a rate equal to the Bank's Unauthorised Overdraft Rate (presently 2.2% per month / 26.4% per annum). Refer to Note 20 for further information.

Share capital

- (i) The Founders Shares have been subscribed for by the Manager and are non-participating. The holders thereof are entitled only to income arising on the assets represented by the Founders Shares. These Shares are classified as Ordinary Share capital in the statement of financial position.
- (ii) Unclassified Shares may be issued as either participating redeemable preference shares ('Participating Shares') or Nominal Shares. Participating Shares are redeemable at the shareholder's option and are classified as financial liabilities. Participating Shares are carried at the redemption amount that is payable if the holder exercises the right to redeem Shares at the statement of financial position date.

Participating Shares are issued and redeemed at the holder's option at prices based on each Fund's net asset value per Share at the time of issue or redemption. Each Fund's net asset value per Share is calculated by dividing the net assets attributable to the holders of participating redeemable preference shares with the total number of Participating Shares in issue.

In accordance with the provisions of the Company's regulations, investments are valued based on the latest traded market price for the purpose of determining the net asset value per Share for subscriptions and redemptions.

The Shares are divided into funds according to the type of investment in which the proceeds of the issue of Shares in each Fund are invested. A separate portfolio of investments is maintained for each Fund.

Each holder of a Participating Share is entitled on a poll, to one vote for each Participating Share held. Participating Shares have a right to dividends declared. If any dividends are paid, different amounts of dividends may be payable in respect of different Funds.

- (iii) Nominal Shares have been accounted for in accordance with the Companies (Jersey) Law 1991 and corresponding amounts have been included in debtors and financial liabilities.

A Nominal Share will be created when a Participating Share is cancelled. A Nominal Share will be cancelled when a Participating Share is created until the number of Nominal Shares falls to zero.

- (iv) Both issued Nominal and Participating Shares have a nominal value of £ 0.01 per Share.

Details of the Company's Share capital transactions are shown in Note 14.

Share premium

The premium on issues and redemptions of Participating Shares is accounted for within the Share premium account which forms part of the net assets attributable to holders of participating redeemable preference Shares. Details are shown in Notes 15 and 17.

Distributions payable to holders of participating redeemable preference shares

Distributions to holders of Participating Shares are recognised and classified as finance costs when they are ratified by the Directors.

Distributions are calculated on an annual basis. A distributable amount includes both investment income (including equalisation from underlying funds) and bank interest received. Revenue expenses deducted include management fees, custodian fees, registrar fee and management expenses.

Accrued income and expenses

Accrued income and expenses are recognised initially at fair value and subsequently stated at amortised cost using the EIR. There is no impact as a result of adopting IFRS 9.

As at 31 May 2019 the Fund held no commitments in respect of an obligation resulting from the occurrence of one or more future events not wholly within the Fund's control.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

4. Other Accrued Income and Other Debtors

	Company	Conservative Strategy Fund
	£	£
As at 31 May 2019		
Accrued dividend income	64,152	9,376
Fee rebate income accrued	46,290	18,888
Cash due for Founders shares	1,000	—
Cash due for Nominal shares	85,753	—
Total other accrued income and other debtors	<u>197,195</u>	<u>28,264</u>
As at 31 May 2018		
Accrued dividend income	539	—
Fee rebate income accrued	75,332	18,761
Cash due for Founders shares	1,000	—
Cash due for Nominal shares	—	—
Total other accrued income and other debtors	<u>76,871</u>	<u>18,761</u>

5. Distributions

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares and comprise of:

	Company	Conservative Strategy Fund
	£	£
Year ended 31 May 2019		
Distributions due to holders of participating redeemable preference shares as at 31 May	—	—
Income paid on cancellation of shares	23,637	4,216
Income received on creation of shares	(15,176)	(1,412)
Net distributions for the year	<u>8,461</u>	<u>2,804</u>
Year ended 31 May 2018		
Distributions due to holders of participating redeemable preference shares as at 31 May	487,487	121,429
Income paid on cancellation of shares	42,277	9,554
Income received on creation of shares	(180,578)	(3,608)
Net distributions for the year	<u>349,186</u>	<u>127,375</u>

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

4. Other Accrued Income and Other Debtors

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
As at 31 May 2019			
Accrued dividend income	19,732	11	223
Fee rebate income accrued	54,588	4,708	3,734
Cash due for Founders shares	—	—	—
Cash due for Nominal shares	—	—	—
Total other accrued income and other debtors	74,320	4,719	3,957
As at 31 May 2018			
Accrued dividend income	—	2	715
Fee rebate income accrued	49,462	4,620	3,312
Cash due for Founders shares	—	—	—
Cash due for Nominal shares	—	—	—
Total other accrued income and other debtors	49,462	4,622	4,027

5. Distributions

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares and comprise of:

	Growth Strategy Fund	Aggressive Strategy Fund	* Global US\$ Growth Strategy Fund
	£	£	US\$
Year ended 31 May 2019			
Distributions due to holders of participating redeemable preference shares as at 31 May	—	—	—
Income paid on cancellation of shares	5,747	12,417	1,632
Income received on creation of shares	(1,475)	(11,009)	(1,662)
Net distributions for the year	4,272	1,408	(30)
Year ended 31 May 2018			
Distributions due to holders of participating redeemable preference shares as at 31 May	366,058	—	—
Income paid on cancellation of shares	16,236	11,359	6,919
Income received on creation of shares	(165,901)	(8,709)	(3,184)
Net distributions for the year	216,393	2,650	3,735

* The Global US\$ Growth Strategy Fund takes the form of a roll-up fund where income generated from underlying investments is retained in the Fund rather than paid out to investors by way of distribution.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

6. Accrued Expenses and Other Creditors

	Company	Conservative Strategy Fund
	£	£
As at 31 May 2019		
Due to Manager	36,518	17,600
Due to Custodian	120,919	3,957
Other Creditors	90,204	13,306
Total accrued expenses and other creditors	<u>247,641</u>	<u>34,863</u>
As at 31 May 2018		
Due to Manager	163,825	18,986
Due to Custodian	28,505	6,359
Other Creditors	43,964	8,703
Total accrued expenses and other creditors	<u>236,294</u>	<u>34,048</u>

7. Net (Loss) / Gain on Financial Assets at Fair Value Through Profit or Loss

The net (loss) / gain on investments during the year comprise:

	Company	Conservative Strategy Fund
	£	£
Year ended 31 May 2019		
Proceeds from sales of investments during the year	41,097,623	5,580,507
Original cost of investments sold during the year	(38,071,004)	(5,359,934)
Realised foreign exchange losses	(32,003)	(3,811)
Net gains realised during the year	<u>2,994,616</u>	<u>216,762</u>
Realised gains on investments sold during the year	3,239,488	259,794
Realised losses on investments sold during the year	(212,870)	(39,222)
Movement in unrealised gains for the year	(5,872,279)	3,014
Movement in unrealised losses for the year	246,819	140,021
Unrealised foreign exchange gains	369	9
Net (loss) / gain on investments	<u>(2,630,475)</u>	<u>359,806</u>

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

6. Accrued Expenses and Other Creditors

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
As at 31 May 2019			
Due to Manager	—	12,892	7,596
Due to Custodian	114,894	1,413	825
Other Creditors	67,820	6,774	2,904
Total accrued expenses and other creditors	182,714	21,079	11,325
As at 31 May 2018			
Due to Manager	125,811	13,284	7,644
Due to Custodian	18,002	3,120	1,362
Other Creditors	24,664	6,833	5,008
Total accrued expenses and other creditors	168,477	23,237	14,014

7. Net (Loss) / Gain on Financial Assets at Fair Value Through Profit or Loss

The net (loss) / gain on investments during the year comprise:

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Year ended 31 May 2019			
Proceeds from sales of investments during the year	30,936,665	3,269,036	1,702,184
Original cost of investments sold during the year	(28,865,267)	(2,667,499)	(1,529,409)
Realised foreign exchange losses	(16,352)	(8,310)	(4,580)
Net gains realised during the year	2,055,046	593,227	168,195
Realised gains on investments sold during the year	2,240,556	603,178	176,473
Realised losses on investments sold during the year	(169,159)	(1,641)	(3,698)
Movement in unrealised gains for the year	(4,583,202)	(981,708)	(402,870)
Movement in unrealised losses for the year	104,000	44	3,574
Unrealised foreign exchange gains	34	66	337
Net (loss) / gain on investments	(2,424,122)	(388,371)	(230,764)

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

7. Net Gain / (Loss) on Financial Assets at Fair Value Through Profit or Loss (continued)

The net gain / (loss) on investments during the year comprise:

	Company	Conservative Strategy Fund
	£	£
Year ended 31 May 2018		
Proceeds from sales of investments during the year	57,040,525	11,799,933
Original cost of investments sold during the year	(52,452,981)	(11,375,120)
Realised foreign exchange losses	(26,966)	(8,660)
Net gains realised during the year	4,560,578	416,153
Realised gains on investments sold during the year	4,995,246	568,498
Realised losses on investments sold during the year	(407,702)	(143,685)
Movement in unrealised gains for the year	61,434,825	7,756,845
Movement in unrealised losses for the year	(60,058,478)	(8,377,931)
Unrealised foreign exchange (losses) / gains	(68)	82
Net gain / (loss) on investments	5,936,925	(204,933)

8. Other Income

	Company	Conservative Strategy Fund
	£	£
Year ended 31 May 2019		
Fee rebate received *	222,578	12,599
Bank interest	12,956	1,084
Total other income	235,534	13,683
Year ended 31 May 2018		
Fee rebate received	164,458	14,749
Bank interest	1,105	9
Total other income	165,563	14,758

* Negotiated fee rebates are received from the following underlying funds: Lloyds Investment Fund High Income, Lloyds Investment Fund Sterling Bond, Russell Continental Europe Equity Fund Class I Inc, Russell Emerging Markets Fund Equity Class I Inc, Russell Japan Equity Fund Class I Inc, Russell UK Equity Fund Class I Income, Russell US Equity Fund Class I Inc, Russell Asia Pacific Ex Japan Fund Class I Inc and Russell US Quant Fund Class I Accum..

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

7. Net Gain / (Loss) on Financial Assets at Fair Value Through Profit or Loss (continued)

The net gain / (loss) on investments during the year comprise:

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Year ended 31 May 2018			
Proceeds from sales of investments during the year	38,309,935	3,206,993	5,024,635
Original cost of investments sold during the year	(35,148,158)	(2,652,409)	(4,422,312)
Realised foreign exchange losses	(13,517)	(3,280)	(2,037)
Net gains realised during the year	3,148,260	551,304	600,286
Realised gains on investments sold during the year	3,406,401	560,349	620,712
Realised losses on investments sold during the year	(244,624)	(5,765)	(18,389)
Movement in unrealised gains for the year	42,285,070	8,798,417	3,500,955
Movement in unrealised losses for the year	(40,637,263)	(8,453,758)	(3,494,253)
Unrealised foreign exchange (losses) / gains	40	137	(441)
Net gain / (loss) on investments	4,796,067	895,963	606,988

8. Other Income

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Year ended 31 May 2019			
Fee rebate received *	164,819	27,487	22,939
Bank interest	10,523	362	1,281
Total other income	175,342	27,849	24,220
Year ended 31 May 2018			
Fee rebate received	107,560	26,447	21,188
Bank interest	25	13	1,427
Total other income	107,585	26,460	22,615

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

9. Operating Expenses

	Notes	Company £	Conservative Strategy Fund £
Year ended 31 May 2019			
Payable to the Manager:			
Annual management fees	10	1,824,715	214,290
Registrar fees	10	66,342	5,614
Payable to the Custodian:			
Custodian fees	11	157,803	26,229
Other expenses:			
Administration expenses *		119,454	24,251
Dilution levy		—	—
Audit fee		23,686	3,000
Total expenses		2,192,000	273,384
Total Expense Ratio **			1.73%
Year ended 31 May 2018			
Payable to the Manager:			
Annual management fees	10	1,330,194	218,304
Registrar fees	10	55,389	12,054
Payable to the Custodian:			
Custodian fees	11	136,416	28,466
Other expenses:			
Administration expenses *		73,260	22,237
Dilution levy		18,816	—
Audit fee		25,353	6,500
Total expenses		1,639,428	287,561
Total Expense Ratio **			1.74%

* The Administration expenses include £5,000 of Director fees (see Note 10).

** The Total Expense Ratio ("TER") represents the total expenses charged to the Fund and includes the Annual Management Charge ("AMC"), the Custodian Fee, any underlying fund costs payable and the operating expenses incurred in running the Fund, expressed as a percentage of the average daily net asset values during the year.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

9. Operating Expenses

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Year ended 31 May 2019			
Payable to the Manager:			
Annual management fees	1,387,778	153,866	89,276
Registrar fees	58,138	1,725	1,123
Payable to the Custodian:			
Custodian fees	109,308	15,388	8,928
Other expenses:			
Administration expenses *	73,880	12,872	10,969
Dilution levy	—	—	—
Audit fee	19,000	1,300	500
Total expenses	1,648,104	185,151	110,796
Total Expense Ratio **	1.82%	1.93%	1.86%
Year ended 31 May 2018			
Payable to the Manager:			
Annual management fees	888,788	153,433	94,011
Registrar fees	34,678	6,477	2,941
Payable to the Custodian:			
Custodian fees	85,570	15,413	9,401
Other expenses:			
Administration expenses *	35,197	11,219	6,216
Dilution levy	18,816	—	—
Audit fee	12,500	4,500	2,500
Total expenses	1,075,549	191,042	115,069
Total Expense Ratio **	1.82%	1.97%	1.84%

* The Administration expenses include £5,000 of Director fees (see Note 10).

** The Total Expense Ratio ("TER") represents the total expenses charged to the Fund and includes the Annual Management Charge ("AMC"), the Custodian Fee, any underlying fund costs payable and the operating expenses incurred in running the Fund, expressed as a percentage of the average daily net asset values during the year.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

10. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial or operating decisions. The following are considered by the Directors of the Company to be related parties:

- The Manager, Lloyds Investment Fund Managers Limited.
- The Asset Allocation Adviser, Aberdeen Asset Investments Limited.
- Lloyds Bank International Limited.
- Key management personnel.

The fees received by the Manager are set out in Note 9. The Asset Allocation Adviser is paid by the Manager. Details of amounts due to the Manager at the end of the year are shown in Note 6.

All investor share transactions in the Company are facilitated through the Manager, the aggregate values of which are set out in the statement of changes in net assets attributable to holders of participating redeemable preference shares on pages 26 and 27.

At the year end the Manager held Participating Shares in the Company as follows:

	31 May 2019	31 May 2018
Conservative Strategy Fund	7,041	7,019
Growth Strategy Fund	7,048	7,030
Aggressive Strategy Fund	6,970	6,940
Global US\$ Growth Strategy Fund	15,887	15,745
	36,946	36,734

(a) Management and Registrar fees

The Manager of the Company, Lloyds Investment Fund Managers Limited, is part of Lloyds Banking Group. The Manager is entitled to a daily fee equal to the annual rate set out below by reference to the net assets of each Fund calculated daily and paid monthly by the Company.

From 19 August 2016 the Management fee for each Fund was reduced to 1%.

The Directors and the Manager may agree a higher fee for any Fund subject to a maximum annual rate of 2.00% of the mid market value of net assets of the Fund. If such a higher fee is agreed, shareholders of the relevant Fund will be given at least three months written notice before it comes into effect.

None of the Funds as represented within these financial statements invest in other Funds within the Company.

The Manager, in its capacity as Registrar, is entitled to a fee payable by the Company of £12.00 (2018: £12.00) for each shareholding which appears on the Share Register on the last business day of each annual and half yearly accounting period. The Manager and the Company may agree a higher fee.

Details of amounts due to the Manager at the end of the year are shown in Note 6.

(b) Key management personnel

The following Directors of the Company at 31 May 2019 are employees of Lloyds Banking Group: I.M.J. Hardy, B.C. James, B. Lysiak and R.D. Willcox.

I.M.J. Hardy, B.C. James and R.D. Willcox are Directors of the Manager, Lloyds Investment Fund Managers Limited.

As disclosed in the Report of the Directors, Geoff Cook was appointed as a Director of the Company on 3 July 2019.

(c) Directors' fees

Directors who are employees of the Lloyds Banking Group do not receive Directors' fees. All other Directors currently receive a fee of £5,000 per annum (2018: £5,000 per annum).

A proposal will be placed before the Shareholders at the Annual General Meeting to increase the maximum amount of Director remuneration to £12,500 per annum.

(d) Cash and cash equivalents

There is a current deposit held with Lloyds Bank International Limited. Lloyds Investment Fund Managers Limited, who act as Manager and Registrar, and Lloyds Corporate Services (Jersey) Limited, who act as Secretary are part of the Lloyds Banking Group of companies. There are no further transactions, other than those listed above, with any of the Lloyds Banking Group companies.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

11. Custodian

APEX Group and Genstar Capital have acquired the Corporate and Private Client Services and Throgmorton businesses of Link Group's Asset Services Division. The APEX Group, established in Bermuda in 2003, is one of the world's largest fund solutions providers with nearly \$500 billion in Assets under Administration (AUA) and over 40 offices worldwide. With effect from 1 July 2019 Link Corporate Services (Jersey) Limited as Custodian of Lloyds Multi Strategy Fund Limited changed its name to Apex Financial Services (Jersey) Limited.

The fees received by the Custodian are set out in Note 9. Details of amounts due to the Custodian at the end of the year are shown in Note 6.

The Custodian is entitled to an annual fee payable monthly by the Company, in respect of each Fund, at the rates set out in the table below by reference to the net asset value of each Fund calculated on a mid-market basis and subject to a minimum overall fee of £5,000 per annum per sterling Fund Class and US\$10,000 per US\$ Fund Class. The minimum fee for the US\$ Fund Classes has been waived until further notice.

The Custodian is entitled to reimbursement by each Fund of its expenses in connection with its duties as Custodian and to make transaction charges to cover the cost of effecting settlement of stock and cash.

Custodian Fee Rates

	NAV of each Fund		
	Up to £50M	Next £50M	£100M Plus
Conservative Strategy Fund	0.100%	0.075%	0.050%
Growth Strategy Fund	0.100%	0.075%	0.050%
Aggressive Strategy Fund	0.100%	0.075%	0.050%

	NAV of each Fund		
	Up to US\$100M	Next US\$100M	US\$200M Plus
Global US\$ Growth Strategy Fund	0.100%	0.075%	0.050%

12. Controlling Party

In the opinion of the Directors, there is no ultimate controlling party of the Company as defined by International Accounting Standard (IAS) 24 Related Party Disclosures.

13. Equalisation

The price of a share includes an equalisation amount calculated by dividing the net undistributed income of that Fund by the number of shares in issue at the time when the prices are calculated. The payment of the first distribution after the issue of a share includes an amount of equalisation calculated by averaging the amounts received by way of equalisation during the year to which the distribution relates.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

14. Share Capital

Company	31 May 2019		31 May 2018	
	£		£	
Authorised Share Capital:				
1,000 Founders Shares of £1	1,000		1,000	
750,000,000 Unclassified Shares of 1p	7,500,000		7,500,000	
	7,501,000		7,501,000	
Issued Ordinary Share Capital:				
Founders Shares	1,000		1,000	
Nominal Shares:				
Balance brought forward	—		237,403	
Creations	121,390		94,095	
Redemptions	(35,637)		(331,498)	
Balance carried forward	85,753		—	
Participating Shares:				
Balance brought forward	1,170,358		892,183	
Creations	35,637		372,270	
Redemptions	(121,390)		(94,095)	
Balance carried forward	1,084,605		1,170,358	
Fund	Shares	£	Shares	£
Conservative Strategy	20,241,353	202,414	22,077,935	220,779
Growth Strategy	76,677,172	766,772	83,195,015	831,950
Aggressive Strategy	6,124,065	61,241	6,308,681	63,087
Total Sterling Funds	103,042,590	1,030,427	111,581,631	1,115,816
	Shares	US\$	Shares	US\$
Global US\$ Growth Strategy	5,417,259	147,257	5,453,697	147,622
	Shares	£	Shares	£
Total Company (Sterling equivalent)	108,459,849	1,084,605	117,035,328	1,170,358

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

15. Share Premium

	31 May 2019	31 May 2018
	£	£
Conservative Strategy	18,947,958	21,170,884
Growth Strategy	99,187,573	110,716,361
Aggressive Strategy	5,740,243	6,207,020
Total Sterling Funds	123,875,774	138,094,265
	US\$	US\$
Global US\$ Growth Strategy	4,399,506	4,450,225
Total Company (Sterling equivalent)	124,932,866	139,190,432
Balance brought forward	139,190,432	88,784,962
Premium on creations	5,915,137	65,075,432
Premium on redemptions	(20,172,703)	(14,669,962)
Balance carried forward	124,932,866	139,190,432

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

16. Capital Reserves

	Notes	Company	Conservative Strategy Fund
		£	£
Net realised gains on investments brought forward		39,972,632	4,731,324
Net realised gains for the year	7	2,994,616	216,762
Net realised gains on investments carried forward		42,967,248	4,948,086
Net unrealised movement on investment brought forward		20,006,284	1,149,253
Net unrealised movement in the year	7	(5,625,092)	143,044
Net unrealised movement on investment carried forward		14,381,192	1,292,297
Total realised / unrealised movement carried forward		57,348,440	6,240,383
Net transfer (from) / to capital reserve brought forward		(587,382)	—
Net movement from capital reserve in the year		(77,765)	—
Net transfer (from) / to capital reserve carried forward		(665,147)	—
As at 31 May		56,683,293	6,240,383

17. Net assets attributable to holders of participating redeemable preference shares

	Notes	Company	Conservative Strategy Fund
		£	£
As at 31 May 2019			
Share capital	14	1,084,605	202,414
Share premium	15	124,932,866	18,947,958
Capital reserves	16	56,683,293	6,240,383
Undistributed income *		(78,139)	59,109
Movement in currency translation		2,905,056	—
Net assets attributable to holders of participating redeemable preference shares		185,527,681	25,449,864
As at 31 May 2018			
Share capital	14	1,170,358	220,779
Share premium	15	139,190,432	21,170,884
Capital reserves	16	59,391,534	5,880,577
Undistributed income *		(106,373)	(16,944)
Movement in currency translation		2,539,201	—
Net assets attributable to holders of participating redeemable preference shares		202,185,152	27,255,296

* Undistributed income under the accruals method as at 31 May 2019 amounts to (£68,000) (31 May 2018 amounts to (£214,508)).

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

16. Capital Reserves

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Net realised gains on investments brought forward	26,538,002	5,851,373	4,185,760
Net realised gains for the year	2,055,046	593,227	168,195
Net realised gains on investments carried forward	28,593,048	6,444,600	4,353,955
Net unrealised movement on investment brought forward	14,677,734	3,464,271	1,150,374
Net unrealised movement in the year	(4,479,168)	(981,598)	(398,959)
Net unrealised movement on investment carried forward	10,198,566	2,482,673	751,415
Total realised / unrealised movement carried forward	38,791,614	8,927,273	5,105,370
Net transfer (from) / to capital reserve brought forward	(147,559)	103,829	(1,001,039)
Net movement from capital reserve in the year	—	(13,200)	(83,804)
Net transfer (from) / to capital reserve carried forward	(147,559)	90,629	(1,084,843)
As at 31 May	38,644,055	9,017,902	4,020,527

17. Net assets attributable to holders of participating redeemable preference shares

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
As at 31 May 2019			
Share capital	766,772	61,241	147,257
Share premium	99,187,573	5,740,243	4,399,506
Capital reserves	38,644,055	9,017,902	4,020,527
Undistributed income *	(137,248)	—	—
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares	138,461,152	14,819,386	8,567,290
As at 31 May 2018			
Share capital	831,950	63,087	147,622
Share premium	110,716,361	6,207,020	4,450,225
Capital reserves	41,068,177	9,419,473	4,335,095
Undistributed income *	(89,429)	—	—
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares	152,527,059	15,689,580	8,932,942

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

18. Taxation

In accordance with International Accounting Standard (IAS) 12 Income Taxes, investment income is shown gross of withholding tax.

During the year ended 31 May 2019 no income tax was suffered (31 May 2018 : Nil)

The Company is liable to be charged at a tax rate of 0% under Schedule D of the Income Tax (Jersey) Law 1961, as amended (the 'Income Tax Law') in respect of:

- (i) the income or profits of any trade carried on by the Company in Jersey or elsewhere,
- (ii) any interest of money, whether yearly or otherwise, or other annual payment paid to the Company, whether such payment is made within or outside of Jersey,
- (iii) dividends and other distributions of a company regarded as resident in Jersey paid to the Company,
- (iv) income arising to the Company from securities outside of Jersey and
- (v) any other income of the Company that is not derived from the ownership or disposal of land in Jersey.

It is not expected that the Company will be in receipt of income charged to tax under any Schedule under Income Tax Law other than Schedule D. As such the Company is no longer subject to the payment of tax in Jersey.

Jersey resident individuals should note that any income received from the Fund(s) will be paid gross and will be taxable under Schedule D Case III (D3) of the Income Tax (Jersey) Law 1961, as amended.

19. Investment Dealing

During the year no transactions in the property of the Funds were carried out through brokers. All transactions were carried out directly with the Fund Managers.

20. Financial risk management

Strategy in using financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk, counter-party risk, capital risk and certain other risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Each Fund is able to use derivative financial instruments to moderate certain risk exposures, there were no such exposures as at 31 May 2019.

Each Fund's investment objectives and policy are stated on page 3. To achieve these objectives the Fund's assets and liabilities comprise financial instruments held in accordance with the Fund's investment objectives and policy.

These may include:

- Investments including equity and non-equity Shares, bonds and floating rate securities
- Cash, liquid resources and short term debtors and creditors that arise directly from the investment activities
- Hedging instruments, such as forward exchange contracts and traded options, which a Fund may enter into for the purpose of managing the risks arising from the Fund's investment activities

Market risk

All securities investments present a risk of loss of capital. The Manager moderates this risk through a careful selection of investments within specified limits. The maximum risk resulting from investments is determined by the fair value of those investments. The overall market position and therefore the risk exposure for each Fund are governed by the Prospectus, the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) and the investment objectives for each Fund. These positions are monitored on a daily basis by the Manager and are reviewed on a quarterly basis by the Board of Directors.

The Funds invest principally in equities, bonds and cash, dependent on each Fund's investment policy. The value of these are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual stock or be caused by general market factors (such as interest rates, government policy or the health of the underlying economy) which could affect the entire portfolio of a Fund.

The year end portfolios of each Fund are detailed on pages 32 to 35.

The Manager controls this risk on a Fund by Fund basis and monitors the movements in the equities, bonds and interest rates against the relevant equity and bond indices and market interest rates respectively.

Price Risk

The Manager considers that a reasonably possible movement in the market risk components would be equivalent to a 5% movement in equity and bond indices and a 1% movement in market interest rates.

The table on the following page summarises, for each of the Funds, the impact of increases/ (decreases) in the equity and bond indices, and market interest rates on the net asset value as at 31 May 2019. The analysis is based on the assumption that the equity and bond indices increase / (decrease) by 5%, and market interest rates increase / (decrease) by 1%, with all other variables held constant. The analysis also assumes that the movement in the portfolios of each Fund has perfect positive correlation with the equity and bond indices and market interest rates.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

20. Financial risk management (continued)

Market risk (continued)

Year ended	Strategy	Value (base currency)	Equities 5% Movement in equity index	Bonds 5% Movement in bond index	Cash 1% Movement in interest rate
31.05.19	Conservative	25,449,864	370,187	668,570	6,755
31.05.18	Conservative	27,255,296	418,140	693,209	2,347
31.05.19	Growth	138,461,152	4,919,817	1,167,815	28,267
31.05.18	Growth	152,527,059	5,593,111	1,115,977	5,812
31.05.19	Aggressive	14,819,386	673,362	40,923	1,136
31.05.18	Aggressive	15,689,580	723,258	34,691	378
31.05.19	Global US\$ Growth	8,567,290	282,835	94,258	2,671
31.05.18	Global US\$ Growth	8,932,942	303,430	89,491	2,888

Interest rate risk

Each Fund receives income from its various investments. The income received by each Fund is not fixed in nature. It is derived from the securities held in the portfolio of each underlying Fund which may be varied from time to time in accordance with its investment objective and policy. In accordance with the Fund's policy, the Manager monitors the Strategy's overall interest rate sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis. The interest bearing financial assets and liabilities held in the Funds expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

Foreign currency risk

A portion of the underlying financial assets of the Funds may be denominated in currencies other than the base currency with the effect that the statement of financial position and each Fund's total return can be significantly affected by currency movements. An investment in a currency other than the shareholders' own base currency will be subject to the movement of foreign exchange rates, which may cause additional favourable or unfavourable changes in value. In respect of foreign currency exposure, derivative instruments will only be utilised where a forward exchange or currency option is used for the purpose of reduction of foreign currency risk, in order to hedge this exposure back to the base currency of the Fund.

The Company is not currently involved in any currency hedging transactions. In accordance with the Company's policy, the Manager monitors each Fund's currency position on a daily basis, and the Board of Directors reviews it on a quarterly basis. None of the underlying financial assets of the Funds were denominated in a currency other than base currency at 31 May 2019.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counter-party will be unable to pay amounts in full when due. Impairment provisions would be provided for losses that have been incurred by the statement of financial position date. As at 31 May 2019, no impairment provisions were required and there was no money overdue.

The Company's main credit risk exposure arises through investments in debt securities at the underlying Strategy level. If any of the Funds hold any interest bearing instruments directly or indirectly (via underlying funds), at least 90% of these instruments must have a credit rating of 'investment grade' as provided by Moodys Investor Services Limited, Standard and Poor's or Fitch Ratings Limited. These instruments could include inter alia money market instruments, bonds, gilts, corporate bonds etc.

In accordance with each Fund's policy, the Manager monitors the Fund's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

Certain transactions that the Funds enter into expose them to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities. It is the policy of the Manager to buy and sell investments only through approved brokers, or directly with the Fund Manager. Credit risk exposure is balanced by the regulatory obligation of the counter parties.

The risk to Shareholders is that one or more Funds will not have enough cash to cover redemptions. To counter this risk each Fund's cash is managed to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Participating Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities. Borrowings during the year did not exceed the 10% limit.

The maximum credit risk of the Company in the event of other parties failing to perform their obligations is the Balance Sheet value of assets.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

20. Financial Risk Management (continued)

Capital risk

Where the objective of the underlying Fund seeks to provide high or good levels of income, the investment policy which supports this may result in a gradual reduction in the capital value of the underlying Fund's Shares, except where bond prices are generally rising.

Capital risk management

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Founders Shares. Details of Founders Shares are shown in notes 3 and 14. Due to the nature and requirement for Founders' Shares the Directors have decided that no active capital risk management is required.

Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Company is the current mid price, these are updated each morning at 10am and represented in the Fund's daily share prices; the appropriate quoted market price for financial liabilities is the current asking price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value. There has been no significant movements in the fair value of any holdings since the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis.

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable', requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There have been no transfers between levels. The financial assets at fair value through profit or loss of the Company are all quoted in active markets and therefore fall under level 1 as defined above.

Derivatives

Derivatives will only be used where they accord with existing investment objectives and policy. They may not be used for the purpose of reducing risk independently of investment strategy in respect of the underlying physical assets or for merely speculative purposes. Derivatives will only be used for efficient portfolio management. Derivatives may not be used for the purpose of gearing or leveraging, or for purposes of producing, enhancing or generating income. No derivative can be traded on an Over The Counter basis, and no uncovered positions are allowed.

The underlying Funds may hold the following derivatives:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in the futures contracts value are settled daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market. Futures are settled on a net basis.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

20. Financial Risk Management (continued)

Derivatives (continued)

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price.

The seller receives a premium from the purchaser in consideration for the assumption of future securities prices. Where options are held by the underlying Funds, they are exchange-traded. The Funds are exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognised on the statements of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not therefore indicate the Company's exposure to credit or market price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

During the year the Company did not enter into any derivative contracts.

Liquidity risk

The Company is exposed to daily cash redemptions of Participating Shares which are redeemed on demand at the holder's option. It therefore invests all of its assets in investments that are traded in an active market and can be readily disposed of. From time to time assets held could become illiquid due to in-active trading. At 31 May 2019 the percentage of the assets within the portfolios which are subject to special arrangements arising from their illiquid nature is 0% (2018: 0%). As such each Fund's financial assets are considered to be readily realisable for cash.

The Manager manages each Fund's cash to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Participating Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities. Borrowings during the year did not exceed the 10% limit.

In accordance with the Company's policy, the Manager monitors each Fund's liquidity position on a daily basis, and the Board of Directors review it on a quarterly basis.

The table on the following pages analyses the Company's financial liabilities into relevant maturity groups based on the remaining period at the statement of financial position date to the contractual maturity date.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

20. Financial Risk Management (continued)

Liquidity risk (continued)

	Company	Conservative Strategy Fund
	£	£
Year ended 31 May 2019		
Share Capital (less than 1 month)	185,614,434	25,449,864
Proposed dividend (less than 1 month)	—	—
(1 month to 3 months)	—	—
Other liabilities (less than 1 month)	157,437	21,557
(1 month to 3 months)	90,204	13,306
Total financial liabilities	185,862,075	25,484,727
Year ended 31 May 2018		
Share Capital (less than 1 month)	202,257,443	27,255,296
Proposed dividend (less than 1 month)	—	—
(1 month to 3 months)	487,487	121,429
Other liabilities (less than 1 month)	192,330	25,345
(1 month to 3 months)	43,964	8,703
Total financial liabilities	202,981,224	27,410,773

None of the Alternative Investment Fund's assets are subject to special arrangements arising from their illiquid nature in accordance with Article 23(4)(a) of Directive 2011/61/EU.

Cross Fund Liability

Shareholders should be aware that in the event of the Company being unable to meet liabilities attributable to any particular Fund or share class out of the assets attributable to such Fund or share class, the excess liabilities may have to be met out of the assets attributable to the other Funds or share classes.

Notes to the Financial Statements (continued)

For the year ended 31 May 2019

20. Financial Risk Management (continued)

Liquidity risk (continued)

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
Year ended 31 May 2019	£	£	US\$
Share Capital (less than 1 month)	138,461,152	14,819,386	8,567,290
Proposed dividend (less than 1 month)	—	—	—
(1 month to 3 months)	—	—	—
Other liabilities (less than 1 month)	114,894	14,305	8,421
(1 month to 3 months)	67,820	6,774	2,904
Total financial liabilities	138,643,866	14,840,465	8,578,615
Year ended 31 May 2018			
Share Capital (less than 1 month)	152,598,350	15,689,580	8,932,942
Proposed dividend (less than 1 month)	—	—	—
(1 month to 3 months)	366,058	—	—
Other liabilities (less than 1 month)	143,813	16,404	9,006
(1 month to 3 months)	24,664	6,833	5,008
Total financial liabilities	153,132,885	15,712,817	8,946,956

None of the Alternative Investment Fund's assets are subject to special arrangements arising from their illiquid nature in accordance with Article 23(4)(a) of Directive 2011/61/EU.

Cross Fund Liability

Shareholders should be aware that in the event of the Company being unable to meet liabilities attributable to any particular Fund or share class out of the assets attributable to such Fund or share class, the excess liabilities may have to be met out of the assets attributable to the other Funds or share classes.

21. Events After The Year End Date

Following the acquisition of Link Group's Asset Services Division in January 2019 by the APEX Group, Link Corporate Services (Jersey) Limited as Custodian of Lloyds Multi Strategy Fund Limited changed its name to Apex Financial Services (Corporate) Limited, with effect from 1 July 2019.

With effect from 23 November 2019 the Investment Manager for Lloyds Multi Strategy Fund Limited will change from Aberdeen Asset Investments Limited to Schroder Investment Management Limited ('Schroders').

Performance Records

For the year ended 31 May 2019

Conservative Strategy Fund

Shares in the Fund were first offered to the public on the 14 September 2004 at an offer price of 100p per share.

Calendar Year/Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/09 £
2010	101.70	95.25	3.70	38.92
2011	102.60	98.00	3.40	35.77
2012	108.30	101.50	3.30	34.71
2013	113.20	102.40	3.60	37.87
2014	112.40	104.60	2.60	27.35
2015	117.30	108.10	2.35	24.72
2016	123.10	107.30	1.95	20.51
2017	125.90	120.90	1.12	11.78
2018	126.10	117.70	0.55	5.79
31.05.19	126.10	118.50	—	—

Growth Strategy Fund

Shares in the Fund were first offered to the public on the 14 September 2004 at an offer price of 100p per share.

Calendar Year/Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/09 £
2010	122.60	106.10	2.10	19.16
2011	125.50	108.90	1.90	17.34
2012	129.20	117.00	2.20	20.07
2013	146.00	129.80	2.50	22.81
2014	149.50	138.80	2.50	22.81
2015	160.80	141.80	2.20	20.07
2016	171.30	137.70	1.95	17.79
2017	183.00	170.40	1.26	11.50
2018	187.60	164.70	0.44	4.01
31.05.19	184.70	166.50	—	—

Performance Records (continued)

For the year ended 31 May 2019

Aggressive Strategy Fund

Shares in the Fund were first offered to the public on the 14 September 2004 at an offer price of 100p per share.

Calendar Year/Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/09 £
2010	135.50	110.10	0.117	1.01
2011	139.60	111.60	—	—
2012	138.20	121.40	—	—
2013	168.30	140.20	—	—
2014	180.80	162.30	—	—
2015	198.60	166.70	—	—
2016	221.10	162.20	—	—
2017	246.30	220.00	—	—
2018	256.70	217.80	—	—
31.05.19	250.90	221.50	—	—

Global US\$ Growth Strategy Fund

Shares in the Fund were first offered to the public on the 14 October 2005 at an offer price of US\$1.00 per share.

Calendar Year/Period	Highest Offer Price c	Lowest Bid Price c	Income per Share c	Income per \$1,000 Invested at 31/12/09 \$
2010	103.30	83.08	—	—
2011	112.50	85.67	—	—
2012	110.40	93.74	—	—
2013	137.10	111.80	—	—
2014	145.90	130.40	—	—
2015	150.90	130.30	—	—
2016	145.40	120.30	—	—
2017	166.00	143.20	—	—
2018	172.70	144.10	—	—
31.05.19	165.00	146.30	—	—

Change in Net Asset Value per Share

For the year ended 31 May 2019

Year	Net Asset Value of Fund	Number of Shares in Issue	Opening net asset value per share	Return before operating charges
	£		p	p
Conservative Strategy Fund				
31.05.2017	29,378,561	23,612,408	110.65	15.18
31.05.2018	27,255,296	22,077,935	124.42	(0.48)
31.05.2019	25,449,864	20,241,353	123.45	2.17
Growth Strategy Fund				
31.05.2017	93,867,477	52,811,918	149.39	30.49
31.05.2018	152,527,059	83,195,015	177.74	5.90
31.05.2019	138,461,152	76,677,172	183.34	(3.22)
Aggressive Strategy Fund				
31.05.2017	15,178,108	6,470,606	183.66	53.81
31.05.2018	15,689,580	6,308,681	234.57	13.88
31.05.2019	14,819,386	6,124,065	248.70	(6.53)
	Net Asset Value of Fund	Number of Shares in Issue	Opening net asset value per share	Return before operating charges
	\$		c	c
Global US\$ Growth Strategy Fund				
31.05.2017	9,793,430	6,322,881	138.55	17.23
31.05.2018	8,932,942	5,453,697	154.89	9.74
31.05.2019	8,567,290	5,417,259	163.80	(5.81)

Change in Net Asset Value per Share (continued)

For the year ended 31 May 2019

Operating charges	Return after operating charges	Distributions on shares	Appreciation / (Depreciation) on capital assets	Closing net asset value per share	Retained income per share
p	p	p	p	p	p
(1.11)	14.07	(1.12)	0.82	124.42	0.05
(1.30)	(1.78)	(0.55)	1.36	123.45	(0.08)
(1.35)	0.82	—	1.46	125.73	0.29
(1.89)	28.60	(1.26)	1.01	177.74	(0.01)
(1.29)	4.61	(0.44)	1.43	183.34	(0.11)
(2.15)	(5.37)	—	2.61	180.58	—
(2.75)	51.06	—	(0.15)	234.57	1.96
(3.03)	10.85	—	3.28	248.70	1.65
(3.02)	(9.55)	—	2.84	241.99	1.48
Operating charges	Return after operating charges	Distributions on shares	Appreciation / (Depreciation) on capital assets	Closing net asset value per share	Retained income per share
c	c	c	c	c	c
(2.04)	15.19	—	1.15	154.89	(14.57)
(2.11)	7.63	—	1.28	163.80	(18.36)
(2.05)	(7.86)	—	2.21	158.15	(20.03)

Distribution Tables

For the year ended 31 May 2019

The following table reflects the distribution rates per unit for the year. No Distributions were paid in the year ended 31 May 2019.

Conservative Strategy Fund

	Gross income p	Equalisation payable	Distribution paid current year p	Distribution paid prior year p
31 May 2019				
Group 1	—	—	—	0.550
Group 2	—	—	—	0.550

Growth Strategy Fund

	Gross income p	Equalisation payable	Distribution paid current year p	Distribution paid prior year p
31 May 2019				
Group 1	—	—	—	0.440
Group 2	—	—	—	0.440

Group 1 : Shares purchased prior to 31 May 2018

Group 2 : Shares purchased between 1 June 2018 and 31 May 2019

Notice of Meeting

Notice is hereby given that the 15th Annual General Meeting of Lloyds Multi Strategy Fund Limited will be held at: 11-12 Esplanade, St. Helier, Jersey, on Wednesday 30 October 2019 at 9.00 a.m. for the following purposes:

Agenda

Ordinary Business

1. To appoint the Chairman of the meeting.

2. To read the convening notice.

3. RESOLUTION 1.

To receive and if deemed appropriate, adopt the Annual Report and Audited Financial Statements of the Company for the year ended 31 May 2019.

4. RESOLUTION 2.

To consider, and if deemed appropriate, re-elect Ross Davey Willcox as a Director of the Company.

5. RESOLUTION 3.

To consider, and if deemed appropriate, re-elect Ian Mark Jeremie Hardy as a Director of the Company.

6. RESOLUTION 4.

To consider, and if deemed appropriate, re-elect Brian Charles James as a Director of the Company.

7. RESOLUTION 5.

To consider, and if deemed appropriate, re-elect Bronislaw Lysiak as a Director of the Company.

8. RESOLUTION 6.

To consider, and if deemed appropriate, elect Geoff Cook as a Director of the Company.

9. RESOLUTION 7.

To re-appoint PricewaterhouseCoopers CI LLP as Auditors of the Company for the ensuing year and to authorise the Directors to agree their remuneration.

10. RESOLUTION 8.

To fix the remuneration of each of the Directors at a maximum of £12,500 per annum.

NOTES:

A Member entitled to attend and vote at this Meeting may appoint one or more Proxies to attend and, on a poll, vote instead of him. A Proxy need not be a Member of the Company. To be valid, completed proxy forms must be deposited at the Company's principal place of business not less than 48 hours before the appointed time for holding the meeting, or any adjournment thereof.

In the case of joint holders the vote of the senior shall be accepted to the exclusion of the votes of the other joint holder(s).

The quorum requirement is two members present in person or by proxy. If a quorum is not present, the meeting shall stand adjourned to Wednesday 6 November 2019 at 9.00 a.m. at the same venue and at such adjourned meeting the shareholder's present in person or by proxy shall be the quorum.

By Order of the Board
Lloyds Corporate Services (Jersey) Limited,
Secretary,
PO Box 160, 25 New Street, St. Helier,
Jersey JE4 8RG,
Channel Islands.

27 August 2019

Lloyds Multi Strategy Fund Limited Form of Proxy

BLOCK LETTERS PLEASE.

FULL NAME(S)

ADDRESS

I/We being a Member(s) of the above named Company hereby appoint the Chairman of the Meeting (see Note 1.) as my/our proxy to attend and vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Wednesday 30 October 2019 at 9.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote on the resolutions as follows:

Ordinary Resolutions:

1. To receive and if deemed appropriate, adopt the Annual Report and Audited Financial Statements of the Company for the year ended 31 May 2019.
2. To consider, and if deemed appropriate, re-elect Ross Davey Willcox as a Director of the Company.
3. To consider, and if deemed appropriate, re-elect Ian Mark Jeremie Hardy as a Director of the Company.
4. To consider, and if deemed appropriate, re-elect Brian Charles James as a Director of the Company.
5. To consider, and if deemed appropriate, re-elect Bronislaw Lysiak as a Director of the Company.
6. To consider, and if deemed appropriate, elect Geoff Cook as a Director of the Company.
7. To re-appoint PricewaterhouseCoopers CI LLP as Auditors and to authorise the Directors to agree their remuneration.
8. To fix the remuneration of each of the Directors at a maximum of £12,500 per annum.

FOR	AGAINST

NOTES:

1. If you wish to appoint another person to be your proxy instead of the Chairman of the Meeting, you should delete the words “the Chairman of the Meeting”, and write the name of your proxy in the space provided and initial the alteration.
2. Except as otherwise indicated by you, the proxy will vote, or abstain from voting, at the meeting or any adjournment thereof as the proxy thinks fit.
3. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
5. To be valid, forms of proxy must reach the principal place of business of the Company, P.O. Box 311, 11-12 Esplanade, St. Helier, Jersey JE4 8ZU, Channel Islands, not later than 48 hours before the time appointed for the meeting (or any adjourned meeting). Any power of attorney or other authority under which the form of proxy is signed must be sent with the form of proxy.

Signature

Date

For more information please go to international.lloydsbank.com/products-and-services/investments/funds or call us on 01534 845 555

