PRIDE IN OUR PERFORMANCE

LIONTRUST ASSET MANAGEMENT PLC
ANNUAL REPORT & FINANCIAL STATEMENTS 2019

LIONTRUST
PRIDE IN OUR PERFORMANCE

Introduction

Strategic Report

Governance

Financial Statements – Group and Company

LIONTRUST

A specialist asset manager that seeks sustainable growth in our funds, portfolios and the business, for the benefit of investors, shareholders and society.

INDEPENDENCE

We do not follow the herd. Our fund managers have differentiated investment processes and are independent thinkers. Liontrust is an independent business with no corporate parent, is innovative and is nimble.

EXCELLENCE

We pride ourselves on the quality of our fund management teams and the knowledge and ability of our staff across the business. We strive to provide first-class service to our investors and stakeholders and are transparent about the management of our funds, portfolios and the business, communicating clearly and frequently.

ETHICS

We seek to manage the company sustainably and responsibly. We treat staff, investors and stakeholders fairly and with respect. We are committed to contributing to and benefiting the wider society.

Forward Looking statements

This report contains certain forward-looking statements with respect to the financial condition, results of operations and businesses and plans of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that have not yet occurred. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this report should be construed as a profit forecast.

Highlights

Sustained growth of our AuM from £10,475 million to £12,655 million demonstrates the substantial progress made in this year. To have recorded **9 consecutive years of net inflows** shows the progress the business has made.

31 March
2019

£12,655 million

31 March
2018

£10,475 million

	2019	2018	
Assets under management	**£12,655 million**	£10,475 million	21% increase
Net flows	**£1,775 million**	£1,004 million	77% increase
Gross profit	**£84.6 million**	£76.8 million	10% increase
Profit before tax	**£19.0 million**	£12.3 million	55% increase
Adjusted profit before tax[1]	**£30.1 million**	£27.4 million	10% increase
Adjusted diluted earnings per share[1]	**46.9 pence**	42.7 pence	10% increase
Net cash[2]	**£34.4 million**	£27.4 million	22% increase
Total Dividend per share[3]	**27 pence**	21.0 pence	29% increase

1. This is an alternative performance measure 'APM' see page 31.
2. Cash and Cash equivalents plus other current assets less current liabilities.
3. Total dividend shown for the relevant financial year.

What differentiates Liontrust

EXPERTISE

We focus only on those areas of investment in which we have particular expertise.

PROCESS DRIVEN

Each fund management team applies rigorous and documented investment processes to managing funds and portfolios to ensure the way they manage money is predictable and repeatable and to prevent them from investing in stocks for the wrong reasons.

INVESTMENT FOCUSED

Our fund managers can concentrate on managing their funds and portfolios without being distracted by other day-to-day aspects of running an asset management business.

CULTURE

How a fund manager or team performs is not just down to the talent of the individuals but also due to the culture and environment in which they work. Our fund managers have the freedom to manage their portfolios according to their own investment processes and market views.

ACTIVE MANAGEMENT

Our fund managers have the courage of their convictions in making investment decisions, ensuring our funds and portfolios are truly actively managed for the long-term benefit of our clients and investors.

STRONG AND DISTINCTIVE BRAND

Our brand is accessible and engaging, and represents our strength, conviction, independence, innovation, excellence, transparency and ethics.

COMMUNITY ENGAGEMENT

We focus on financial education, providing opportunities for vulnerable children and young people, promoting gender equality and wildlife conservation.

Chairman's Statement

Introduction

"To be absolutely certain about something, one must know everything or nothing about it."

This quote was famously uttered by Henry Kissinger, the former US Secretary of State, and originally attributed to the French philosopher Voltaire. There are different interpretations over what Voltaire meant by it, but I feel it is an apt summing up of the world we live in today.

Everyone now has the opportunity to express their opinion on any subject to the rest of the world through social media, whether it is based on knowledge or not. And often this opinion is voiced with an incredible amount of certainty. It may be an age thing, but the world currently seems an unhappy place.

The irony of this proliferation of strident views is the fact we can be less certain about the future rather than more given the breath-taking pace of change which is driven by technology and is having a profound effect not just on the financial world, but also on the social, political and economic.

For investors, this presents opportunities and challenges. Our fund managers at Liontrust focus on their investment processes, ignoring the market noise. And our Sustainable Investment team identifies transformational trends that will improve people's lives and then invests in companies likely to benefit from them.

It is because of the attractions of such investment approaches that I believe investors will continue to put money into actively managed funds. Well, at least those funds that offer well-defined investment processes so they do "what it says on the tin" and provide superior returns over the long term.

This is my 47th year in the fund management industry and I have witnessed many crashes, bubbles, too many businesses going bust and extreme irrationality. But it feels like we live in ever more perilous times today. Global debt, for example, could rise to $500 trillion in a few years' time, and governments seem unable or unwilling to grapple with the rising costs of healthcare, pensions or, for that matter, the rising explosion of personal debt.

To avoid the pitfalls and headwinds that there will always be and to cope with increased longevity and the new world of pensions, the need for good quality fund management has never been greater.

I am pleased to report that your Company continues to be in good shape to meet this growing need. Our Chief Executive John Ions has alluded to some of the developments and successes of the last year in his report and I am very proud of the achievements of everyone at Liontrust.

This is my last Chairman's Statement. After 10 years as Executive and Non-executive Chairman of the Company, I will be stepping down and leaving the Board of Directors after the AGM in September. I have enjoyed the past decade as your Chairman and look back with immense pride at how we steered the ship away from the rocks back in 2009 and 2010 when Liontrust was in a perilous state and was losing assets under management at an alarming and unsustainable rate.

Back in 2009, we undertook a radical review of the Company and then in 2010 appointed John as Chief Executive. We introduced a highly disciplined approach to the most important area of activity – the management of our investors' funds. It has been this single-minded approach and some tactical acquisitions which have led to a transformation of your Company over the past nine years. There are many measures of success of the business, and the share price is a key one. From 31 March 2010 to 31 March 2019, the share price rose from 101.25p to 607p, with a low of 70p in July 2010, and has subsequently gone above 700p.

One headwind confronting asset managers is the rise in regulatory costs, which are becoming an ever-higher proportion of "fixed" costs and may have a profound impact on the future landscape of our industry. We must all be vigilant against asset managers becoming so large that they resemble utility companies unable to deliver superb performance. If this is the eventual outcome, it will be a sad day.

Liontrust is counteracting this by assembling an excellent group of fund management teams and funds and striving to become more efficient. It is partly for the latter reason that we have just completed a major project to streamline our middle and back office.

As previously announced, Alastair Barbour will take over as your Chairman, and I will leave Liontrust in a very good place and safe hands, being in robust financial shape and well positioned to face the challenges ahead. With John as Chief Executive, along with the rest of the senior management and fund management teams, I have every confidence Liontrust will continue to prosper.

Results

Profit before tax is £19.0 million (2018: £12.313 million), an increase of 35%.

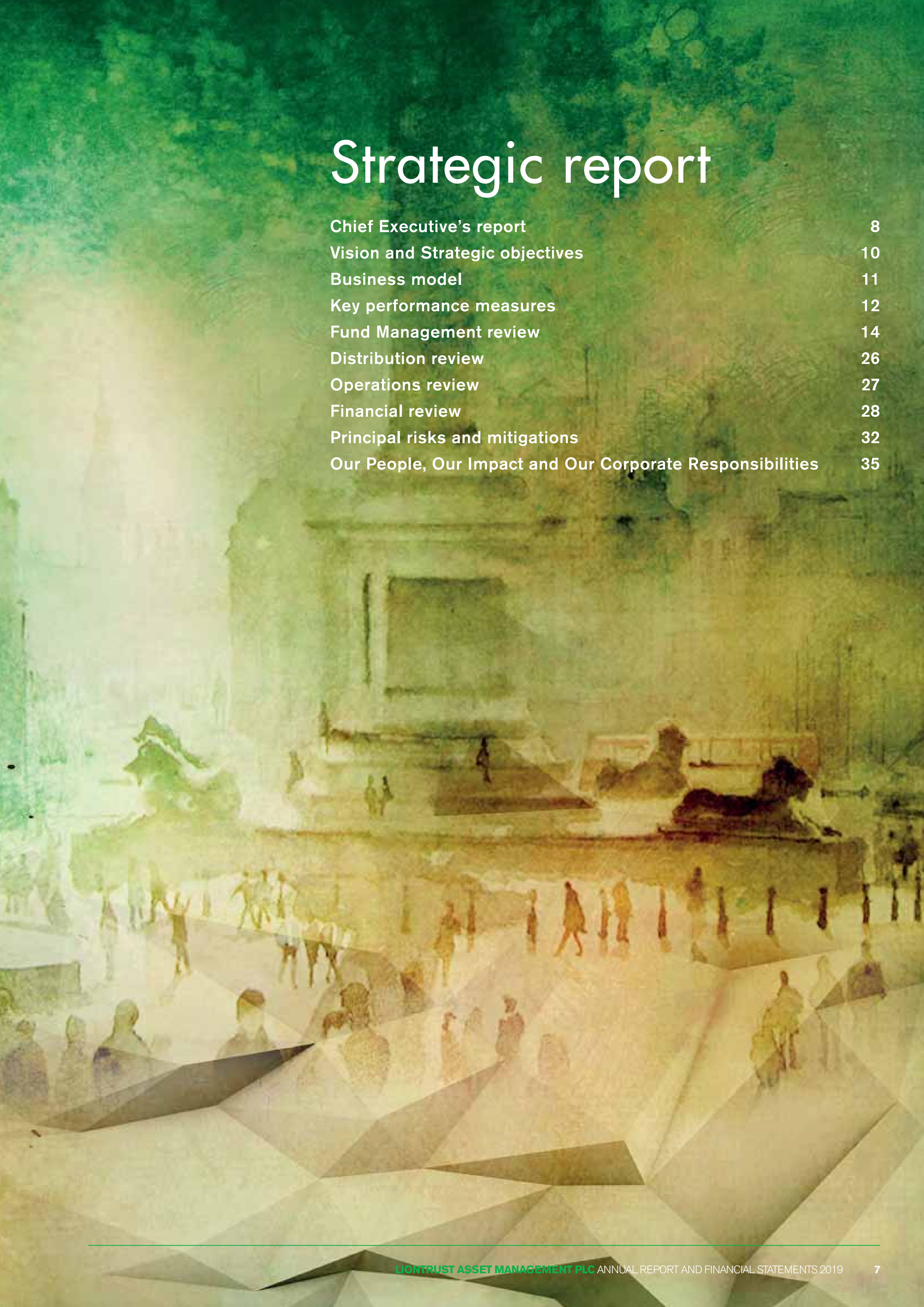
Adjusted profit before tax was £30.093 million (2018: £27.378 million). Adjusted profit before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash (depreciation, intangible asset amortisation and share incentivisation related) expenses and non-recurring (professional fees relating to acquisition, cost reduction, restructuring and severance compensation related) expenses ("Adjustments"), see note 7 of the financial statements for a reconciliation of adjusted profit (or loss) before tax.

Dividend

The success in fund performance and distribution has resulted in a 77% increase in net inflows, a 21% increase in assets under management and a 17% increase in revenues excluding performance fees when compared to last year. This has enabled the Board to declare a second interim dividend of 20.0 pence per share (2018: 16.0 pence), which will be payable on 9 August 2019 to shareholders who are on the register as at 5 July 2019, the shares going ex-dividend on 4 July 2019. The total dividend for the financial year ending 31 March 2019 is 27.0 pence per share (2018: 21.0 pence per share), an increase of 29% compared with last year.

The Company has a Dividend Reinvestment Plan ("DRIP") that allows shareholders to reinvest dividends to purchase additional shares in the Company. For shareholders to apply the proceeds of this and future dividends to the DRIP, application forms must be received by the Company's Registrars by no later than 19 July 2019. Existing participants in the DRIP will automatically have the dividend reinvested. Details on the DRIP can be obtained from Link Asset Services on 0371 664 0381 or at www.linkassetservices.com/shareholders-and-investors/dividend-reinvestment-plan. (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales).

Adrian Collins
Chairman
26 June 2019



Strategic report

Chief Executive's Report

Introduction

The continued success of Liontrust shows the value that clients and investors place on our approach to managing portfolios on their behalf. Liontrust has now enjoyed nine successive years of positive net inflows, with the latest of £1.8 billion being the Company's record for a financial year. These sales helped to grow the company's AuM to £12.65 billion on 31 March 2019, a 21% increase from 12 months earlier.

In reviewing the achievements of the business, we place great importance on whether we are managing Liontrust sustainably and responsibly. This recognises the increasing importance attached to environmental, social and governance (ESG) for investors and society more widely. Liontrust is committed to ESG initiatives and is supplying research services to all the investment teams so they are aware of controversies and ESG issues for stocks within their portfolios.

Liontrust's success over the past year has been achieved against a backdrop of political turbulence and slow global economic growth. This has led to retail investors being more cautious about committing their savings, with equity funds enduring negative flows in 10 of the past 12 months to the end of March 2019 (Source: IA).

Despite this market environment, we were able to generate strong sales throughout the year. The fact that each quarter of the latest financial year was among the top 10 in Liontrust's history for gross and net inflows reiterates the progress the Company continues to make. We have been able to achieve this success by focusing on what we do well and delivering added value to clients and investors over the long term.

At the heart of this is the quality of our fund management teams, the robustness of their investment processes and the long-term performance they have delivered. While performance is not predictable, the way in which funds are managed should be. All of Liontrust's fund management teams clearly explain and document their investment processes, which are repeatable and scalable. This gives our clients and investors reassurance that the funds will be managed in the way they expect them to be.

There is a huge savings shortfall globally and good active management has a vital role to play in helping to reduce this. Part of the responsibility is for active managers to explain how we can benefit investors' portfolios, including the ability to exploit market inefficiencies and to manage volatility over the long term in a way that passive funds cannot.

Liontrust expanded its investment offering in 2018 through the launch of three bond strategies – strategic, high yield and absolute return. These strategies had attracted more than £400 million by the end of the financial year and we expect this growth to continue given the team's experience, track record and focus on managing volatility. Clients appreciate the team's approach in finding value among large, liquid and listed holdings given that bond markets are expected to become more challenging over the next few years.

The sales team has further diversified our client base in the UK and continental Europe. This includes agreements with two major distribution partners in Europe for our Sustainable Investment team. In the UK, we have enjoyed inflows into and agreements with new intermediary clients for our Global Fixed Income, Sustainable and Multi-Asset teams in particular.

Liontrust has enhanced the infrastructure of the business and sought to improve our operational efficiencies over the past year. This includes completing the move of all our funds – UK and Irish domiciled - to one administrator: Bank of New York Mellon (BNYM). This agreement has replaced the five asset servicing relationships we had had across the Liontrust business.

We appreciate all the support we receive from our clients and investors. We are only too aware of the myriad other options clients can invest in or use their savings for, and we take seriously our role as custodians of their assets.

Adrian Collins

Chairman Adrian Collins will be stepping down this September after 10 years on the Board. Adrian brought me to Liontrust in 2010 when the outlook for the Company was much different to today. Over the years, with the help of exceptional people who work at Liontrust, we have guided the business to the award-winning, strong position it is currently in.

The journey has been challenging but most of all a fantastic experience, and I am delighted he placed his confidence in me nine years ago. I am also deeply grateful for his support and guidance over this period. Adrian leaves Liontrust in a far better place and well positioned to prosper in the future.

Alastair Barbour will take over the mantle of Chairman after the AGM in September. I have worked with Alastair for a number of years as non-executive Chairman of the Audit and Risk Committee, and I am confident that he will continue to steer Liontrust on its successful pathway.

His existing knowledge of the Company holds in him in good stead to pick up the reigns seamlessly and I look forward to working with Alastair in his new role as Chairman.

Outlook

There is a worldwide need for people to save for their future and to be helped in achieving their financial objectives. Liontrust is well placed to meet and benefit from this growing demand.

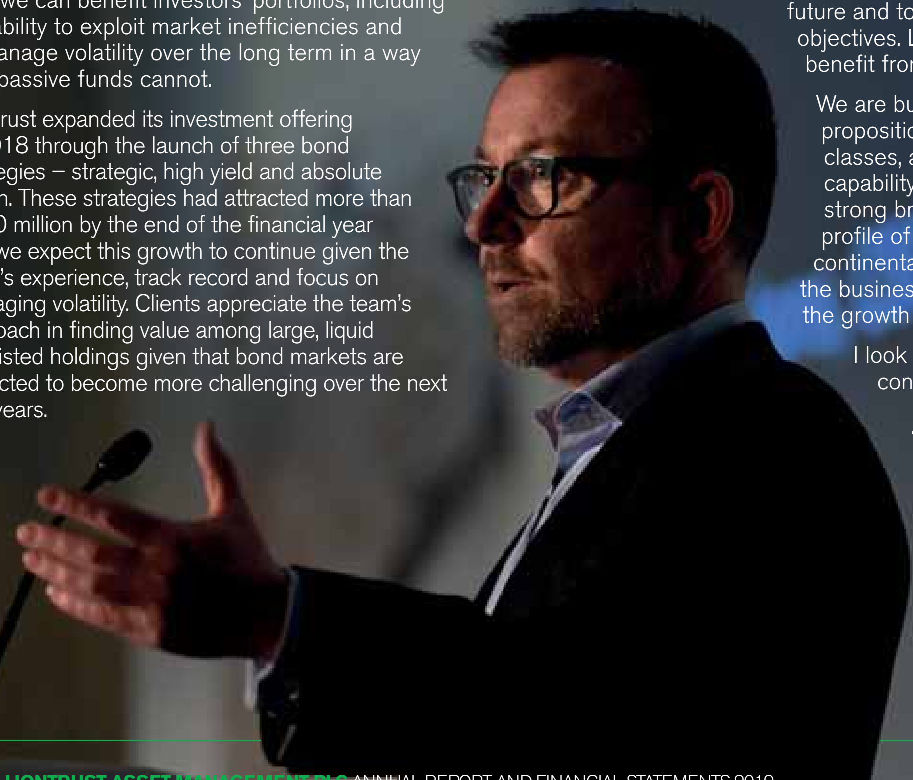
We are building a high-quality investment proposition across multiple teams and asset classes, are broadening our distribution capability in the UK and internationally, have a strong brand in the UK and are extending the profile of Liontrust to the wholesale market in continental Europe. We are continually developing the business infrastructure to service and support the growth in clients and assets.

I look forward to the next few years with great confidence for Liontrust.

John Ions

Chief Executive

26 June 2019



Assets under management

On 31 March 2019, our AuM stood at £12,655 million (2018: £10,475 million) an increase of 21% over the financial year. A reconciliation of AuM as at 31 March 2019 is as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi Asset (£m)	Offshore Funds (£m)
Cashflow Solution	**975**	589	294	–	92
Economic Advantage	**6,235**	226	5,893	–	116
Macro-Thematic	**144**	–	144	–	–
European Income	**176**	–	176	–	–
Asia Income	**118**	–	107	–	11
Sustainable Investment	**3,744**	31	3,516	–	197
Global Fixed Income	**419**	–	186	–	233
Multi-Asset	**844**	–	–	844	–
Total	**12,655**	**846**	**10,316**	**844**	**649**

Fund flows

Liontrust recorded net inflows of £1,775 million in the financial year to 31 March 2019 (2018: £1,004 million). A reconciliation of fund flows over the financial year is as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi Asset (£m)	Offshore Funds (£m)
Opening AuM - 1 April 2018	**10,475**	**1,144**	**8,201**	**700**	**430**
Net flows	**1,775**	(264)	1,701	129	209
Market and Investment performance	**405**	(35)	415	15	10
Closing AuM - 31 March 2019	**12,655**	**845**	**10,317**	**844**	**649**

31 March
2019
£12,655 million

31 March
2018
£10,475 million

Increase of
21%
over the financial year

31 March
2019
£1,775 million

31 March
2018
£1,004 million

Increase of
77%
over the financial year

Vision and Strategic Objectives

Liontrust's vision is to be one of the leading fund management companies in the UK and internationally by consistently adding value to clients' investment portfolios and generating sustainable growth. We seek to attain this vision through achieving the following strategic objectives.

Deliver strong long-term performance
Liontrust manages funds and portfolios to enable clients and investors to achieve their financial objectives. We do this by striving for all Liontrust funds and portfolios to outperform their relevant benchmarks and the average returns of their respective peer groups over the medium to long term. We also want to meet investor expectations in terms of how our funds and portfolios are managed. We achieve these objectives by recruiting and retaining fund managers who have excellent track records, expertise in their respective asset classes and who use rigorous and repeatable investment processes.

Expand and enhance our distribution
We distribute our funds to as broad a client base in the UK and internationally as possible, striving continually to raise awareness and knowledge of Liontrust and our funds, widen the number of clients who invest with us, deepen our relationships with existing investors and increase our assets under management.

Generate sustainable growth
Liontrust seeks to be a successful business by generating sustainable growth over the long term for the benefit of shareholders, investors, staff and other stakeholders. We aim to increase profitability by growing our revenues faster than our costs through the continued expansion of assets under management and by increasing margins through the focused management and control of costs.

Manage Liontrust responsibly and sustainably
We take seriously our role as custodians of client assets and are committed to managing the Group responsibly and sustainably. Liontrust is focused on treating all clients fairly, meeting investors' expectations and ensuring the Company's objectives are aligned with those of our stakeholders. Liontrust is committed to environmental, social and governance (ESG) initiatives, including UNPRI, CDP, TCFD and the FRC Stewardship Code, and embedding these across the business.

Contribute to the wider society
Liontrust is committed to benefiting the wider society. Our community engagement programme is focused on financial education, helping children and vulnerable young people, promoting gender equality and wildlife conservation.

Provide excellent customer service and support
We pride ourselves on providing our investors with exceptional service and support and place treating customers fairly as one of our principles for business. Treating customers fairly is central to how we conduct business across all our departments and functions.

Communicate clearly and regularly
We communicate clearly and frequently with our investors and shareholders, regularly updating them on the performance of each of our funds and portfolios, the effectiveness of the investment processes applied to each of our funds and portfolios and the progress of the business as a whole. We strive to be as transparent as possible with all investors and stakeholders.

Manage risk
Effective management of risk is essential for the Group's success. Liontrust has developed risk frameworks to ensure appropriate levels of risk across all areas of the business, including our funds and portfolios.

Business Model

Our business model is designed to operate in the best way to achieve our strategic objectives, comprising three interdependent divisions: Fund Management, Distribution and Operations.

Fund Management
The quality and performance of our fund management teams is one of our key potential competitive advantages.

We have a single fund management division of eight fund management teams who manage a range of funds, portfolios and segregated accounts using distinct investment processes and a centralised trading team. These rigorous investment processes ensure the way we manage money is predictable and repeatable. We have created an environment in which fund managers can focus on managing money and not get distracted by other day-to-day aspects of running a business, particularly administration. The fund management teams are mostly based in our London and Edinburgh offices.

Distribution
The strength of our brand, the breadth and depth of our client base and the relationships we have with our investors are potential competitive advantages.

Our distribution and marketing teams promote our funds and portfolios in the UK and internationally. In the UK, we market to institutional investors, discretionary fund managers, wealth managers, financial advisers and private investors. Outside the UK, we are focused on the wholesale market, primarily family offices, private banks, wealth managers and multi-managers in a number of countries, especially the Channel Islands, Ireland, Switzerland, France, Belgium, Holland, Luxembourg, Malta, Germany, Italy and the Nordic region. The distribution team is based mostly in our London and Luxembourg offices.

We have developed a strong brand through our marketing activities over the past few years. These activities include client events, advertising, sponsorships, PR and both printed and digital communications. Digital is a key and ever-more important driver of our brand profile and engagement, including through our website, social media, email communications and online advertising. The regular research we conduct shows that Liontrust consistently scores well for brand awareness, understanding and positive opinion among financial intermediaries in the UK. The Marketing team is based at our London office, delivering one consistent brand for the UK and international markets.

Operations
The support provided to our clients, fund managers and the distribution and marketing team by operations is another key potential competitive advantage. We have a single Operations division, designed to support a fast-growing business, and have moved to one administrator – Bank of New York Mellon (BNYM). Having a single Operations function and administrator ensures the fund management and distribution and marketing divisions have the appropriate tools to be effective, provides executive management with the performance and risk monitoring information required to manage the business and supports the requirements of external stakeholders such as clients, shareholders and regulators.

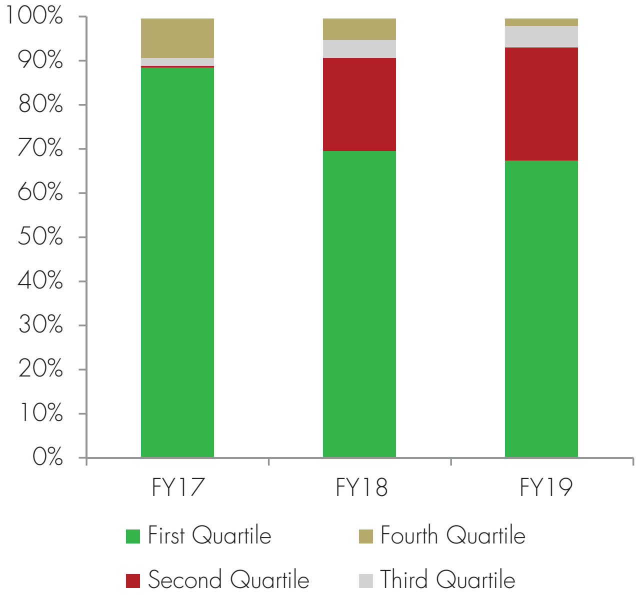
/LiontrustHeroes
@LiontrustHeroes
@LiontrustFuture
@LiontrustViews
Liontrust

Key performance measures

Key performance measures

Fund management ability and investment performance
The strength of Liontrust's fund managers is shown by the fact that over the period from launch or fund manager appointment to the end of each of the last three financial years, on an AuM weighted basis, we have consistently had around 70% or more of our actively managed UK retail AuM in first quartile funds# (see Figure 1).

Figure 1 – AuM* weighted quartile ranking since launch or manager inception.



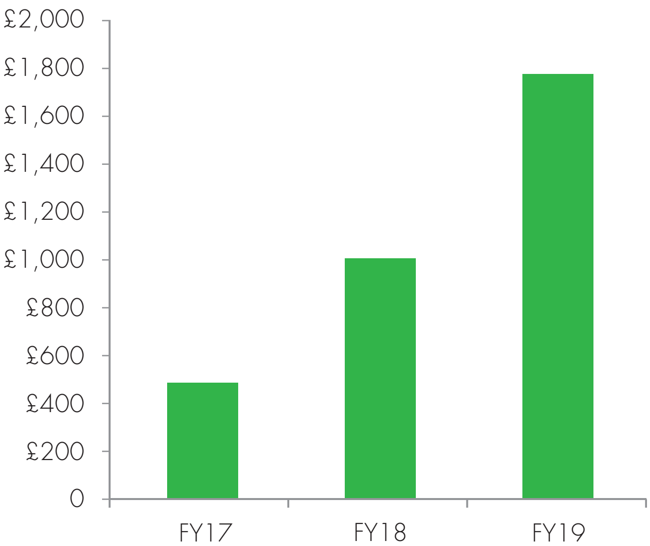
* This is an alternative performance measure ('APM'). See page 31 for further details.

\# net of fees and income reinvested.

See UK Retail fund Performance on page 24.

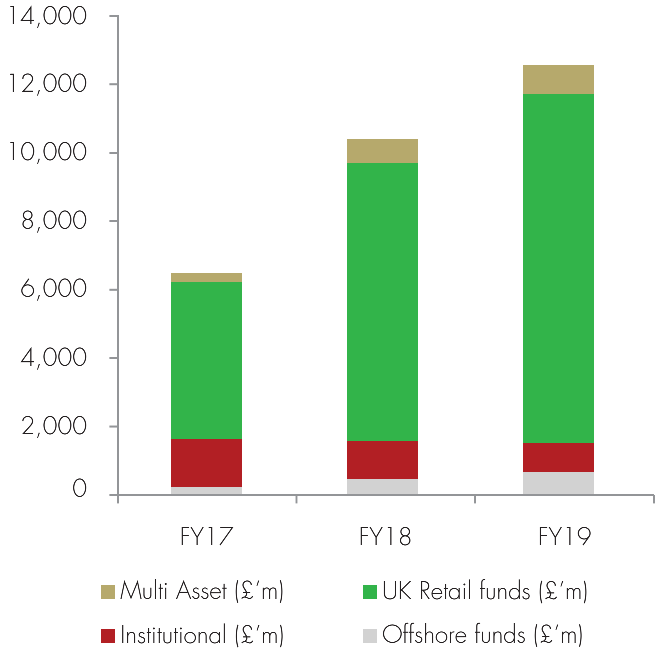
Distribution
Net flows in the year have remained positive, and increased from £1,004 million to £1,775 million.

Figure 2 – Net flows £'million



A Profitable and Growing business
Our AuM has increased by 94% from 31 March 2017 to 31 March 2019 and by 21% from 31 March 2018 to 31 March 2019, reflecting acquisitions, market performance and net flows (see figure 3).

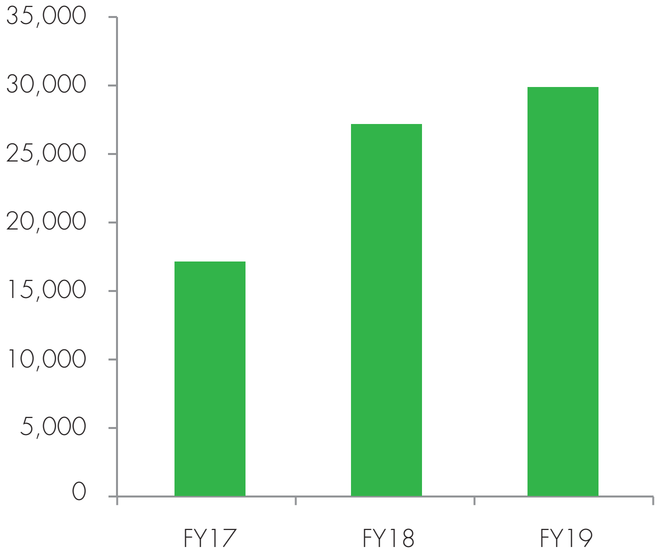
Figure 3 – AuM* by investor type £'million



* This is an alternative performance measure ('APM'). See page 31 for further details.

Our adjusted profit before tax* increased by 75% from 31 March 2017 to 31 March 2019 and by 10% from 31 March 2018 to 31 March 2019 (see figure 4).

Figure 4 – Adjusted profit before tax* £'000



* This is an alternative performance measure ('APM'). See page 31 for further details.

INDEPENDENTLY MINDED

Liontrust Radio broadcasts our fund managers' views and insights into economics, markets, listed companies and anything else they find interesting and intriguing in the world of investment. Our fund managers are all independent thinkers, have the courage of their convictions in making investment decisions and are long-term active investors.

Available on:

iTunes Spotify Podbean

Listen online here:

liontrust.co.uk/liontrust-radio

Fund Management review

> "The appeal of Liontrust to fund managers is that we do not have a chief investment officer and each team has the freedom to invest according to their own distinct process and market views. Our fund managers want to be investors, not just allocators of capital."

John Ions, Chief Executive

Liontrust has eight fund management teams. Five of the teams invest in UK, European, Asian and Global equities, one team invests in Global Fixed income and we have a Sustainable Investment team that offers equity, fixed income and managed funds. Our eighth team manages target risk, Multi-Asset portfolios.

Liontrust Global Fixed Income team: see page 20

Asia team

Mark Williams, Carolyn Chan and Shashank Savla have more than 60 years of combined experience in analysing Asian companies. Mark, with 25 years' experience in investing, has previously run funds at F&C. Carolyn has 26 years of experience and was previously at Hampton Investment Management. Shashank has 14 years of experience in financial markets and has also previously worked in the Consumer Goods and Telecoms industries.

ASIA INCOME FUND

The Fund has been managed since launch in March 2012 by Mark Williams, Carolyn Chan and Shashank Savla. The Fund invests in Asia Pacific ex-Japan companies, aiming to deliver both a prospective yield at least 1.1 times that of the regional markets and long-term capital appreciation.

INVESTMENT PROCESS

The investment process seeks to identify companies that will benefit from the growth in the Asia Pacific (ex-Japan) region, have an attractive yield and give a greater chance of expectations being beaten. The process aims to avoid those stocks that are likelier to miss expectations. By targeting at least 1.1 times the dividend yield of the region across the portfolio, the fund managers believe this will ensure the equities they invest in are amongst the more conservative, better managed companies.

“The biggest change has been apparent in China. When I first visited the Bund in Shanghai in 1990, the opposite side of the Huangpu River was just mudflats, now it's the equivalent of Canary Wharf.”

Mark Williams

Cashflow Solution team

James Inglis-Jones and Samantha Gleave have over 40 years of combined experience and first worked together in 1998. James has previously managed money at Fleming Investment Management, JP Morgan Fleming and Polar Capital while Samantha formerly worked at Sutherlands Limited, Fleming Investment Management, Credit Suisse First Boston and Bank of America Merrill Lynch. Samantha was in a No 1 ranked equity research sector team (Extel & Institutional Investor Surveys) at Credit Suisse and won awards for Top Stock Pick and Earnings Estimates at Bank of America Merrill Lynch.

EUROPEAN GROWTH FUND

The Fund has been managed since launch in November 2006 by James Inglis-Jones, with Samantha Gleave becoming co-manager in 2012. The Fund invests in companies listed in Europe excluding the UK, focuses on companies with strong cash flows and has an equally weighted and concentrated portfolio.

GF EUROPEAN STRATEGIC EQUITY FUND

The Fund has been managed since launch in April 2014 by James Inglis-Jones and Samantha Gleave. The fund managers seek to deliver a positive absolute return over the long term by taking long and short positions, primarily in European companies. The Fund buys companies that can generate strong cash returns from their capital and appear cheap on these cash flows and shorts companies that are both expensive and struggling to generate cash.

GF EUROPEAN SMALLER COMPANIES FUND

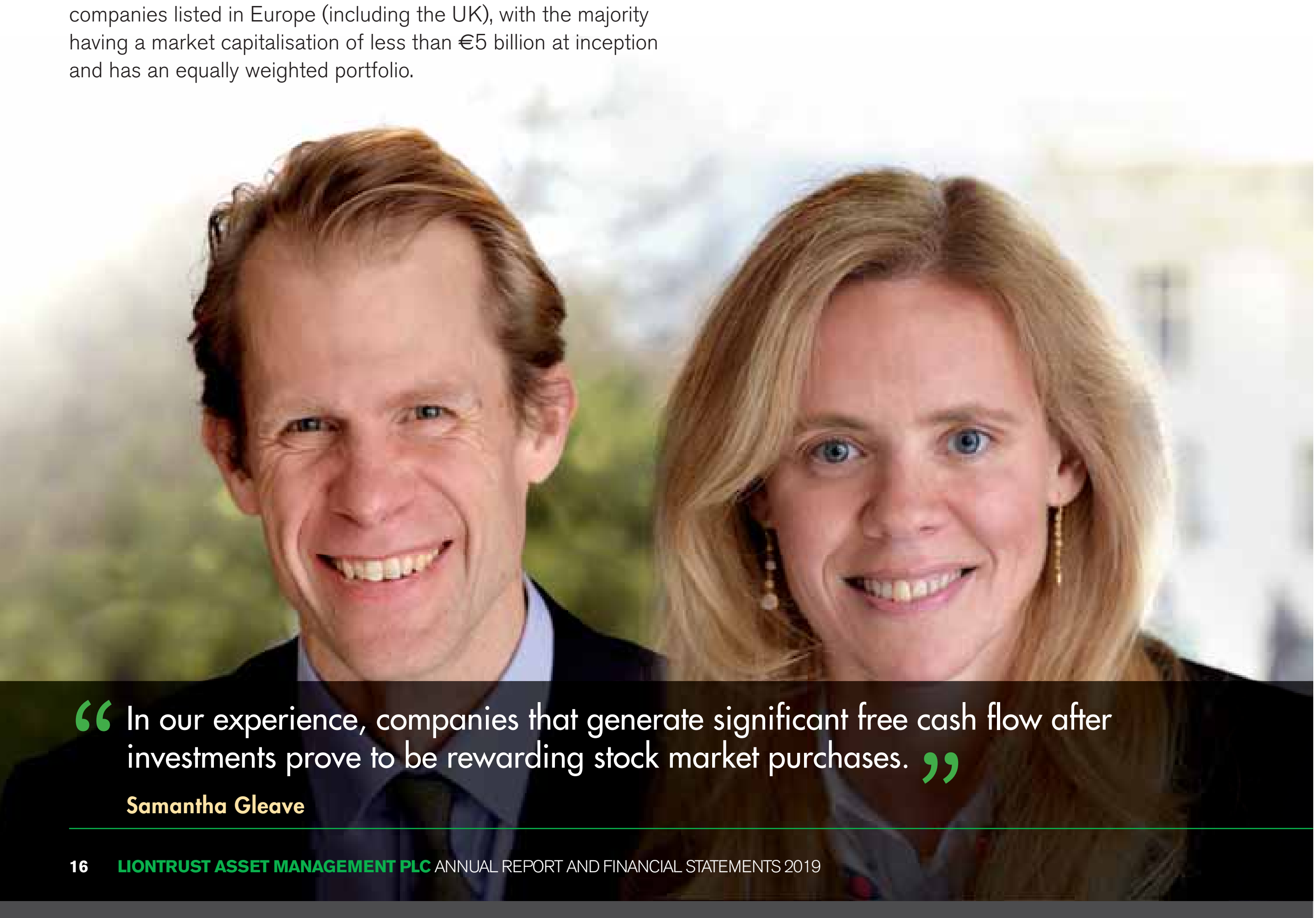
The Fund has been managed since launch on 1 February 2017 by James Inglis-Jones and Samantha Gleave, The Fund invests in companies listed in Europe (including the UK), with the majority having a market capitalisation of less than €5 billion at inception and has an equally weighted portfolio.

GLOBAL INCOME FUND

The Fund has been managed since March 2009 by James Inglis-Jones, with Samantha Gleave becoming co-manager in 2012. The fund managers seek to provide investors with a high level of income, with, by using the Cashflow Solution process. The Fund only buys high-yielding stocks with unusually strong cash flows where investors have low profit expectations. The fund managers believe strong company cash flows (after investment spending) are a good indicator of strong growth in future reported profits.

INVESTMENT PROCESS

The process is based on the belief that the most important determinant of shareholder returns is company cash flows. The fund managers invest in companies that generate significantly more cash than they need to sustain their planned growth yet are lowly valued by investors on that measure and are run by managers committed to an intelligent use of capital. They sell short stocks that are expensive, are struggling to generate any cash and are run by management investing heavily for future growth. There is historical evidence that combining the Cashflow Solution process with a yield discipline is capable of generating strong returns. Companies generating significant cash flows are in a good position to pay generous and rising dividends to shareholders.



“In our experience, companies that generate significant free cash flow after investments prove to be rewarding stock market purchases.”

Samantha Gleave

Economic Advantage team

Anthony Cross, Julian Fosh, Victoria Stevens and Matt Tonge have over 60 years of combined investment experience. Anthony, who was previously at Schroders, has managed the Liontrust Special Situations and UK Smaller Companies Funds since launch and he started working with Julian at Liontrust in 2008. Julian has previously managed money at Scottish Amicable Investment Managers, Britannic Investment Managers, Scottish Friendly Assurance Society and Saracen Fund Managers. Victoria Stevens and Matt Tonge joined the team in 2015 to research and analyse investment opportunities primarily across the small cap universe. In Victoria's previous role as deputy head of corporate broking at FinnCap, she built up an extensive knowledge of the smaller company investment universe. Matt added trading and analytical expertise to the team, having spent the previous nine years on the Liontrust dealing desk, latterly winning an industry award for his work in mid and small cap stocks.

SPECIAL SITUATIONS FUND

The multi-award-winning Fund has been managed since launch in November 2005 by Anthony Cross, who was joined by his co-manager Julian Fosh in 2008. The Fund can invest in any companies in the FTSE All-Share Index regardless of their size or sector, enabling the managers to find the best opportunities wherever they are across the UK stock market.

UK MICRO CAP FUND

The Fund has been managed since launch in March 2016 by Anthony Cross, Julian Fosh, Victoria Stevens and Matt Tonge and seeks to invest in profitable, UK headquartered companies with high managerial ownership and a market capitalisation of under £150 million.

UK GROWTH FUND

The Fund has been managed since March 2009 by Anthony Cross and Julian Fosh and predominantly invests in UK large and mid-cap stocks using the Economic Advantage investment process. This can lead to sector exposures being significantly different from those of the market and many of the Fund's sector peers.

UK SMALLER COMPANIES FUND

The multi-award-winning Fund has been managed by Anthony Cross since 1998 and he was joined by his co-managers Julian Fosh in 2008 and Victoria Stevens and Matt Tonge in 2015. All smaller companies in the Fund must have a minimum 3% directors' equity ownership, which the fund managers believe motivates key employees, helps to secure a company's competitive edge and leads to better corporate performance.

INVESTMENT PROCESS

The process seeks to identify companies that possess intangible assets which produce barriers to competition and provide a durable competitive advantage that allows the companies to defy industry competition and sustain a higher than average level of profitability for longer than expected. In the fund managers' experience, the hardest characteristics for competitors to replicate are three classes of intangible asset: intellectual property, strong distribution channels and significant recurring business.

European Income team

Olly Russ and Oisin O'Leary have over 27 years of combined investment and capital markets experience. Olly joined Liontrust in July 2016, having started his career at investment boutique Orbitex in 1998. At Orbitex, Olly worked on European Equity and UK Income funds and was responsible for running the Orbitex UK Equity Fund from its inception in March 2000. In 2002, Olly moved to Invicta Investment Management, a privately owned hedge fund, before joining Neptune Investment Management as a fund manager and financial analyst. He moved to Argonaut Capital in 2005. Oisin joined Liontrust in June 2017, having previously been an investment analyst at Argonaut Capital Partners across the company's range of funds from September 2015. He was also formerly an investment analyst at Maris Capital and a debt capital markets analyst at HSBC Bank.

EUROPEAN INCOME FUND

The Fund has been managed by Olly Russ since launch in December 2005 (the FP Argonaut European Income Fund merged with the Liontrust European Income Fund in July 2016), who was joined by Oisin O'Leary in June 2017, and aims to provide a high level of income along with some capital growth through holding a portfolio of mainly European companies.

EUROPEAN ENHANCED INCOME FUND

The Fund has been managed by Olly Russ since launch in April 2010 (the FP Argonaut European Enhanced Income Fund merged with the Liontrust European Enhanced Income Fund in July 2016), who was joined by Oisin O'Leary in June 2017, and aims to provide a high level of income along with some capital growth through holding a portfolio of mainly European companies. The Fund uses a covered call strategy to boost income and targets a yield of 1.25 times that of the MSCI Europe ex-UK Index.

INVESTMENT PROCESS

The process seeks to find companies whose asset base and business are defended by an economic moat, such as a strong brand, niche products or a dominant market position, and where analysts underestimate future earnings growth or have undervalued the expected earnings growth. The fund managers use dividends as a proxy for earnings growth and expect to see dividends rising over time as companies increase pay outs to shareholders and earnings grow.

"Europe's big problem is PR. Many companies within Europe are robust, but if they were listed elsewhere, such as the US for example, they would be much more expensive."

Olly Russ

Macro-Thematic team

Stephen Bailey and Jamie Clark have over 45 years of combined investment experience and moved to Liontrust in 2012. Stephen started his career in the mid-1980s and joined Walker Crips in 1987 as investment director. Jamie joined Walker Crips in 2003 and prior to that was a Junior Proprietary Trader at First New York Securities. Jamie became co-manager of the Macro funds in 2007.

MACRO EQUITY INCOME FUND

The Fund has been managed since launch in October 2003 by Stephen Bailey and since 2007 by co-manager Jamie Clark. The fund managers invest in UK-listed and, up to 20%, in overseas companies to provide a rising level of income along with capital growth. They believe the identification and interpretation of major economic, political and social developments offer scope to add long-term investment value. The fund managers' conviction is shown by the fact they may have 0% weightings in major sectors.

MACRO UK GROWTH FUND

The Fund has been managed since August 2002 by Stephen Bailey, with Jamie Clark becoming co-manager in 2007. The fund managers invest in UK-listed and, up to 20%, in overseas companies to provide capital growth along with reasonable income. The fund managers' conviction is shown by the fact they may have 0% weightings in major sectors.

INVESTMENT PROCESS

The process is based on the analysis of economic, political, social and cultural developments to identify Macro-Themes. The fund managers define a Macro-Theme as an undiscounted, structural change in the process of realisation; and the related passage to theme maturity as the macro-trend. The fund managers believe this investment process equips them to locate unappreciated investment ideas and capture the full, long-term potential of each portfolio holding. There are four stages to the process: theme discovery; identification of theme-assisted and theme impaired companies; bottom-up analysis of prospective investments; portfolio construction and management.

Sustainable Equity team

Peter Michaelis, Simon Clements and Neil Brown are the lead managers of a team of experienced investment professionals. The team, who have worked together for more than 10 years, transferred to Liontrust from Alliance Trust Investments (ATI) in April 2017 and were previously running the Sustainable Future Fund range at Aviva Investors. Peter was previously Head of Socially Responsible Investment (SRI) at Aviva Investors and has been running the funds since their launch in 2001. Simon was previously Head of Global Equities at Aviva Investors. Neil was an SRI Fund Manager at Aviva Investors.

EQUITY FUNDS

The team manages five Equity funds and three Managed funds. The three Managed funds, which are risk profiled by Distribution Technology, invest in the underlying holdings of the funds that the team manages. The team manages a total of nine Equity and Managed funds. The five Managed funds are risk profiled by Distribution Technology's Dynamic Planner and Defaqto.

- SF Absolute Growth
- SF European Growth
- SF Global Growth
- SF UK Growth
- UK Ethical
- SF Managed
- SF Cautious Managed
- SF Defensive Managed
- GF SF Pan European Growth

INVESTMENT PROCESS

The process, which has been developed and honed over more than 17 years, starts with a thematic approach in identifying the key structural growth trends that will shape the global economy of the future, such as technological and medical advancements, and then invests in well run companies whose products and operations capitalise on these transformative changes, have a positive impact and, therefore, may benefit financially. Companies identified by the process exhibit four characteristics: exposure to one or more of our investment themes; excellent management and core products or services that are making a positive contribution to society; a business model that enables them to grow profitably from these trends and generate competitive returns; and an attractive valuation.

"The growing demand for sustainable investing is coming from an increasing number of people who care about how they make their money as well as how much money they make."

Peter Michaelis

Sustainable Fixed Income team

Stuart Steven, Kenny Watson and Aitken Ross have more than 50 years of combined investment experience in managing fixed income. They transferred to Liontrust from Alliance Trust Investments (ATI) in April 2017. Stuart was previously Investment Director at Scottish Widows Investment Partnership. Kenny was formerly at Ignis Asset Management where he was responsible for the sub investment grade bond portfolios. Aitken started his career in the graduate scheme at ATI.

SF CORPORATE BOND

The Fund aims to provide a higher long-term return than UK Government Bonds, with most of the returns likely to be from income. The Fund invests at least 70% of the portfolio in sterling denominated fixed income securities issued by corporates, governments and supranational institutions. Up to 30% of the Fund can be invested in non-sterling denominated fixed income securities, which are typically hedged back into sterling. The Fund invests only in the bonds of companies that meet the team's rules for environmental and social responsibility.

MONTHLY INCOME BOND FUND

The Fund has been managed by Stuart Steven since its launch in June 2010, with Aitken Ross joining the team in 2012 and Kenny Watson in 2013. The fund managers aim to produce a high monthly income yield and some capital growth through investing in corporate bonds predominantly while also holding some government bonds. While the Fund has been structurally short duration since launch, it has the flexibility to revert to a standard duration fund as and when yields normalise.

GF SF European Corporate Bond Fund

The Fund has been managed by Stuart Steven, Kenny Watson and Aitken Ross since launch on 29 May 2018. The Fund aims to maximise total returns (a combination of income and capital growth) over the long term predominately by investing in European fixed income markets. To achieve this, the Fund combines dynamic management of top-down positioning with an integrated approach to sustainability that is key to the stock selection process.

INVESTMENT PROCESS

Macroeconomic analysis is used to determine the team's top-down view of the world and this helps shape all aspects of portfolio construction and appetite for risk. After this, the managers aim to focus on high-quality issuers and believe this can reduce bond specific risk. Their assessment of quality is a distinctive part of the process, in which they combine traditional credit analysis with a detailed sustainability assessment based on the proprietary model. The managers assess individual bonds for whether they believe they offer attractive long-term returns and for absolute and relative valuations. The managers seek the best value bonds issued by the high-quality issuers identified, looking at bonds issued across the capital structure, along the maturity curve, or issued into the primary credit markets (UK, US and Europe). Sustainability analysis is fully integrated into the investment process, helping to identify high-quality companies that the managers believe will both enhance returns and reduce issuer specific tail-risk.

"Our flexible mandate allows us to target parts of the market that offer value while hedging out unwanted risks."

Aitken Ross

Global Fixed Income team

David Roberts, Phil Milburn and Donald Phillips, who all joined Liontrust in early 2018, have more than 60 years of joint investment experience. Before joining Liontrust, David and Phil worked together at Kames Capital for 14 years, where David was Head of the Fixed income team and Phil was Head of Investment Strategy. They launched one of the first strategic bond funds in 2003 and have been investing in high yield on a global basis since 2003. Donald was previously an investment manager in the Credit team at Baillie Gifford and worked with David and Phil at Kames Capital for three years from 2005 to 2008. He was co-manager of the Baillie Gifford High Yield Bond Fund from June 2010 to 2017 and the US High Yield strategy.

STRATEGIC BOND FUND

The Fund has been managed since launch in May 2018 by David Roberts and Phil Milburn, who are assisted by Donald Phillips. The Fund invests in bonds issued by corporates and governments, from investment grade to high yield, on a global basis, including in emerging markets. The managers seek to take advantage of market inefficiencies through understanding the economic environment, bottom up stock analysis and flexibility over duration, credit, sector and geographical allocations.

GF HIGH YIELD BOND FUND

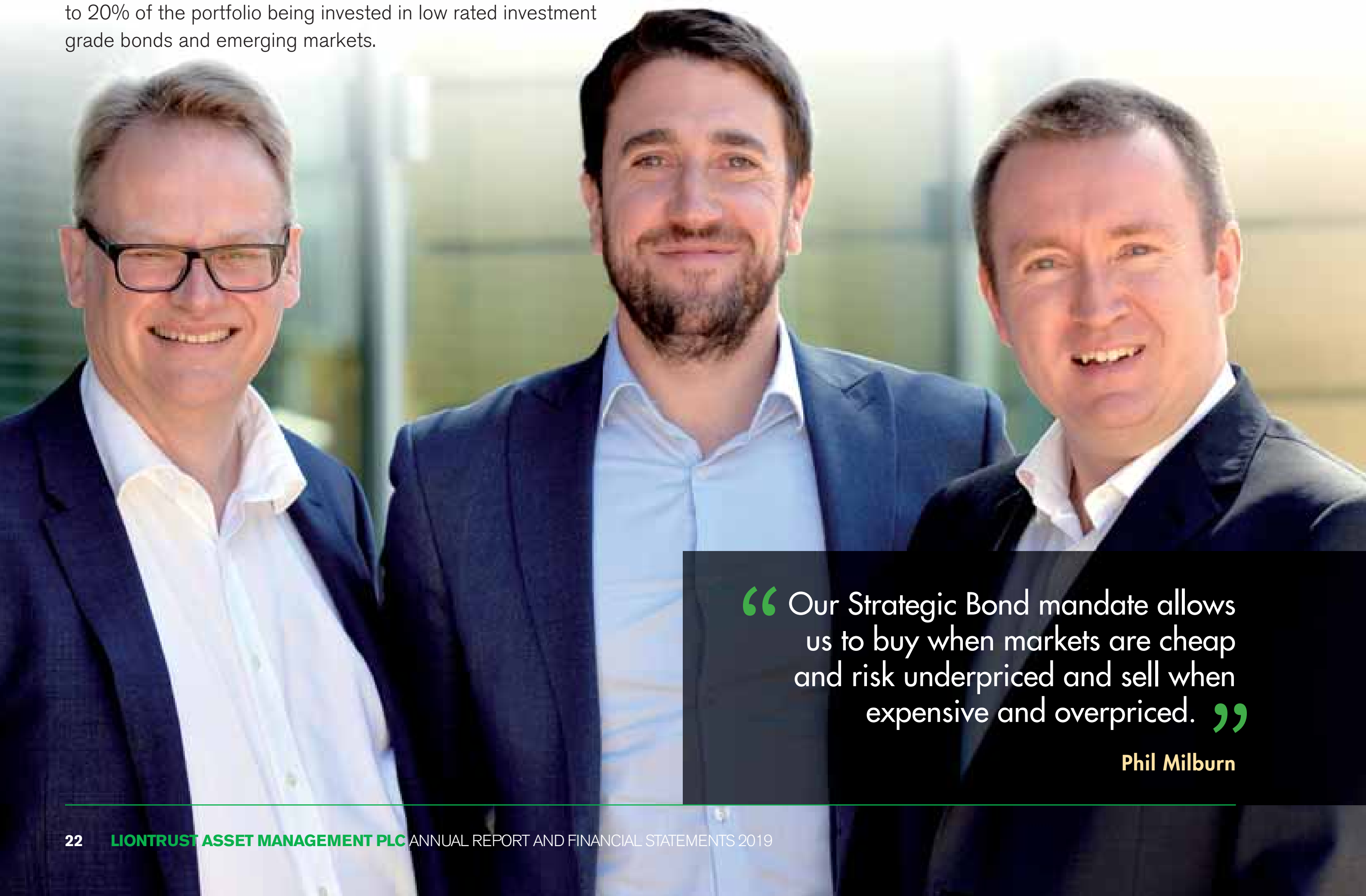
The GF High Yield Bond Fund has been managed since launch in June 2018 by Phil Milburn and Donald Phillips, who are assisted by David Roberts. The Fund typically invests in high yield bonds with a rating of BB+ or lower in developed markets, with up to 20% of the portfolio being invested in low rated investment grade bonds and emerging markets.

GF ABSOLUTE RETURN BOND FUND

The Fund has been managed since launch in June 2018 by David Roberts, Phil Milburn and Donald Phillips. The Fund aims to generate a positive absolute return over continuous rolling 12-month periods irrespective of market conditions through a combination of capital growth and income. The fund managers seek to achieve this objective by investing in corporate (from investment grade through to high yield) and government fixed income markets. The Fund invests in developed markets and up to a maximum of 20% of its net assets in emerging markets.

INVESTMENT PROCESS

The fund managers believe fixed income markets are inefficient and there are myriad ways of adding value to investors' portfolios. The inefficiencies are caused by many market protagonists who are not price sensitive, ranging from the macroeconomic distortions caused by central banks to the idiosyncratic scenarios when companies need to raise debt finance and price accordingly. The Liontrust Global Fixed Income investment process is designed to take advantage of these inefficiencies through a thorough understanding of the economic environment and detailed bottom up stock analysis. The process uses the same framework to garner a thorough understanding of the economic environment and for bottom up stock analysis: fundamentals, valuations and technicals (FVT). These three factors are examined regardless of whether the managers are considering a duration position or an investment in a speculative grade rated company.



> "Our Strategic Bond mandate allows us to buy when markets are cheap and risk underpriced and sell when expensive and overpriced."
>
> **Phil Milburn**

Multi-Asset team

John Husselbee and Paul Kim are two of the most high-profile and experienced multi-asset managers. John launched the portfolio management service at Rothschild Asset Management, was Director of Multi-Manager at Henderson Global Investors, where he was responsible for portfolio construction and fund selection of a range of portfolios totalling over £650 million, and founded North Investment Partners. Paul was instrumental in setting up Investment Manager Selection Ltd (IMS), was Head of Fund Selection and Multi-Manager at Liverpool Victoria Asset Management (LVAM) and has also managed portfolios at Capel Cure Myers, Sun Life Portfolio Counselling Services (AXA Sun Life), Christie Group Investment Management and Spencer Thornton Investment Management Services.

RANGE OF PORTFOLIOS

The team manages a broad range of 26 target risk and actively managed model portfolios to meet most clients' risk and return objectives. The portfolios provide diversification across a range of different funds, fund managers, geographical regions and asset classes. Clients can stay invested in the service through the accumulation and decumulation phases of their lives and can switch between Growth, Income and Dynamic Beta portfolios as their risk profile and objectives change. The fund managers' investment philosophy is to strive to "win over the long term by not losing" to try to deliver relatively smooth returns.

INVESTMENT PROCESS

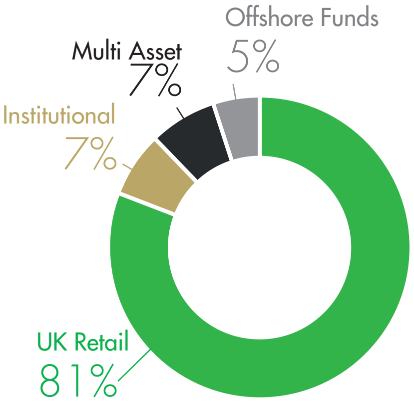
The process is designed to target the outcome expected by investors in terms of the level of risk, as measured by volatility, of each model portfolio and to maximise the return for each portfolio while still targeting the investors' level of risk. These two objectives are pursued through a quantitative and qualitative approach with four key stages to the process: the strategic asset allocation, followed by the tactical asset allocation, fund selection and portfolio construction.

“We favour patient, long-term investors and prize fund managers who can point to endurance and experience. While consistency of performance is impossible 100% of the time, consistency of process is a must.”

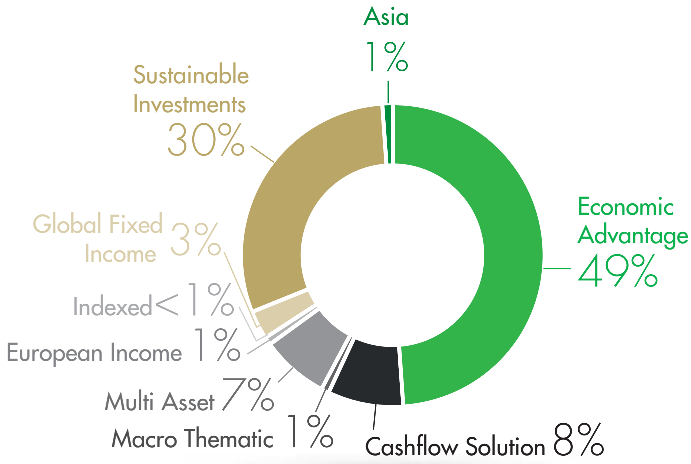
John Husselbee

Split of AuM

By product type



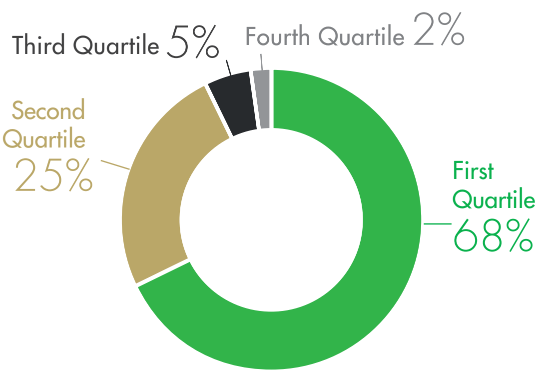
By investment process



UK Retail fund performance

The strength of Liontrust's fund management capability is shown by the weighted average AuM of our actively managed unit trusts and ICVCs. Since launch or since the fund managers were appointed 68% were in the first quartile.

Figure 1 – AuM weighted quartile ranking since launch or launch/manager inception



Detailed quartile rankings by fund over one, three and five years and since launch or the fund manager was appointed are shown in the table below:

Process	Quartile ranking - 1 year	Quartile ranking - 3 year	Quartile ranking - 5 year	Quartile ranking - Since Launch/Manager Appointed	Launch Date/ Manager Appointed
Liontrust UK Growth Fund	1	1	1	1	3/25/2009
Liontrust Special Situations Fund	1	1	1	1	11/10/2005
Liontrust UK Smaller Companies Fund	1	1	1	1	1/8/1998
Liontrust UK Micro Cap Fund	1	1	-	1	3/9/2016
Liontrust Macro Equity Income Fund	2	3	4	1	10/31/2003
Liontrust Macro UK Growth Fund	3	4	4	2	8/1/2002
Liontrust European Growth Fund	2	2	1	1	11/15/2006
Liontrust Asia Income Fund	2	3	2	2	3/5/2012
Liontrust European Income Fund	3	4	4	4	12/15/2005
Liontrust European Enhanced Income Fund	3	4	4	4	4/30/2010
Liontrust Global Income Fund	4	3	4	4	7/3/2013

Source: Financial Express, total return (income reinvested and net of fees) basis, bid to bid, to 31 March 2019 unless otherwise stated. The above funds are all UK authorised unit trusts (retail share class) or sub funds of UK Investment Companies of Variable Capital. Funds with a track record of less than one year are excluded. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

Process	Quartile ranking - 1 year	Quartile ranking - 3 year	Quartile ranking - 5 year	Quartile ranking - Since Launch/Manager Appointed	Launch Date/ Manager Appointed
Liontrust Monthly Income Bond Fund	4	1	2	2	7/12/2010
Liontrust SF Absolute Growth Fund	1	1	1	3	2/19/2001
Liontrust SF Corporate Bond Fund	3	1	2	1	8/20/2012
Liontrust SF Cautious Managed Fund	1	1	-	1	7/23/2014
Liontrust SF Defensive Managed Fund	1	1	-	1	7/23/2014
Liontrust SF European Growth Fund	3	3	2	2	2/19/2001
Liontrust SF Global Growth Fund	1	1	1	3	2/19/2001
Liontrust SF Managed Fund	1	1	1	2	2/19/2001
Liontrust UK Ethical Fund	1	1	1	2	12/1/2000
Liontrust SF UK Growth Fund	1	1	1	2	2/19/2001

Source: Financial Express, total return (income reinvested and net of fees) basis, bid to bid, to 31 March 2019 unless otherwise stated. The above funds are all UK authorised unit trusts (retail share class) or sub funds of UK Investment Companies of Variable Capital. Funds with a track record of less than one year are excluded. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

Liontrust and Fund Awards

We are proud to announce the following awards for Liontrust and our fund management teams in the financial year ended 31 March 2019:

Portfolio Adviser Fund Awards 2019
ESG Fund Management Group - Platinum
Liontrust Asset Management

Investment Week Specialist Investment Awards 2018
Specialist Group of the Year (over £10bn)
Liontrust Asset Management

Liontrust Special Situations Fund
AJ Bell Fund & Investment Trust Awards 2018
Overall winner:
UK Equity - Active

Investment Week Fund Manager of the Year Awards 2018
£ Corporate Bond
Liontrust Monthly Income Bond Fund

Investment Week Fund Manager of the Year Awards 2018
UK Growth
Liontrust Special Situations Fund

Liontrust Special Situations Fund
Morning Awards 2019
Best UK Equity Fund

Distribution review

We delivered record net inflows of £1.8 billion in the financial year, reaching £581 million in the last three months alone. Our AuM has increased by 21% to £12.7 billion. This success comes at a challenging time, with negative retail fund flows across the UK industry as a whole in six of the seven months up to and including February 2019 (Source: Investment Association).

The first fund launched for the Global Fixed Income team of David Roberts, Phil Milburn and Donald Phillips was the GF Strategic Bond Fund on 13 April 2018. This and the subsequent three funds launched for the team had gathered £419 million in assets by 31 March 2019. We are confident that with a good first year of performance, the team's experience and long track record, and the positioning of the portfolios, the funds will attract significant inflows.

We continue to see increasing interest in and flows into our sustainable funds. This is an ever-more competitive area as investor demand for sustainability grows, but we are confident about the outlook for our team and the proposition they offer investors. The Liontrust team has a track record of more than 18 years of managing sustainable investments, a robust investment process and a broad range of single strategy and managed equity and fixed income funds.

The strength of our sales and marketing teams is shown by the increasing reach of our distribution in the UK and continental Europe. This is reflected in the fact Liontrust had the 6th highest net retail sales of UK domiciled funds and the 7th highest total net sales (including non-UK domiciled funds) in the UK in 2018 according to the Pridham Report, which analyses flows for the asset management industry.

Research carried out over the past year shows that we have strong brand awareness, understanding and engagement among intermediaries in the UK. This is a testament to the differentiation of our brand and the expansion and enhancements of our communications.

We have been using digital marketing to more effectively communicate with clients and investors and thus promote understanding and engagement. We have launched an email preference centre to enable institutional investors, intermediaries and private investors to self-select the communications they receive from us. This is also allowing us to differentiate content between audiences.

We have expanded the ways in which we communicate with clients and investors. For example, we have started recording regular podcasts with our fund managers.

We believe in enabling our clients and investors to receive investment insights, views and updates from us in the form they want, whether that is print, interactive booklets, emails, videos or podcasts.

We have partnered with Newcastle United Foundation (NUF) to launch a new numeracy programme, Financial Football. This programme is designed to give primary school children a head start in financial education.

Financial Football uses the popularity and profile of Newcastle United football club to encourage primary school pupils to engage with maths problems and to teach concepts such as budgeting.

Operations review

We are focused on maintaining an operations team that is efficient, scalable and that gives us the ability to continue to support our strategic objectives and the growth that has delivered and will deliver in future years, whilst also ensuring that they deliver value to all our stakeholders.

Our five key operations teams are:

- Technology team, which focuses on the development and implementation of a cloud-based server infrastructure, IT support, delivery of IT hardware upgrades and the maintenance of a higher quality technology environment that supports the business;
- Investment Operations team which is responsible for the oversight of our custody, transaction matching, derivatives management, fund accounting and valuation/pricing service providers;
- Data Governance team, which is responsible for the governance of data used within Liontrust, in particular data in the other operations teams, and the distribution and marketing teams;
- Client Operations team, which is responsible for the oversight of our transfer agency orientated outsourced provider;
- Portfolio & Data Insights team to ensure the accuracy and consistency of performance measurement, attribution and risk data for all our investment portfolios, to provide institutional client reporting services, provision of high quality responses for Request for Proposals ("RFP") from our clients and maintain consultant databases.

The Operations teams have, amongst other things, achieved the following:

- Successfully reviewed our administration operating model and recommended a new target operating model ("TOM") where our currently out-sourced administration services providers are consolidated with a single service provider and to provide out-sourced middle office services (at the time was carried out by the Investment Operations team);
- Completed an administration services vendor selection process, where six service providers were invited to put forward proposals in relation to our new TOM;
- Completed due diligence on the service provider selected to implement our new TOM, and put in place appropriate contractual arrangements;
- Successfully implemented the re-organisation of our outsourced administration arrangement, specifically:
  - Transferred the Depositary Services and Custody for our OEIC funds from Natwest to BNY Mellon;
  - Transferred Trustee, Custody, Fund Accounting and Valuation services for our Unit Trust Funds from State Street to BNY Mellon;
  - Transferred Client Reporting for our Institutional accounts from State Street to BNY Mellon;
  - Transferred the Depositary, Custody, Transfer Agency, Fund Accounting and Valuation services for our Dublin domiciled OEIC funds from Northern Trust to BNY Mellon; and
  - Transferred the Transaction matching and Derivatives management services for all our funds from our in-house Investment Operations team to BNY Mellon; and
  - Transferred Transfer Agency Depositary services our Unit Trust Funds from DST Financial Services to BNY Mellon.
- Completing a project reviewing the target operating model for our performance team, and implementing the findings of the review in creating a new Portfolio & Data Insights team which is responsible for all performance measurement, attribution and risk data for our investment portfolios, institutional client reporting, processing client RFP's and updating consultant databases;
- Completing a project reviewing the use of data in the business, in particular looking at Data Governance, Data Quality and Data Management; and
- Gained Cyber Essentials Plus accreditation and continue to evolve Cyber security strategies across the business.

Financial review

Financial performance

Profit before tax increased to £19.029 million (2018: £12.313 million). Adjusted profit before tax* increased to £30.093 million from £27.378 million last year, reflecting increased AuM.

Table (a) Analysis of financial performance

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000	Year on Year Change
Gross profit excluding performance fees	84,600	72,361	17%
Performance fees	32	4,450	(99)%
Other comprehensive income	-	33	(100)%
Realised and unrealised (loss)/gain on sale of financial assets	25	(139)	(118)%
Directors, employee and members compensation[(1)]	(39,195)	(35,663)	10%
Other Administration expenses	(15,379)	(13,667)	13%
Adjusted operating profit*	30,083	27,375	10%
Interest receivable	10	3	233%
Adjusted profit before tax[(1)]*	30,093	27,378	10%

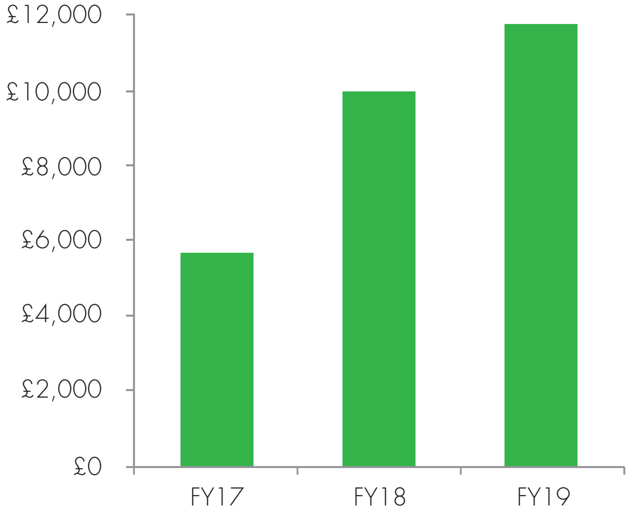
(1) See note 7 on page 102 for reconciliation of adjusted profit before tax to profit for the year.

* This is an alternative performance measure ('APM'). See page 31 for further details.

Average AuM*

Average AuM increased by 18% compared to last year and by 106% over two years (see Figure 1 below), reflecting acquisition, net flows and market performance.

Figure 1 – Average AuM* £'million

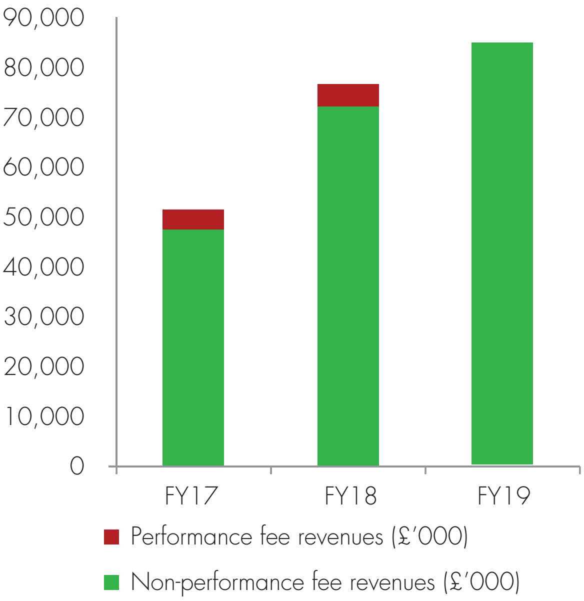


* This is an alternative performance measure ('APM'). See page 31 for further details.

Gross Profit

Gross Profit excluding performance fees increased by 17% compared to last year and by 78% compared to two years ago. (see Figure 2 below).

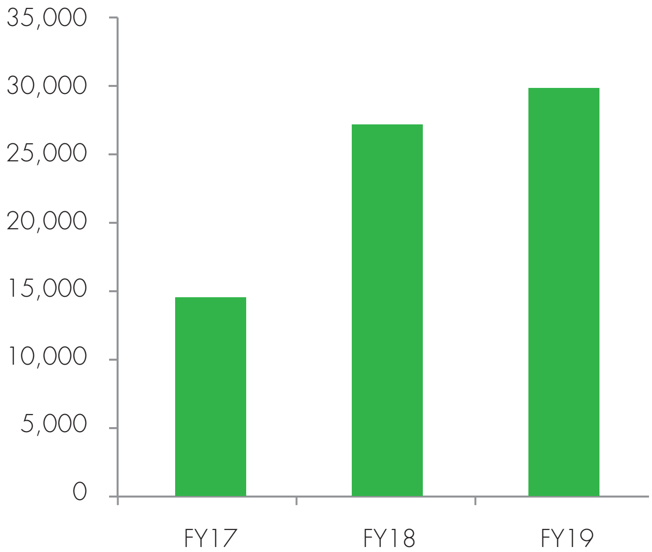
Figure 2 – Gross profit £'000



Profit and operating margin

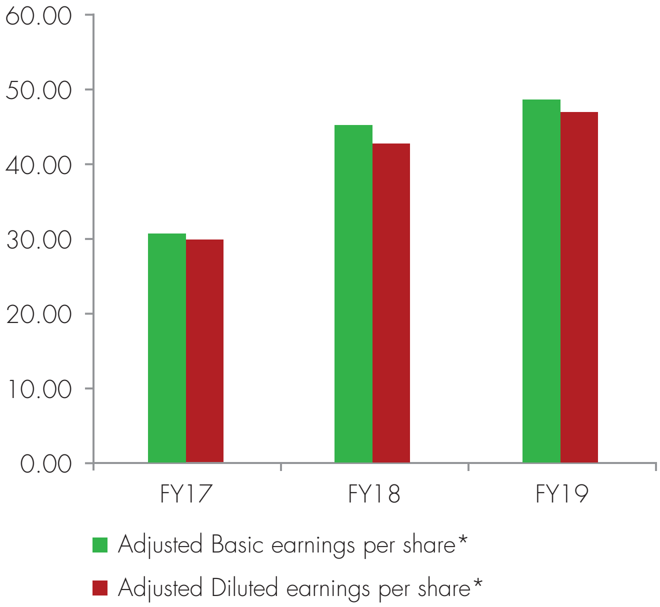
Adjusted operating profit* increased to £30.083 million from £27,375 million last year and from £14.623 million two years ago reflecting the increase in average AuM, this in turn is reflected in strong growth in basic and diluted earnings per share (see Figures 3 and 4).

Figure 3 – Adjusted profit before tax* £'000



* This is an alternative performance measure ('APM'). See page 31 for further details.

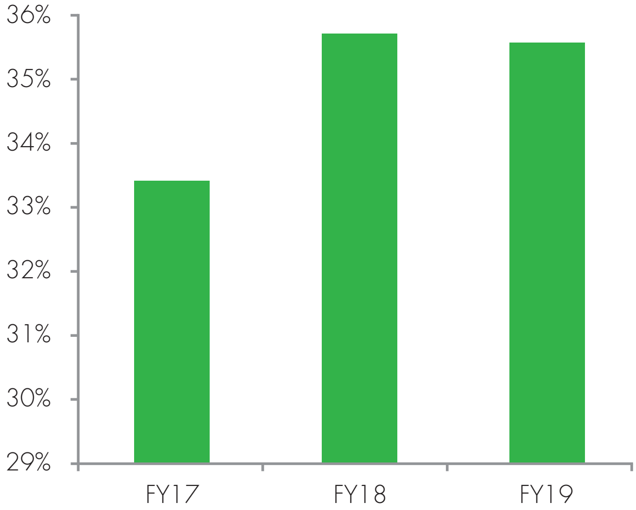
Figure 4 – Adjusted basic and diluted earnings per share* (pence)



* This is an alternative performance measure ('APM'). See page 31 for further details.

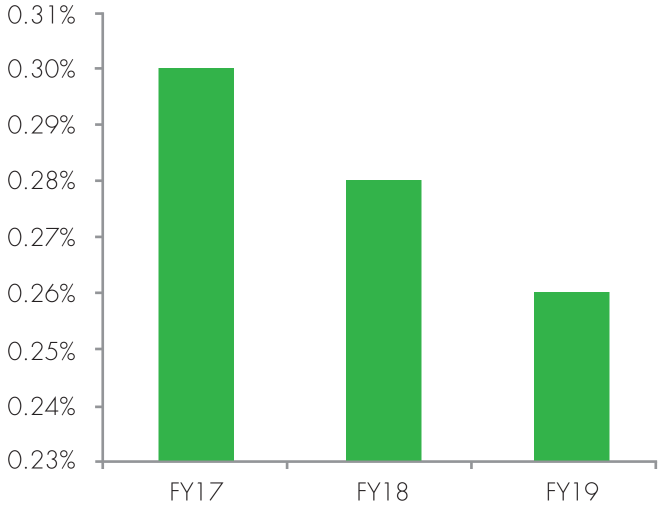
Adjusted operating margin (calculated as Adjusted operating profit divided by Gross profit) reflects the strong operating gearing in the business (see Figure 5 below).

Figure 5 – Adjusted operating margin*



* This is an alternative performance measure ('APM'). See page 31 for further details.

Figure 6 – Adjusted profit before tax* as % of average AuM



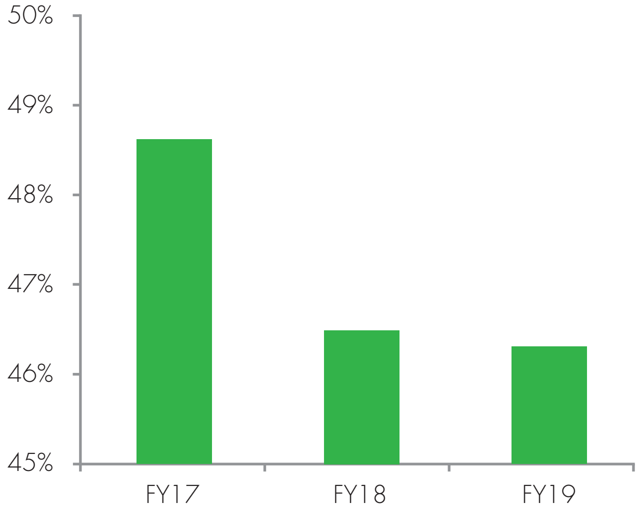
(3) Adjusted for expenses for share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

* This is an alternative performance measure ('APM'). See page 31 for further details.

Administration expenses

The largest component of our costs, in common with other service companies, is Director, member and employee related expenses. Director, member/employee compensation as a percentage of Gross profit reduced slightly reflecting increased revenues and cost controls. (see Figure 7 below).

Figure 7 – Director, employee and member related expenses as a percentage of Gross profit*

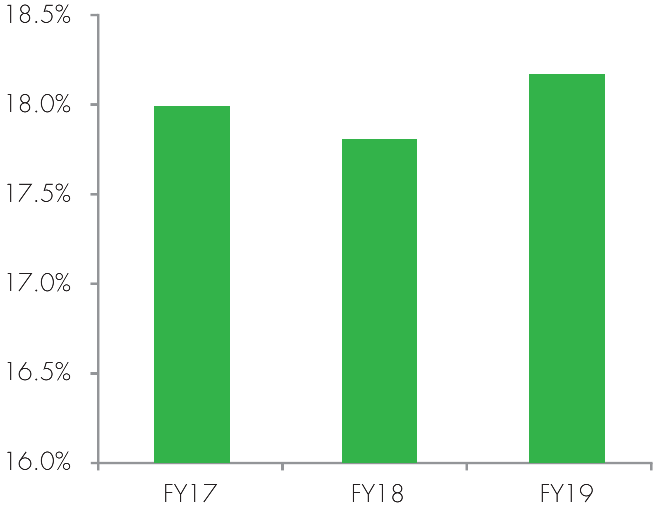


(4) Member and employee related costs are the sum of Director and employee costs, pensions, members drawings charged as an expense, and members' advance drawings (where applicable).

* This is an alternative performance measure ('APM'). See page 31 for further details.

Other administration expenses as a percentage of Gross Profit is at 18%, as a result of strong cost control within the Group (see Figure 8 below).

Figure 8 – Other administration expenses* as a percentage of Gross Profit



* This is an alternative performance measure ('APM'). See page 31 for further details.

Dividend

The Board has considered current market environment, the financial performance for the Group in the current year and its cash generation abilities in future years, and is declaring a second interim dividend of 20.0 pence per share (2018: 16.0 pence) which will result in total dividends for the financial year ending 31 March 2019 of 27.0 pence per share (2018: 21.0 pence) (See Figure 9 below). This reflects a dividend margin (dividend per share divided by Adjusted diluted earnings per share) of 58% (See Figures 9 and 10 below).

Figure 9 – Dividend per share (pence)

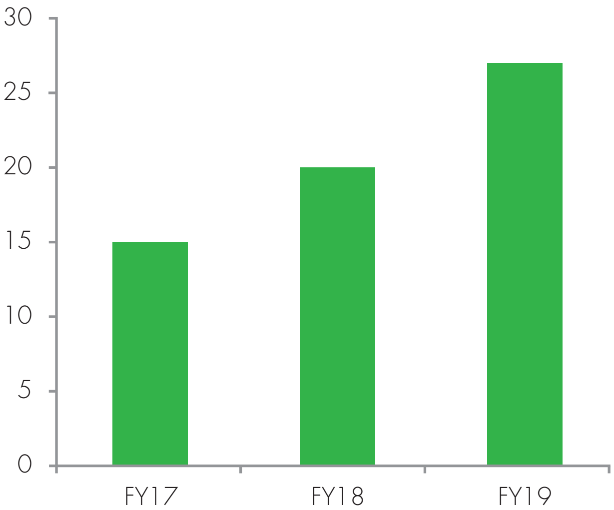
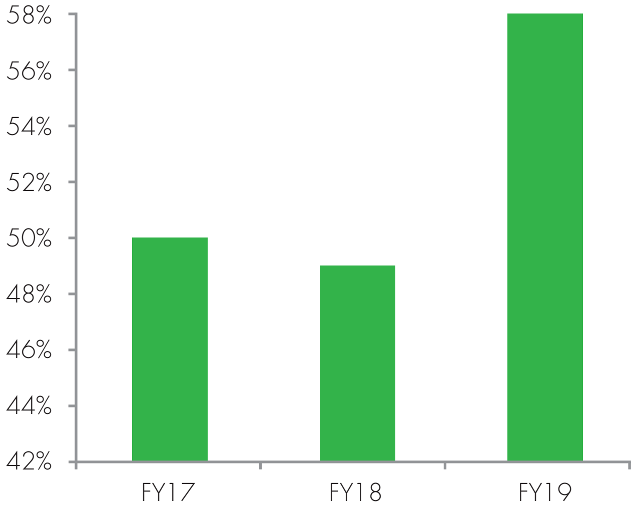


Figure 10 – Dividend margin*



* This is an alternative performance measure ('APM'). See page 31 for further details.

Dividend policy

Our policy is to grow our dividend progressively in line with our view of the underlying adjusted earnings per share on a diluted basis (excluding performance fees) and cash flow of Liontrust;

When setting the dividend, the Board looks at a range of factors, including:

- the macro environment;
- the current balance sheet; and
- future plans.

It is our intention that dividends will be declared and paid half yearly.

Statement of viability

In accordance with provision C.2.2 of the 2016 revision of the Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 31 March 2022. The Directors' assessment has been made with reference to the Group's current position and strategy, the Group's risk appetite, the Group's financial forecasts, and the Group's principal risks and mitigations, as detailed in the Strategic Report.

The three-year period is consistent with the Group's current strategic forecast and ICAAP. The forecast incorporates both the Group's strategy and principal risks. The forecast is approved by the Board at least annually. This formal approval is underpinned by regular Board discussions of strategy and risks, in the normal course of business. The forecast is updated as appropriate.

The three-year strategic forecast considers the Group's profitability, cash flows, dividend payments, share purchases, seed capital and other key variables. These metrics are subject to sensitivity analysis, which involves flexing a number of the main assumptions in the forecast, both individually and in unison. Scenario analysis is also performed as part of the Group's ICAAP, which is approved by the Board.

Alternative Performance Measures ('APMs')

The Group uses the following APMs:

Adjusted profit before tax*

Definition: Profit before taxation, depreciation and amortisation, share incentivisation expenses and non-recurring items.

Reconciliation: Note 7 on page 102.

Reason for use: This is used to present a measure of profitability of the Group which is aligned to the requirements of shareholders, potential shareholders and financial analysts, and which removes the effects of financing and capital investment, which eases the comparison with the Group's competitors who may use different accounting policies and financing methods.

Specifically, calculation of Adjusted profit before tax excludes share incentivisation expenses for similar reasons to above, and in particular provides shareholders, potential shareholders and financial analysts a consistent year on year basis of comparison of a "profit before tax number", when comparing the current year to the previous year and also when comparing multiple historical years to the current year, of how the underlying business is performing without the effects of share incentivisation expenses which can be influenced by other factors such as timing of grants due to prohibited periods, shareholder approval of share incentivisation plans, and other factors.

Adjusted operating profit

Definition: Profit before interest, depreciation and amortisation, share incentivisation expenses and non-recurring items.

Reconciliation: Note 7 on page 102.

Reason for use: This is used to present a measure of profitability of the Group which is aligned to the requirements of shareholders, potential shareholders and financial analysts, and which removes the effects of financing and capital investment, which eases the comparison with the Group's competitors who may use different accounting policies and financing methods.

Specifically, calculation of Adjusted operating profit before tax excludes share incentivisation expenses for similar reasons to above, and in particular provides shareholders, potential shareholders and financial analysts a consistent year on year basis of comparison of a "profit before tax number", when comparing the current year to the previous year and also when comparing multiple historical years to the current year, of how the underlying business is performing without the effects of share incentivisation expenses which can be influenced by other factors such as timing of grants due to prohibited periods, shareholder approval of share incentivisation plans, and other factors.

Adjusted operating margin

Definition: Adjusted operating profit divided by Gross profit.

Reconciliation: Note 7 on page 102.

Reason for use: This is used to present a consistent year on year measure of revenues compared to costs, identifying the operating gearing within the business.

Revenues excluding performance fees

Definition: Gross profit less any revenue attributable to performance related fees.

Reconciliation: Note 4 on page 100.

Reason for use: This is used to present a consistent year on year measure of revenues within the business, removing the element of revenue that may fluctuate year on year.

Adjusted earnings per share

Definition: Earnings before interest, depreciation and amortisation, share incentivisation expenses and non-recurring items divided by the weighted average number of shares in issue.

Reconciliation: Note 7 on page 103.

Reason for use: This is used to present a measure of profitability per share in line with the adjusted operating profit as detailed above.

Adjusted diluted earnings per share

Definition: Earnings before interest, depreciation and amortisation, share incentivisation expenses and non-recurring items divided by the diluted weighted average number of shares in issue.

Reconciliation: Note 7 on page 103.

Reason for use: This is used to present a measure of profitability per share in line with the adjusted operating profit as detailed above.

Director, member and employee related expenses

Definition: A component of administration expenses costs related to compensation costs of people within the business.

Reconciliation: Note 7 on page 103.

Reason for use: This is used to present a consistent year on year measure of staff cost within the business and is used relative to Gross profit.

Other administration expense

Definition: a component of administration expenses related to non-people related costs within the business.

Reconciliation: Note 5 on pages 100 and 101.

Dividend margin

Definition: This is the dividends declared for the year divided by the Adjusted diluted earnings per share

Reconciliation: This can be recalculated with the information in notes 7 and 9

Reason for use: This is used to identify the dividend cover versus adjusted operating profit.

Assets under Management ('AuM')

Definition: the total assets managed by the Group.

Reconciliation: A detailed breakdown of AuM is shown on page 9

Reason for use: AuM is a key performance indicator for management and is used both internally and externally to determine the direction of growth of the business.

Average Assets under Management

Definition: The average of total assets managed by the Group during the financial year

Reconciliation: average AuM for the year is the average of each month end total AuM during the period.

Reason for use: Average AuM shows AuM without the volatility of short term inflows or outflows and allows for comparability between years.

* This measure is used to assess the performance of the Executive Directors.

Principal Risks and mitigations

The Group takes a cautious and pro-active approach to risk management, recognising the importance of understanding risks to the business, setting and monitoring risk appetite and implementing the systems and controls required to mitigate them.

As detailed in the Risk Management and Internal Controls section of the Directors' Report on page 51, Liontrust has defined a Risk Universe and uses a Risk Appetite Statement as well as a number of risk frameworks to capture the core risks inherent in our business and assess how those risks are managed and mitigated, the key indicators that would suggest if the risk is likely to materialise together with an assessment that each risk may have on our regulatory capital.

Our Professional Indemnity Insurance covers us for losses, errors, and fraud. Our current assessment of our key operational risks and our risk management framework suggest that we are not at material risk of breaching our insurance limits, although all our risk appetite and prudential planning incorporates the scenario of a failure of insurance cover.

In order to help identify, manage and control risk, Liontrust breaks it down into eight main categories. On the basis of disciplined risk assessment, the principal risks to the Group's business are considered. A high level summary is shown below with details of mitigating factors.

Credit risk

Credit risk covers the risk of loss due to a debtor's inability to pay. The Liontrust Group maintains a liquidity policy document which identifies the credit risks that may affect any area of the business and details how these risks are monitored and controlled.

These risks include:

- failure of banks / significant counterparties;
- failure of a client to pay fees;
- failure of a client to pay funds for an investment; and
- failure of a fund to pay redemption monies.

A Credit risk report is produced monthly which reviews all major counterparties and this covers, for each institution, agency ratings, interest rates currently offered and credit default swap spreads (where these measures are applicable or available). These are all indicators of any potential problems. If any such issues are identified the Group will take action to either move any functions or cash away from the institution or closely monitor the institution as per our counterparty selection and business continuity policies.

Market risk

Market risk is the risk that the value of assets will decrease due to the change in value of the market risk factors. Common market risk factors include asset prices, interest rates, foreign exchange rates, and commodity prices.

Liontrust as an investment management company is exposed to market risk in several forms, these include: seed investments; box management; funds under management; and management fee income. A significant fall in markets will reduce the management fee income from our assets under management. Due to the nature of the mix of fixed and variable expenses, the Group's earnings will also reduce, although not at the same rate. The Group has extensively modelled the impact of a significant fall in markets at the same time as other potential capital impacts and have concluded that although our profitability may be significantly affected, the Group should remain within its prudential capital requirements under the majority of scenarios.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. The management of operational risk is formalised in a number of ways including risk assessments and scorecards, documented procedures and compliance manuals, a comprehensive compliance monitoring programme (both internal and external), issue tracking and a regular assessment of third party providers. Liontrust manages its operational risk with a framework based upon the Basel Committee on Banking Supervision's paper "Sound Practices for the Management and Supervision of Operational Risk" using seven operational risk event types that may result in substantial losses including:

Event Type	Description
Internal Fraud	Misappropriation of assets, tax evasion, intentional mismarking of positions, bribery
External Fraud	Theft of information, hacking damage, third-party theft and forgery
Employment Practices and Workplace Safety	Discrimination, workers' compensation, employee health and safety
Clients, Products, & Business Practice	Market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning
Damage to Physical Assets	Natural disasters, terrorism, vandalism
Business Disruption & Systems Failures	Utility disruptions, software failures, hardware failures
Execution, Delivery, & Process Management	Data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets

These risk event types are further broken down into 36 sub-categories. Each operational department undergoes a risk assessment for each of these risks to identify the likelihood of a risk materialising as well as the impact of the risk. The impact is the likely effect of a risk crystallising; these are two measures, the cost of a typical event as well as the cost of an extreme case. The output from the departmental risk assessments or risk registers are co-ordinated with the Group's Risk Appetite to ensure that we are capturing evolving risks for the Group as they emerge. The risk assessment and risk scorecard can then be used to create risk maps which visually model and communicate risks and their trends.

As we outsource many of our labour intensive operational functions, we commit high levels of resource to the management of these third party providers. We work hard to ensure that the relationship is a collaborative one and that both parties are working together towards the same goals, via a dedicated relationship management team and through a comprehensive monitoring programme. Failure of any outsource provider presents a real threat to the business and our continuity planning incorporates a stepped approach to manage and control these risks.

The key operational risks that have been identified as potentially having a significant impact on our business or capital are as follows:

- Trading errors
- Failure of key systems
- Failure of key supplier or outsource provider
- Corporate action errors
- Regulatory breaches
- Breach of mandate restrictions
- Business continuity failure
- Account setup and standing instructions

Liontrust has consolidated its third party outsource providers to one provider over the last year. This has meant a higher risk of operational failures over this period due to the change of systems, controls and procedures as well as changing staff responsibilities. A significant investment in project oversight and increased resourcing has mitigated the risks and Liontrust has devoted considerable management time to minimise operational risk arising from the changes.

Cybersecurity and information technology risk
Liontrust is dependent on our IT infrastructure and systems. A successful cyber-attack could result in the loss of data; disrupt our ability to service our customers or in a worst case scenario – a loss of clients' assets. Liontrust has included the management of cyber security into our governance framework for a number of years and use specialist external consultants to review and test our IT infrastructure and security including penetration testing. Staff awareness and training is an important part of our defence against attack. Liontrust demands the same commitment to tackling cybersecurity from its key outsourced providers.

Business risk
The potential strategic, business, operational and legal risks arising from poor strategy, competitive pressure, poor due diligence, poor integration of acquisition targets and badly managed divestitures.

The development of our business and increasing the diversification of our fund management talent is a core objective of the Group and, the business is willing to finance acquisitions, etc. to achieve this diversification where it is prudent to do so while leaving sufficient capital to operate the business.

Client Concentration and the risk of redemptions at short notice
Liontrust has several large, key clients and relationships. Should a large client leave (or conversely a new large client be acquired) there is a risk that earnings may be impacted. Liontrust has successfully grown our client base over the last few years and this has reduced the impact of a single client redeeming. Clients are also able to withdraw their assets at short notice. The retail funds have daily liquidity and most institutional mandates have no lock in periods or liquidity constraints. This may mean that in times of crisis assets under management may fall quickly increasing the potential volatility of earnings.

Competitive Environment
Liontrust operates within a highly competitive environment with both local and global businesses, many of which have greater scale and resources. The changes to the regulatory and business landscape have resulted in a greater focus on fees & charges, a growing importance of brand & marketing and distributor relationships. Failure to compete effectively in this environment may result in loss of existing clients and a reduced opportunity to capture new business which may have a material adverse impact on the Group's financial wellbeing and growth.

Client Management
The risks associated with poor distribution and poor client service including a failure to meet business objectives and suitability / mis-selling.

It is a key aim of the Group to ensure our clients and customers understand the products and services we offer and for us to deliver the products that a client expects. All our investment processes are fully documented, which enables clients to understand clearly how we manage assets. Ensuring that our clients understand the product is a core element in treating them fairly. We believe our documented processes, detailed reports and literature reduce the likelihood of a product either being misunderstood or not delivering the appropriate customer outcomes, this may also reduce the risk of client losses in the event of portfolio underperformance.

Portfolio Management, Investment risk and Liquidity
The risks arising from poor Investment returns, incorrect levels of investment risk or liquidity issues in the funds.

Liontrust provides specialist, actively managed portfolios to its clients aiming to produce good relative investment returns over the medium to long term. There may be periods where the portfolios have a weaker performance record and clients may redeem their investments during these periods potentially impacting the Group's earnings. It is also harder to attract new clients during periods of under-performance in a fund, or across the Group's portfolios which may impact the ability for the Group to grow.

The Group has increased the number of investment teams and products and has no single house view which helps to diversify or reduce the impact of one or more teams suffering from poor short term performance.

Liquidity risk is the possibility that a fund may not be able to pay a redemption request due to being unable to sell the assets in the fund in time to meet the liability, especially in stressed markets. The funds are all managed on a basis that ensures there is appropriate liquidity within them to meet all likely redemption requests and we perform regular liquidity risk monitoring with controls and limits for funds that may be impacted by liquidity risks including normal and stressed redemption profiles from investors and the fund's liquidity in normal and stressed market conditions.

People
The risk of losing experienced and talented staff or a failure to develop staff.

People are a key part of our business and the stability of our investment and operational expertise is critical to our success. The Group takes appropriate steps to manage expectations and minimise the loss of good quality staff. Any departure of significant personnel may result in a loss of funds under management, especially the loss of one of our fund management teams. Liontrust believes building and maintaining our distinct culture as well as providing a good working environment is key to the future success of our business and the engagement and retention of its staff, therefore, we invest significantly in our people, including through training and qualifications.

Regulatory, Compliance, Conduct and Financial Crime
The risk of legal penalties, financial forfeiture and material loss if Liontrust fails to act in accordance with industry laws and regulations.

The regulatory environment that the Group operates in continues to grow more complex: last year saw the implementation of PRIIPS, MiFID II and GDPR; this year we are working on the Asset Management Market Study including the new governance requirements and the value assessment as well as preparing for the senior managers regime.

The Group will continue to dedicate considerable time and resources to ensure the business meets its new and ongoing regulatory obligations which will impact both the Group and the investment vehicles operated by the Group.

Increasing and changing regulations bring additional, or increased, risks of errors or omissions which can result in financial or other penalties and could result in a loss of confidence by our clients. Regulatory changes may also affect the products and services the Group offers, to whom or where it may offer them and the fees and charges it is able to charge.

Liontrust's Compliance department operates a comprehensive compliance monitoring programme to confirm regulatory obligations are met and the Group works with industry bodies, lawyers and consultants to ensure all regulatory change is appropriately managed.

Brexit
Following the referendum on Brexit, Liontrust has operated a number of work streams to identify potential issues to the business including the possible impact on our ability to service clients and meet our regulatory obligations.

We have made a number of changes to our offshore fund range to prepare our fund range for European clients' needs and to meet the regulations once the UK is a third country.

We are awaiting authorization for a MiFID licenced subsidiary in Luxembourg to replace our existing branch to ensure we can continue to market our funds and services into the EU.

We have reviewed our execution and trading arrangements and put in place a number of new, or precautionary legal arrangements to ensure we can continue to trade and service our clients as necessary in the case of a hard Brexit.

Brexit will also bring additional disruption although it is not expected to have a significant impact on our business model - we continue to review and plan as we receive more clarity on the process.

Our People, Our Impact and Our Corporate Responsibilities

Liontrust is committed to building a sustainable business and intends that our principles are embedded into our policies and practices, to the benefit of stakeholders as well as the wider community.

Our People and Culture…

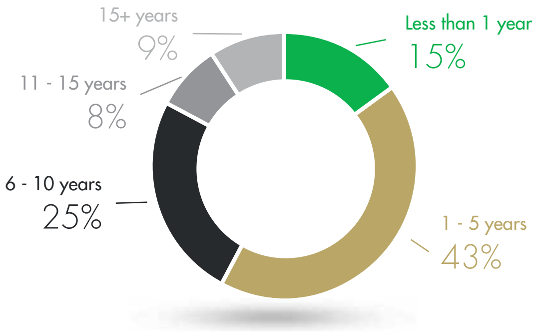
Liontrust is proud of our people and our culture. We believe it is our people and culture that help us to deliver our strategic objectives and the Board recognises that as a people business, it is key that we attract, retain, incentivise, develop and encourage the individuals in our company to continue to meet and surpass our current and future objectives. Our aim is to have a stable and engaged workforce, and our average number of years' service is greater than 5 years across the business and rising with seniority.

We engage with our staff, encouraging active Liontrust equity participation and promoting ownership, accountability and responsibility for their contribution to Liontrust's success. We maintain a remuneration philosophy and approach that continues to promote a strong customer centric culture, as well as risk awareness and performance with a good alignment of staff and shareholder interests.

Liontrust aims to address the needs and aspirations of all staff through the continuing development of diversity, work- life balance and health and well-being policies and initiatives.

Liontrust maintains a code of ethics that all staff must adhere to and adopted the CFAI Asset Manager Code, a voluntary code of conduct to help asset managers practice ethical principles that put client interests first.

Average Years' Service



All staff have the opportunity to participate in a pension arrangement. Employees are encouraged to become involved in the financial performance of the group through a Share Incentive Plan. We provide health and well-being initiatives including private medical cover, annual medical examinations to all staff and a confidential advice service.

All our staff (including cleaning staff and temporary staff) receive at least the London Living rate per hour and Liontrust does not use zero hour contracts.

Liontrust recognises the importance of an appropriate work-life balance, both to the health and welfare of employees and to the business.

We are committed to providing our talented staff with opportunities to develop their capabilities. We make substantial and sustainable investments in the development of our people, and regularly review the relevance and outcomes of this training. We also encourage our employees to take business relevant qualifications and offer support packages. Our investment professionals are required to achieve standards above the regulatory minimum with a particular focus on the Chartered Financial Analyst qualifications for investment staff.

We have continued to add talented people, investing in our performance and data teams and expanding our marketing and sales to improve our service to our new and existing clients.

Over the last year we have worked on our succession planning for directors and key executives drawing up a framework for systematically identifying and reviewing potential successors and focusing on providing them with appropriate managerial and leadership training.

As a fast growing business, we are aware of the efforts required to maintain our culture and to ensure our key values are instilled throughout the business. As we continue to grow, we keep working on aligning our values and culture and this is reinforced with how senior staff behave and operate in the day-to-day business. We are developing a programme of anonymous staff surveys to measure engagement, culture and values over this financial year.

Equal Opportunities, Diversity and Inclusion

Liontrust believes that its people should be appointed to their roles based on skills, merit and performance and makes all appointments within the guidelines of its equal opportunities policy. We are an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation. Where possible, we monitor the ethnicity, age and gender composition of our workforce and those applying for jobs.

Although we are proud of our people, there is also a recognition of the importance of diversity, including gender, and the benefits that further diversity would bring to the Board and Group. The Board is committed to ensuring its composition is appropriate for the business and that staff and candidates should possess the broad range of skills, expertise, industry knowledge, and other experience necessary for the effective oversight and management of the Group. As part of our commitment, we are active members of the 30% club and have included support for similar levels of diversity in our voting policies for the companies we invest in.

2019	Male	Female
Directors	6	1
Members of LLP's	28	3
Employees	52	33

Liontrust's current gender balance is broadly 70:30/male:female. Liontrust is not required to publish its gender pay gap (the percentage male employees overall are paid more than female employees), however analysis has been carried out and it is more than the average for the financial services sector.

Liontrust has a remuneration policy that aims to reward staff equally for doing equivalent jobs, at an identical level of performance and experience. The gap is due to the structure of our staff, in particular because we have more male fund managers than female and more men in our senior management and sales teams. The Board have acknowledged that although this is typical of the financial industry as a whole, we should do better. To address this, senior management have been defining our aspirations and identifying the strategies; the policy changes; and the culture changes that will be required to address the gender balance and gap at Liontrust. We have also added explicit gender diversity targets into the remuneration and performance targets of the executive directors to help ensure that change happens.

As an example of our work, we have set up graduate and intern schemes which aim to attract more young women into the industry, as well as having a good gender mix of candidates in all recruitment, removing all male recruitment processes, providing training to staff on diversity, reviewing our policies to remove unconscious bias and encourage diversity and offering flexible maternity, paternity and shared parental leave and flexible working policies to help support staff with children. We expect the gender pay and bonus gaps between female and male employees to gradually decline as we recruit and develop senior female talent across the business but the Board are working on supporting this change to transition the business more quickly.

Our impact…

Liontrust seeks to achieve a positive impact on society and the world. We are committed to the principles of good governance, positive social impact and are aware of our environmental, social and governance responsibilities (ESG) and we intend that these should become embedded, where appropriate, into our policies and practices, to the benefit of stakeholders as well as the wider community. We aim to be recognised as an organisation that is transparent and ethical in all our dealings as well as making a positive contribution to the community in which we operate.

Liontrust is committed to the following core values in all aspects of its work, including the fulfilment of its social responsibility:

- Clear direction and strong leadership;
- Customer focus and treating customers fairly;
- Working to deliver good customer outcomes;
- Open communication and transparency;
- Commitment to the highest ethical standards and good stewardship of our clients' investments;
- Positive contribution to our community and environment;
- Respect for people and the development of positive working relationships with others; and
- Valuing and harnessing the equality and the diversity of Liontrust members and employees.

Liontrust has agreed a clear vision statement, has developed a business model and strategy to implement this vision and has the leadership structure in place to do so. We have a client focused culture with the aim of treating customers fairly (TCF) at the heart of what we do. TCF is a core FCA principle, which promotes fair treatment of clients in all we do. We recognise that there may be occasions where there is a conflict of interests between us and others and we have a policy to manage these including disclosure to clients. We publish all our governance documents and policies on our intranet to allow all staff to easily access them and many of them to our wider stakeholders on our company website to ensure our approach is clear, detailed and transparent.

Stewardship for our investments

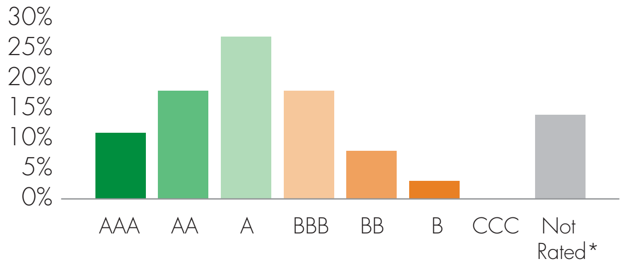
Liontrust recognises that good governance & stewardship, sustainability and social impact is important to stock selection and longer term performance. Liontrust's proprietary investment processes integrate these factors into the stock selection and portfolio construction process to different extents and we are seeking to co-ordinate and enhance this process throughout all portfolios. Following our acquisition of the sustainable investment focused company Alliance Trust Investments Limited, we have continued to invest in additional, specialist resources to increase our commitment to integrating ESG factors including controversy reporting and climate metrics into our investment processes and risk analysis with dedicated governance and stewardship staff. Over a third of our assets are managed by the Sustainable Investment team who fully integrate ESG issues into their investments and we continue to develop and launch new funds to meet client demand for a more sustainable investment approach.

Liontrust is committed to the Financial Reporting Council's Stewardship Code. For further details on Liontrust's response to the Stewardship code and how Liontrust complies with the responsibilities laid out in the code, please visit our website.

From 1 April 2018, Liontrust signed up to the United Nations Principles for Responsible Investment (UN PRI), a set of voluntary guidelines that help companies to address social, ethical, environmental and corporate governance issues as part of the investment process. The Sustainable Investment team have been signatories for a number of years but we have committed to covering all of Liontrust's investment funds.

We have engaged MSCI to provide us with ESG analytics for all of our investments to ensure we are aware of controversial holdings and to allow us to engage with companies where we believe this is appropriate. The chart below shows the distribution of the ESG ratings of our holdings as at 31 March 2019 which shows an improving average score from last year:

ESG Rating Distribution



* 'Not Rated' shows the percentage of the portfolios that are invested in companies that do not have an ESG rating from MSCI, i.e. outside of their coverage, mainly due to size or location of the company.

Human Rights and Slavery

Liontrust has committed to the preservation of human rights. Liontrust is vehemently opposed to the use of slavery in all forms; cruel, inhuman or degrading punishments; and any attempt to control or reduce freedom of thought, conscience and religion. Liontrust will not knowingly enter into any business arrangement with any person, company or organisation which fails to uphold the human rights of its workers or who breach the human rights of those affected by the organisation's activities. For further information, we publish our Corporate Social Responsibility policy and a statement on the Modern Slavery Act on our website.

Purchasing, Procurement and Bribery

Liontrust is committed to adhering to the highest standards of business conduct; compliance with the law and regulatory requirements; and best practice. The Group has established an anti-bribery policy to aid Liontrust's partners/directors, employees and associated persons in ensuring that they comply at all times with relevant anti-bribery laws. In implementing this policy, the Group demonstrates its commitment to preventing bribery, and establishing a zero-tolerance approach to bribery in all parts of our operations. We also perform an annual bribery risk assessment.

Liontrust is committed to procuring its works, goods and services in an ethically and environmentally sensitive way, yet with proper regard to its commercial obligations, ensuring that suppliers deliver to agreed timescales, quality and cost. Purchasing is undertaken in a manner that encourages competition, and offers fair and objective evaluation of offers from all potential suppliers. Any significant transaction or agreement is reviewed by the Board.

Tax

Liontrust aims to pay the appropriate levels of tax in a timely manner and this means that we comply with our tax filing, reporting and payment obligations globally. We have developed a formal tax strategy to detail how tax risks are managed including governance, systems and controls, Board oversight and our attitude to tax planning.

We perform a tax evasion risk assessment and have reviewed our procedures to prevent the facilitation of tax evasion. We do not tolerate tax evasion, nor do we tolerate the facilitation of tax evasion by any person(s) acting on the Group's behalf.

Financial Crime and Cybersecurity

Liontrust is committed to the prevention and detection of financial crime, including money laundering, terrorist financing, bribery and corruption, tax evasion and fraud. Liontrust has set up a separate committee to deal with financial crime and cyber threats which oversees all aspects of the Group's financial crime prevention activities including policies and procedures. These measures are designed to ensure we comply with all applicable laws. All members of the Group undertake regular financial crime prevention training which includes more detailed anti-money laundering and insider trading aspects for some of our staff.

Cybersecurity has remained a key focus for us over the last twelve months. A governance structure overseeing information security with a nominated responsible Board member is in place. The Board has received specialist training this year on the threats and challenges and all company staff receive regular training to keep their skills up to date and to help maintain threat awareness. We continue to use third party specialists to help define, test and review our security arrangements at least annually with internal and external penetration testing happening a number of times a year. Liontrust have included certain cybersecurity extensions to our comprehensive crime insurance policy to provide additional cover in line with a standard cyber insurance policy.

Environment and Sustainability

Liontrust believes that businesses are responsible for achieving good environmental practice and operating in a sustainable manner. We are therefore committed to minimising our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods. Liontrust is not a significant producer of emissions, and we consider our direct climate-related impact to be limited. Liontrust has put in place an environmental policy that details the key points of our strategy on the environment and this is available on our website. Our target is to reduce our Scope 1 and 2 emissions intensity per member of staff each year.

As part of our counterparty selection and review process, we encourage our suppliers, service providers and all business associates to do the same and where appropriate we have obtained the environmental policies of these counterparties. Not only is this sound commercial sense for all; it is also a matter of delivering on our duty of care towards future generations.

Environmental KPI's Commercial Waste

Liontrust aims to minimise its commercial waste and to recycle as much of its commercial waste as possible, with any non-recyclable items being incinerated to produce energy. In the year to 31 March 2019, Liontrust recycled 9,500kg of materials saving 13,700kg of CO_2 (year to 31 March 2018: 13,000kg, 20,000kg CO_2).

Emissions Intensity per member of staff

Using the most recent data available from our landlords, we have identified an emissions intensity per member of staff (employees and members) of 0.67 tC02 per annum (2018: 0.71 tCO_2 per annum).

All of the electricity supplied to the UK offices is provided from green suppliers.

The Health and Safety committee monitors the KPIs as part of their review of the ESG policy.

Charitable Giving

Liontrust's Sponsorship and Charitable Donations Policy ensures that all donations, sponsorship and employee/member volunteer activities align with our corporate social responsibility policy and business goals. Generally, Liontrust will not make contributions to certain causes or activities; these include, but are not limited to the following:

- Political parties;
- Faith related causes, organisations or activities; and
- Where a conflict arises between Liontrust and its Clients.

Sponsorship and charitable donations are normally for small sums of money by way of single donations with larger or ongoing payments requiring approval by the Board of Liontrust. Over the last 12 months, staff have fundraised for a number of charities and amounts were matched by Liontrust. We are proud to support our staff in this way.

Climate Change

Climate change is a widely recognised threat to business and one which we are increasingly focusing on.

In September 2018, Liontrust became a supporter of the Taskforce on Climate-Related Financial Disclosure ("TCFD"). We also recognise our duties to our investor base, where we need to ensure that we demonstrate good stewardship of the companies we invest in, including being aware of the risks and opportunities of climate change.

Our commitment to the UN PRI includes an obligation to perform detailed work on our investments' impact on climate change. In 2017, Liontrust became a signatory to the Carbon Disclosure Project, an independent organisation that measures corporate climate change and is involved in a number of other projects promoting good stewardship at the companies we invest in on behalf of our clients.

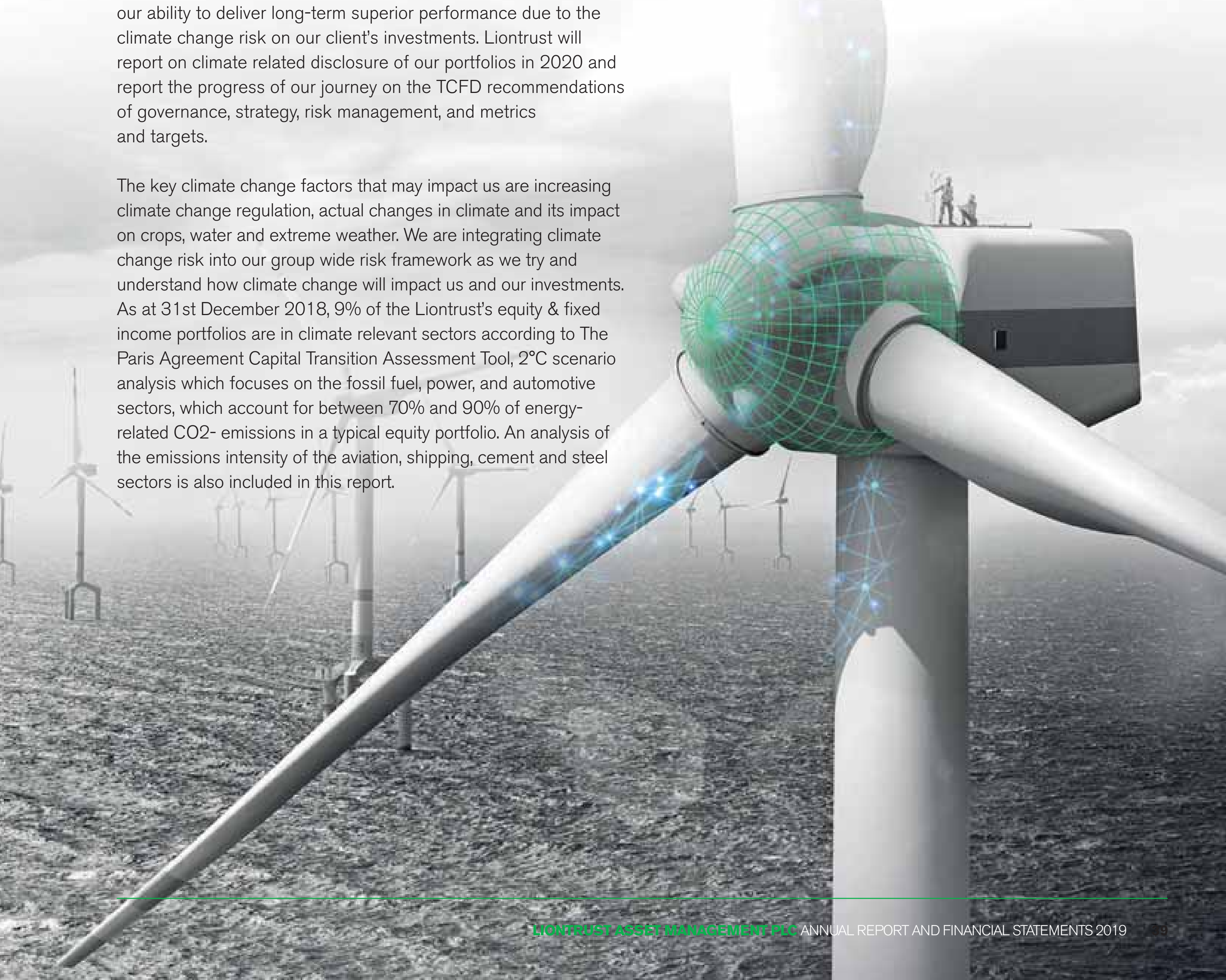
The Board regularly discusses the impact of climate change on our business and our future strategy, in particular the impact on our ability to deliver long-term superior performance due to the climate change risk on our client's investments. Liontrust will report on climate related disclosure of our portfolios in 2020 and report the progress of our journey on the TCFD recommendations of governance, strategy, risk management, and metrics and targets.

The key climate change factors that may impact us are increasing climate change regulation, actual changes in climate and its impact on crops, water and extreme weather. We are integrating climate change risk into our group wide risk framework as we try and understand how climate change will impact us and our investments. As at 31st December 2018, 9% of the Liontrust's equity & fixed income portfolios are in climate relevant sectors according to The Paris Agreement Capital Transition Assessment Tool, 2°C scenario analysis which focuses on the fossil fuel, power, and automotive sectors, which account for between 70% and 90% of energy-related CO_2- emissions in a typical equity portfolio. An analysis of the emissions intensity of the aviation, shipping, cement and steel sectors is also included in this report.

Since 2012, the Sustainable Investment team have disclosed the aggregated carbon emissions for their single strategy funds. This work is carried out independently and, on average, the Sustainable Future funds emit 72% less carbon dioxide than the markets in which they are invested, have 24% exposure to companies whose products help to reduce emissions and hold 0% in companies exposed to the extraction and production of fossil fuels (such as coal miners and oil and natural gas exploration and production). Further details can be found on our website.

Last year we performed full ESG analytics for all of our investments so that we can start to measure our environmental impact across the Group and can identify where we are most at risk. In 2019, we have engaged a third party to provide a detailed carbon emissions analysis across all of our portfolios and will be available to our clients.

We are investing in climate change data and metrics to help incorporate this risk into our standard risk framework as we try and understand how climate change will impact us and our investments into the future.



Community engagement

There are three key objectives that we are aiming to achieve through our community engagement programme:

- **Raise financial awareness and literacy throughout society**
- **Provide opportunities for vulnerable children and young people and promote gender equality through sport, education and finance**
- **Wildlife conservation**

Durham Cricket

We are in the second season of our partnership deal with Durham Cricket, which includes sponsorship of the Durham T20 and the Emirates Riverside's Family Zone. We are supporting the development of the women's game and are the Women's Academy sponsor. We are also helping to enhance the club's community engagement through the Durham Cricket Foundation and a new programme in Kenya.

The Durham Cricket Foundation is working with the Cricket Without Boundaries (CWB) and Girls Friendly Society (GFS) charities for the Let's Be Women project in the north-east of England. Liontrust supports the use of cricket through this project as a tool to empower young women and girls to achieve their potential.

This project has now been introduced into Kenya where it is focusing on gender equality, insufficient access to education and the promotion of positive health and wellbeing. It uses cricket as the way to engage, educate and empower women.

Last year, Durham Foundation Manager Josie Pointon went to Kenya along with a team of CWB volunteers to implement the programme within the Massai community of Laikipia.

Wildlife conservation

We have supported the Zoological Society of London (ZSL) for the past six years with their work in helping to protect the Asiatic lions in India and with the construction of the Land of the Lions exhibit at ZSL London Zoo. ZSL has been providing support and strengthening the conservation efforts of the Gujarat Forest Department (GFD). Thanks to the work of the GFD, along with the support of local communities, the population of Asiatic lions in Western India steadily increased from the early 1990s.

ZSL has been supporting the GFD in the following ways:

- Sharing ZSL's years of animal care expertise and equipping zoo keepers and veterinary staff at Sakkarbaug Zoo and local vet rescue teams.
- Strengthening GFD's monitoring of wild populations by implementing the SMART (Spatial Monitoring and Reporting Tool) approach – a standardised patrol-based monitoring method developed by ZSL and other conservation organisations.
- Designing and enhancing the master plan as well as conservation education programmes at Sakkarbaug Zoo and local interpretation centres that will engage public support and participation in Asiatic lion conservation.

Liontrust is also supporting the Ruaha Carnivore Project (RCP), which is part of Oxford University's Wildlife Conservation Research Unit and was established in 2009 to help develop conservation strategies for large carnivores in Tanzania. The RCP also works with local communities to reduce human-carnivore conflict. Liontrust is helping the RCP's conservation work and initiatives with local communities and schools.

Financial education

Liontrust has partnered with Newcastle United Foundation (NUF) to launch a new numeracy programme, Financial Football. This is designed to give primary school children a head start in financial education.

The six-week programme will help to break down any barriers that children face in understanding and learning about numeracy and finance, with the aim of improving children's understanding of money, as well as giving them the confidence to thrive in school maths lessons.

Financial Football uses the popularity and profile of Newcastle United football club to encourage primary school pupils to engage with maths problems, using real life scenarios such as buying and selling football players and paying fines for red cards, to teach concepts such as budgeting.

After a successful initial pilot at St. Catherine's RC Primary School, the programme will be trialled in a further three Foundation partner schools, before being rolled out to a wider group in September.

Sarah Medcalf, Development Manager at Newcastle United Foundation, says: "We're delighted to have secured funding from Liontrust to help children engage with numeracy in a fun and innovative way. It's great that we have already seen children make huge strides forward with their numeracy skills during the pilot."

Phillip Cowler, Literacy and Numeracy Coordinator at Newcastle United Foundation, adds: "During the pilot, it was fantastic to see the pupils engage so well with the football themed maths sessions, they've been so keen to get started every week.

"By using football as the basis for the maths challenges, we've seen pupils who generally struggle to engage with numeracy feel more comfortable about getting involved due to their familiarity with Newcastle United.

"The difference has been striking. We're thrilled to have the support from Liontrust to expand this programme across our primary school delivery."

Simon Hildrey, Chief Marketing Officer at Liontrust, comments: "Helping children with numeracy and delivering financial education is very important to Liontrust because these are indispensable skills for everyday life.

"Research into financial literacy has shown a large number of young people in the UK do not feel confident about handling money and it is key to help children before they reach the age of 18.

"Liontrust is proud to support Financial Football and team up with the Newcastle United Foundation to help benefit children by improving their numeracy and understanding of finance."

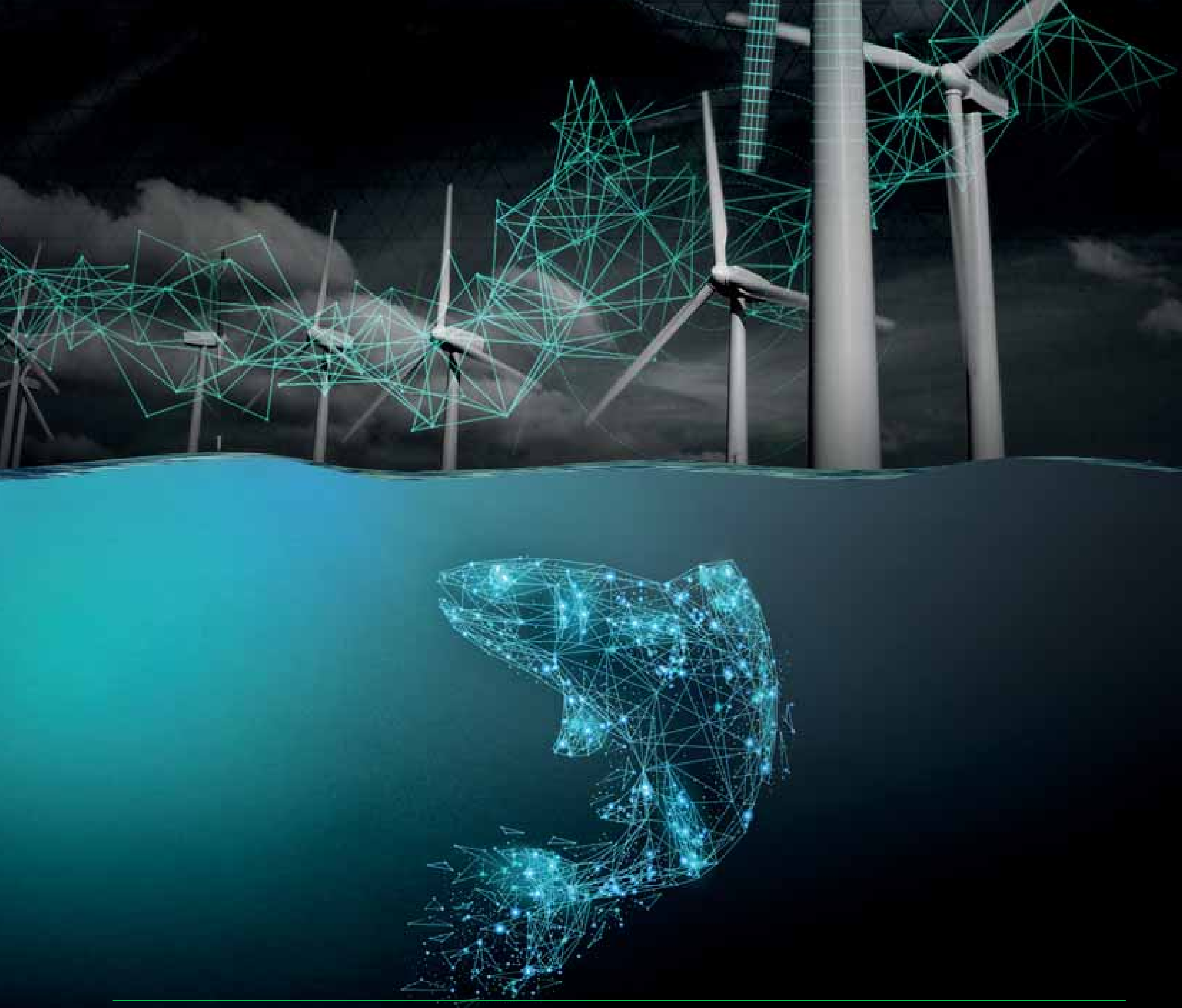
NEWCASTLE UNITED
FOUNDATION
Building a United Future

Approval
The Strategic Report was approved by the Board on 26 June 2019 and Signed on its behalf by:

John Ions
Chief Executive
26 June 2019


ENGAGEMENT AND VOTING:
Annual Review 2018
LIONTRUST
Voting in 2018
Independent assessment of our Engagement
Approach to engagement and voting
Engagement priorities for 2019

Governance



Board of Directors

Adrian Collins, 65, (Non-executive Chairman). Joined the Board in June 2009. Adrian has worked in the fund management business for over 40 years, a large part of which was at Gartmore Investment Management Limited where, latterly, he was the Managing Director. He is also a Director of Bahamas Petroleum Company Plc, Tristar Resources Plc, and CIP Merchant Capital Limited.

Alastair Barbour, 66, (Non-executive Deputy Chairman). Joined the Board in April 2011. Alastair is a chartered accountant with 25 years' experience spent auditing and advising boards and management of public companies in the UK and internationally, principally in the financial services industry. He trained with Peat, Marwick, Mitchell & Co in London before being admitted as a partner with KPMG in Bermuda in 1985. Alastair returned to the UK as a partner of KPMG in 1991 and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a Director of RSA Insurance Group Plc, Phoenix Group Holdings, The Bank of N.T. Butterfield & Son Limited, and CATCo Reinsurance Opportunities Fund Ltd.

Mike Bishop, 68, (Senior Independent Director). Joined the Board in May 2011. Mike has more than forty years' experience as a fund manager and is currently a Non-executive Director of RWC Focus Asset Management and an adviser to its UK equity activist funds. Before joining Hermes in 2005, Mike was Head of Pan-European Equities at Morley Fund Management Limited and a Director and fund manager at Gartmore Investment Management.

John Ions, 53, (Chief Executive). Joined the Board in May 2010. Prior to joining Liontrust in February 2010, John was Chief Executive of Tactica Fund Management since it was established in 2005. Previously, John was Joint Managing Director of SG Asset Management and Chief Executive of Société Generale Unit Trusts Limited, having been a co-founder of the business in 1998. John was also formerly Head of Distribution at Aberdeen Asset Management.

Vinay Abrol, 54, (Chief Operating Officer & Chief Financial Officer). Joined the Board in September 2004. Vinay is responsible for overseeing all finance, information technology, operations, risk and compliance of the Group. After obtaining a first class degree in computing science from Imperial College London, Vinay worked for W.I. Carr (UK) Limited specialising in the development of equity trading systems for their Far East subsidiaries, and then at HSBC Asset Management (Europe) Limited where he was responsible for global mutual funds systems. Following a short period at S.G. Warburg and Co., he joined Liontrust in 1995.

Sophia Tickell, 58, (Non-executive Director). Joined the Board in October 2017. Sophia is Founding Partner of Meteos Limited and a writer, facilitator and advocate with more than 15 years of experience working with asset managers and corporate executives to improve their appreciation of societal expectations and environmental constraints. Sophia designed and collaboratively ran the PharmaFutures, EnergyFutures and BankingFutures dialogues, which were multi-year, senior dialogues between fund managers, corporate executives, regulators and civil society. She has served on a number of commercial, financial, academic and charitable boards and advisory committees. Her current roles include being a member of the Advisory Committee of the Liontrust Sustainable Future Funds and a Strategic Adviser to the Investing in a Just Transition Initiative of the Grantham Research Institute.

George Yeandle, 61, (Non-executive Director). Joined the Board in January 2015. George is a chartered accountant with over 30 years' experience having specialised throughout most of his career in advising clients on executive pay and remuneration issues. He has also held a number of internal leadership roles. He trained with Coopers & Lybrand (now PricewaterhouseCoopers LLP) before being admitted as a partner in 1989. More recently, George was Operational Leader of the London Region Human Resource Services Business and a Senior Partner of PricewaterhouseCoopers LLP, retiring in December 2013.

Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management PLC for the year ended 31 March 2019.

Principal activities

Liontrust Asset Management PLC is a holding company whose shares are quoted on the Official List of the London Stock Exchange and is domiciled and incorporated in the UK. It has two operating subsidiaries as follows:

Subsidiary name	% owned by the Company	Subsidiary principal activities
Liontrust Fund Partners LLP	100%	A financial services organisation managing unit trusts, authorised and regulated by the Financial Conduct Authority.
Liontrust Investment Partners LLP[1]	100%	A financial services organisation offering investment management services to professional investors directly, through investment consultants and through other professional advisers, which is authorised and regulated by the Financial Conduct Authority. Liontrust Investment Partners LLP is also approved as an Investment Manager by the Central Bank of Ireland.

[1] Liontrust Investment Partners LLP has a branch based in Luxembourg.

In addition to the operating subsidiaries listed above, Liontrust Asset Management PLC has three other 100% owned subsidiaries. Liontrust Investment Funds Limited and Liontrust Investment Services Limited which act as a corporate member in Liontrust Fund Partners LLP and Liontrust Investment Partners LLP respectively and Liontrust Investment Solutions Limited.

Results and dividends

Profit before tax was £19.029 million (2018: £12.313 million)

Adjusted profit before tax was £30.1 million (2018: £27.4 million) after adding back expenses including, share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), drawings, depreciation and intangible asset amortisation, and is reconciled to profit before tax in note 7 to the financial statements.

The Directors declare a second interim dividend of 20 pence per share (2018: 16 pence per share). This results in total dividends of 27 pence per share for the financial year ending 31 March 2019 (2018: 21 pence per share).

Review of the business and future developments

A review of the business and future developments is set out in the Chairman's statement, Chief Executive's report and Strategic Report on page 3 and 8 to 41 respectively.

Directors

The Directors of the Company during the year and up to the date of the signing of the financial statements were as follows. Their interests in the share capital of the Company at 31 March 2019 are set out in the Remuneration report on page 77.

Adrian Collins
Alastair Barbour
Mike Bishop
John Ions
Vinay Abrol
Sophia Tickell
George Yeandle

Disclosure required under the Listing Rules

LR 4.1.5.(R) and DTR 4.1.8 R

Information which is the required content of the management report can be found in the Strategic report and in this Directors' report.

LR 9.8.4R

The following table is disclosed pursuant to Listing Rule 9.8.4R. The information required to be disclosed, where applicable to the Company, can be located in these Annual Report and Financial Statements at the references set out below:

Information required	Location
Interest capitalised	Not applicable
Shareholder waiver of dividends	Note 21 page 112
Shareholder waiver of future dividends	Note 21 page 112
Agreements with controlling shareholders	Not applicable
Provision of services by a controlling shareholder	Not applicable
Key contracts	Risk Management and Internal Controls Report
Details of long-term incentive schemes	Remuneration report
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
Non-pre-emptive issues of equity for cash	Not applicable Allotment of 1,105,198 fully paid ordinary shares of 1p each to Alliance Trust Plc. Allotment of 181,136 fully paid ordinary shares of 1p each under the terms of the Liontrust Long-Term Incentive Plan.
Non-pre-emptive issues of equity for cash in relation to major subsidiary	Not applicable
Participation by parent of a placing by a listed subsidiary	Not applicable
Publication of unaudited financial information	Historical Summary

All the information cross referenced above is incorporated by reference into this Directors' report.

DTR 7.2 Structure of capital and voting rights

As at 31 March 2019, there were 50,728,681 fully paid ordinary shares of 1p amounting to £507,286. As at 26 June 2019 there were 50,728,681 fully paid ordinary shares of 1p amounting to £507,286. Each share in issue is listed on the Official List maintained by the FCA in its capacity as the UK Listing Authority.

The Company has one class of ordinary shares which carry the right to attend, speak and vote at general meetings of the Company. The holders of ordinary shares have the right to participate in dividends and other distributions according to their respective rights and interests in the profits of the Company and a return of capital on a winding-up of the Company. Full details regarding the exercise of voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 20 September 2019 are set out in the Notice of Annual General Meeting.

To be valid, the appointment of a proxy to vote at a general meeting must be received not less than 48 hours before the time appointed for holding the meeting. None of the ordinary shares carries any special rights with regard to control of the Company.

Under Resolution 16 of the Annual General Meeting held on 25 September 2018, the shareholders authorised the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006. This authority is limited to the maximum number of 5,054,754 Ordinary shares of 1 pence each (equivalent to approximately ten per cent of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company or 20 December 2019 (whichever is the earlier). The maximum price that may be paid for an Ordinary share will be the amount that is equal to 5 per cent above the average of the middle market prices shown in quotations for an Ordinary share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased. The minimum price which may be paid for an Ordinary share is 1 pence.

Corporate governance

A report on corporate governance appears on pages 49 to 50.

Risks and uncertainties

A report on principal risks appears in the Strategic Review on pages 32 to 34 and a report on the risk management and internal controls appear on pages 51 to 54.

Corporate social responsibility

Liontrust aims to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates. The Board recognises the Group's impact, responsibilities and obligations on and towards society and aims to promote equal opportunities and human rights, reduce environmental risk and operate in a sustainable manner.

The Group is committed to the highest standards of business conduct. Policies and procedures are in place to facilitate the reporting of suspect and fraudulent activities, including money laundering and anti-bribery policies.

The Group's health and safety policy aims, insofar as it is reasonably practical, to ensure the health and safety of all employees and other persons who may be affected by the Group's operations and provide a safe and healthy working environment. The Group has a good record of safety.

A report on Our People, Our Impact and Our Corporate Social Responsibilities can be found on Pages 35 to 39.

Employees

The Group gives fair consideration to any application for employment from disabled persons, where the person can adequately fulfil the job's requirements. Should any existing employee become disabled, the Group will aim to ensure, as far as is practicable, to provide continuing employment under normal terms and conditions and to provide training and career development to disabled employees.

Details of Equal Opportunities, Diversity and Inclusion can be found on page 36.

Financial instruments

The Group's financial instruments at 31 March 2019 comprise cash and cash equivalents, financial assets and receivable and payable balances that arise directly from its daily operations.

Receivables arise principally in respect of fees receivable on funds under management, cancellations of units in unit trusts and sales of units in unit trusts, and shares of ICVC's title to which are not transferred until settlement is received. The Group's credit risk is assessed as low.

Financial assets comprise assets held at fair value through profit or loss.

Assets held at fair value through profit or loss are unit trust units held in the 'manager's box' to ease the calculation of daily creations and cancellations, and shares in the sub-funds of the Liontrust Global Funds Plc.

Payables (excluding deferred income) represent amounts the Group is due to pay to third parties in the normal course of business. These include expense accruals as well as settlement accounts (amounts due to be paid for transactions undertaken). Trade payables are costs that have been billed, accruals represent costs, including remuneration, that are not yet billed or due for payment. They are initially recognised at fair value and subsequently held at amortised cost.

Cash flow is managed on a daily basis, both to ensure that sufficient cash is available to meet liabilities and to maximise the return on surplus cash through use of overnight and monthly deposits. The Group is not reliant on income generated from cash deposits.

Deposit banks are selected on the basis of providing a reasonable level of interest on cash deposits together with a strong independent credit rating from a recognised agency. Any banks selected for holding cash deposits are selected using a detailed counterparty selection and monitoring policy which is approved by the Board.

Based on holding the financial instruments as noted above the Group does not feel subject to any significant liquidity risks.

Full details of the Group's financial risk management can be found in note 2 on page 97 to 99.

Post Balance Sheet date event

On 13th May 2019 the Company paid £3 million to Alliance Trust Plc in settlement of the contingent consideration for the acquisition of Alliance Trust Investments Limited which was completed on the 1 April 2017.

Annual General Meeting

The Annual General Meeting of the Company will be held in the Pinafore room at the Savoy Hotel, Strand, London, WC2R 0EZ on 20 September 2019 at 9:30 a.m. A notice convening this meeting will be sent to shareholders in August 2019.

Section 992, Companies Act 2006

The Following information is disclosed in accordance with section 992 of the Companies Act 2006:

- The Company's capital structure and voting rights are summarised on page 46.
- Details of the most substantial shareholders in the Company are listed on page 50.
- The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 49.
- There are: no restrictions concerning the transfer of the securities in the Company; no special rights with the regard to control attached to securities; no agreement between holders of the securities regards their transfer known to the Company; and no agreement which the Company is party to that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office as at 31 March 2019.

Directors' Responsibility Statement

Basis of financial statements

Having given consideration to the uncertainties and contingencies disclosed in the financial statements, the Directors have satisfied themselves that the Group has adequate resources to continue in operation and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of disclosure of information to Auditors

As so far as each of the Directors are aware, there is no relevant information of which the Company's independent auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's independent auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP were the independent auditors to the Company during the year and have confirmed their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the 2019 Annual General Meeting.

Political donations

The Group made no political donations or contributions during the year. (2018: £nil).

By order of the Board
Mark Jackson
Company Secretary
26 June 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements and the Remuneration Report in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union 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 Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's, position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 44 confirm that, to the best of their knowledge and belief:

- the Group and Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Strategic Report contained on pages 8 to 41 includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

By order of the Board
Vinay Abrol
Chief Operating Officer & Chief Financial Officer
26 June 2019

Corporate Governance Report

Compliance with the provisions of the Code

The Company is committed to the principles of the UK Corporate Governance Code (April 2016) (the "Code"). During the year the Company has applied the main principles and complied with the provisions of the Code.

The Board

The Board is responsible for organising and directing the affairs of the Company and the Group in a manner that is in the best interests of the shareholders, meets legal and regulatory requirements and is also consistent with good corporate governance practices. There is a formal document setting out the way in which the Board operates, which is available upon request from the Company Secretary.

The division of responsibilities between Adrian Collins, Chairman, and John Ions, Chief Executive, has been clearly established by way of written role statements, which have been approved by the Board. The Chairman's main responsibilities are to lead the Board, ensure that shareholders are adequately informed with respect to the Company's affairs and that there are efficient relations and communication channels between management, the Board and shareholders, liaising as necessary with the Chief Executive on developments, and to ensure that the Chief Executive and his executive management team have appropriate objectives and that their performance against those objectives is reviewed.

The Chief Executive's main responsibilities are the executive management of the Group, liaison with the Board and shareholders (as required by the Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Chief Executive discharges his responsibilities in relation to the executive management of the Group via two partnership management committees as detailed in the Risk management and internal controls report on page 51.

The Chairman and Chief Executive are responsible to the Board for the executive management of the Group and for liaising with the Board and keeping it informed on all material matters.

The Non-executive Director's role has the following key elements:

- constructively challenging, and contributing to, the development of the strategy of the Company and the Group;
- scrutinising the executive management team's performance in meeting agreed goals and objectives, and monitoring the reporting of performance to the Board;
- satisfying themselves that financial information is accurate and that financial controls and risk management systems are robust and defensible; and
- being responsible for determining appropriate levels of remuneration for executive directors and a prime role in appointing (and where necessary removing) senior management and in succession planning.

Under the Company's articles of association, one third of the Directors must retire from office by rotation at each Annual General Meeting and may offer themselves for re-election (this does not include Directors appointed to the Board since the last Annual General Meeting). Under the Company's Corporate Governance Guidelines, which reflect the provisions of the Code on Corporate Governance, Non-executive Directors must retire and may offer themselves for re-election annually once they have served nine or more years on the Board. The UK Corporate Governance Code recommends that all Directors of FTSE 350 companies retire and are put up for re-election at the Annual General Meeting. Although the Company is not a FTSE 350 company; the Board considers this to be best practice and, accordingly, has decided to go beyond the requirements of the Company's articles of association and require that all Directors of the Company retire and offer themselves for re-election.

The Board met seven times during the year. In addition, there were occasions when the Directors met as a committee of the Board in order to authorise transactions already agreed in principle at Board meetings. On those occasions, a quorum of either two or three Directors was required.

Directors

Biographical details of all current Directors can be found on page 44.

As discussed in the Nomination Committee report on page 59, the Board has considered and decided to adopt the revised UK Corporate Governance Code issued in Jul 2018. Amongst the provisions which are now recommended are limits on the period during which Non Executive directors or chairman should serve on the board.

In order to comply with this provision, the Board has accelerated its succession planning and will bring director's tenures into compliance over a period of years.

As a consequence of this, on 21 November 2018 the Company announced that the Non-executive Chairman, Adrian Collins will retire at the 2019 AGM and that Alastair Barbour had been appointed Non-executive Deputy Chairman from 21 November 2018. It was announced that Alastair Barbour will succeed Adrian Collins as Non-executive Chairman immediately after the 2019 AGM.

Alastair, as chairman, will oversee the transition of board members' tenure to comply with the Code. A search has been undertaken to appoint a new director, who is expected to join the Board shortly who will succeed Alastair as the chair of the Audit and Risk Committee.

At all times during the year there have been at least three Non-executive Directors. The Board believes that the balance achieved between Executive and Non-executive Directors is appropriate and effective for the control and direction of the business.

The Chairman has met during the year with the Non-executive Directors both individually and collectively without the other Executive Directors.

Having duly evaluated each of the Non-executive Directors, the Board considers that, all such Directors are independent, in that they neither represent a major shareholder group nor have any involvement in the day to day management of the Company or its subsidiaries. As such they continue to bring objectivity and independent judgement to the Board and complement the Executive Directors' skills, experience and detailed knowledge of the business.

None of the Executive Directors are on the board of a FTSE 100 company.

Non-executive Directors are aware that they have to report any change in their circumstances or those of the members of their families that might lead to the Board reconsidering whether they are independent. Directors are also aware that they have to inform the Board of any conflict of interest they might have in respect of any item of business and absent themselves from consideration of any such matter.

The Non-executive Directors have disclosed to the Company Secretary their significant commitments other than their directorship of the Company and have confirmed that they are able to meet their respective obligations to the Company.

Directors have the right to have any concerns about the running of the Company minuted and documented in a written statement on resignation.

The Company has arranged insurance cover in respect of legal action against its Directors and Officers.

Performance

The Board conducts a formal review and rigorous evaluation of individual Directors, its own performance and that of its committees. The evaluation process is constructively used to improve Board effectiveness, maximise strengths and address any weaknesses.

The Executive Directors have been subject to a formal performance appraisal. These appraisals were carried out in 2019 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2019 has been reviewed by the Chairman. The review has confirmed that the performance of the Non-executive Directors is effective and appropriate.

In addition to the individual appraisals, the Board considers its overall performance as a body and of its committees. This review has confirmed that the performance of the Board and its committees is effective and appropriate.

Professional development and training

Every Director is entitled to receive appropriate training and guidance on their duties and responsibilities. Continuing professional development is offered to all Directors and the Board is given guidance and training on new developments, such as new regulatory requirements.

In order to promote awareness and understanding of the Group's operations, the Chairman ensures there are additional opportunities for the Non-executive Directors to meet with senior management outside of the Board and its committees.

Communication with shareholders

The Chairman regularly meets with major shareholders and the Chief Executive and Chief Operating Officer & Chief Financial Officer also have regular meetings with existing and potential new shareholders. The views of the shareholder are conveyed to Non-executive Directors by the presentation at Board meetings of surveys of shareholder opinion carried out by the Group's brokers and of analysts' reports and also by feedback from the Executive Directors who regularly meet with shareholders.

Substantial shareholders

The Company has received notifications in accordance with the Financial Conduct Authority's ("FCA") Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital as follows:

As at 31 March 2019

Name	Number of voting rights	Percentage of voting rights
Blackrock Inc.	6,562,310	12.94%
Schroders Plc	6,067,386	11.96%
Canaccord Genuity Group Inc.	4,379,632	8.63%
Slater Investments Limited	2,913,524	5.74%
Castlefield Fund Partners Limited	2,700,000	5.32%
JO Hambro Capital Management Ltd	2,530,501	4.99%
Standard Life Aberdeen PLC	2,530,315	4.99%
Legal & General Group Plc	2,015,097	3.97%

As at 26 June 2019

Name	Number of voting rights	Percentage of voting rights
Blackrock Inc.	6,562,310	12.94%
Schroders Plc	5,517,445	10.88%
Canaccord Genuity Group Inc.	4,379,632	8.63%
Slater Investments Limited	2,913,524	5.74%
Castlefield Fund Partners Limited	2,700,000	5.32%
Merian Global Investors (UK) Limited	2,537,000	5.00%
JO Hambro Capital Management Ltd	2,530,501	4.99%
Standard Life Aberdeen PLC	2,530,315	4.99%
Legal & General Group Plc	2,015,097	3.97%

Resources

Directors have access to the services and advice of the Company Secretary, and may take additional independent professional advice at the Group's expense in furtherance of their duties. The terms of reference of the Audit & Risk, Nomination and Remuneration Committees have been considered by their members with a view to ensuring they have available adequate resources to discharge their duties.

Committees

Details of the chairmen and membership of the Audit & Risk, Nomination and Remuneration Committees are set out in the table on page 55 together with details of attendance at meetings.

Share buy backs

At the 2018 Annual General Meeting shareholders gave approval for the Company to buy back up to 5,054,754 Ordinary shares. Shareholders have also renewed the Directors' authority to issue ordinary shares up to an aggregate nominal value of £50,547. There have been no share buy-backs in the year.

Annual General Meeting

Notices convening Annual General Meetings are despatched to shareholders at least twenty working days before the relevant meeting and contain separate resolutions on each issue, including a resolution to adopt the annual report and financial statements. At every Annual General Meeting, the Chairman of the Group and the chairmen of the Audit & Risk, Nomination and Remuneration Committees make themselves available to take questions from shareholders.

The Company has put arrangements in place with its registrars to ensure that all proxy votes are received and accurately accounted for. The level of proxies lodged on each resolution, including votes for, against and abstained, will be available on the Company's website or upon request from the Company Secretary after the Annual General Meeting.

Risk Management and Internal Controls Report

The Board is ultimately responsible for determining the risk appetite, risk strategy and risk management framework of the Group. The FCA have noted that it is for each individual firm to determine, based on its nature, scale and complexity, as well as its attitude to exposure to risk, whether or not to establish a Risk Committee of the governing body. The Group has determined not to establish a separate Risk Committee but to combine it with the Audit Committee, although this is reviewed on an annual basis.

The Audit & Risk Committee, on behalf of the Board, is accountable for, and responsible for, overseeing the Group's financial reporting, risk management and system of internal controls, including suitable monitoring procedures, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit & Risk Committee, on behalf of the Board, is also responsible for keeping under review the scope, results, fees and the independence of the external auditors.

The Head of Risk is responsible for overseeing all risk management of the Group and monitors the Group's risks in a pro-active manner, with all departments fully aware of and managing the key risks appropriate to their responsibilities. All material risks to the business are monitored, appropriate mitigations for each risk are recorded and identified to the Board with markers for those with increased risk levels. Management recognise the importance of risk management and view risk management as an integral part of the management process which is tied into the business model and is described further in the Principal risks and mitigations section of the Strategic Report on pages 32 to 34.

Committee structure and delegation of powers

The Corporate Governance report on page 49 details the Board's and the Chief Executive's responsibilities for organising and directing the affairs of the Company. The Board has delegated a number of its powers to three subcommittees; the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee.

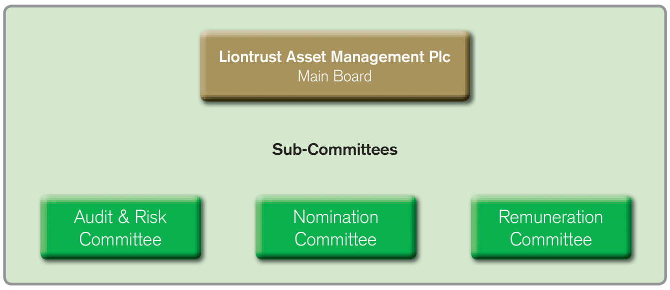


Fig 1: Board and Sub-Committees

The Board has delegated the authority for the executive management of the Group to the Chief Executive except where any decision or action requires approval as a Reserved Matter in accordance with the Schedule of Matters Reserved for the Board. The Group have set up two management committees to assist the Chief Executive, namely the:

a) **Liontrust Fund Partners LLP Partnership Management Committee** ("LFPPM") for retail and institutional sales and marketing, advertising, promotion of Liontrust Funds, Transfer Agency, Information Technology (including business continuity), Treating Customers Fairly, Compliance & Financial Crime, Human Resources, Finance, product development and other asset gathering related powers; and the

c) **Liontrust Investment Partners LLP Partnership Management Committee** ("LIPPM") for fund management, dealing, trading systems, research tools (including fund management data services), investment operations, risk management (including portfolio risk), and investment processes (including performance of the process, outlook, amendments or enhancements to the investment processes and new instruments within funds).

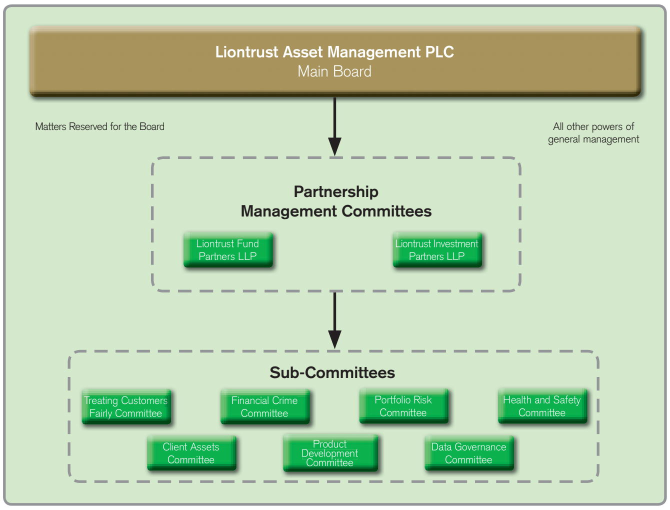


Fig 2: Board and Management committees and sub-committees

Partnership Management Committee Meetings are held regularly over the course of a financial year on an at least monthly basis.

There are several sub-committees of the Partnership meetings that have been set up including the Treating Customers Fairly Committee, the Financial Crime Prevention Committee, the Portfolio Risk Committee, the Data Governance Committee, the Product Development Committee, the Client Assets Committee and the Health and Safety Committee.

Treating Customers Fairly Committee

The Treating Customers Fairly Committee ("TCFC") oversees the management of the Group's Treating Customers Fairly initiatives throughout the business, reviewing the suitability of products for clients and monitoring customer outcomes. The TCFC agrees and monitors the Group's approach to clients and how our responsibilities are discharged. It keeps track of any regulatory developments and also manages the training programmes. The core to the TCFC's work is the management of our TCF programme in relation to the six outcomes that the FCA has set out for the industry. This work includes an ongoing assessment of our business against those outcomes with any actions tracked accordingly.

Financial Crime Prevention Committee

The Financial Crime Prevention Committee ("FCPC") oversees the effectiveness, scope and performance of the procedures throughout the business to prevent money laundering (including the review of any sanctions breaches, review of politically exposed persons and suspicious activity reports), fraud including excessive or inappropriate gifts and entertainment given and received, cybersecurity and anti-bribery and corruption policies and procedures within Liontrust including the due diligence of third parties.

Portfolio Risk Committee
The Portfolio Risk Committee ("PRC") oversees the management of portfolio risk throughout the business. This oversight encompasses portfolio risk management systems and operations together with the monitoring of portfolio risk investment restrictions. The PRC has documented the approach to risk management in the Risk Management Process document ("RMP"). The PRC also monitors portfolio performance and investment processes, establishing parameters for exception reporting and ensuring that appropriate client communications are prepared as necessary. The Portfolio Risk Committee ensures that investment teams have appropriate risk processes in place and that each fund has an agreed risk profile which details all the monitored risk controls and the risk limits for each fund.

Client Asset Committee
The Client Asset Committee ("CAC") is responsible for how client money and assets are held by the Group or its outsourced providers. Identifying all client assets, the controls and procedures in place for handling client assets and identifying, managing and monitoring the risks to keep the money and assets as safe as possible in all circumstances.

Data Governance Committee
The Data Governance Committee ("DGC") is responsible for all matters relating to Data Governance for the Group including the related procedures and policies, the systems used for data governance, major projects with an impact on data and its' governance, data related training and any other matters relating to the Data Governance requirements.

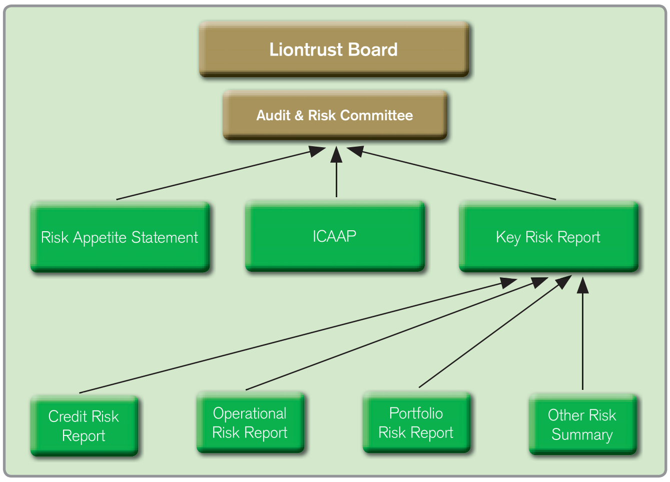
Product Development Committee
The Product Development Committee ("PDC") is responsible for day-to-day product management and the coordination of each department's work to facilitate product development, product management and associated governance processes. Its remit also includes the definition and review of target markets and the value assessment analysis.

Health and Safety Committee
The Health and Safety Committee ("HSC") is responsible for all health and safety matters for the Group including the health and safety policy statement, any required health and safety related risk assessments for the Group, the first aid requirements, all fire safety and emergency procedures, the environmental policy and any other matters relating to the general health and safety requirements of the Group's staff.

There are Terms of Reference for all committees, setting out the way in which the meetings operate. The Terms of Reference are formally adopted by the Board and are reviewed annually. Minutes are taken of each meeting and are circulated to the Board for review and challenge where appropriate.

Risk Management Framework
In order to ensure that the Group regularly reviews and monitors all the potential areas of risk to the business, Liontrust has implemented a risk management framework which allows management, the Audit & Risk Committee and the Board to be kept fully informed of potential risks to the business and also how these risks would impact the group's capital adequacy.

The diagram below summarises the key elements of the Group's Risk Framework which is based around these risk areas to ensure a consistent approach across the framework.

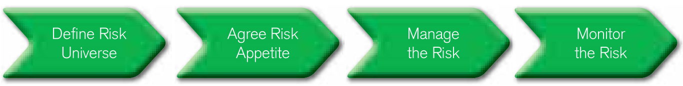


There are three main elements to capturing and reviewing risk within the Group; the Risk Appetite Statement ("RAS"), the Internal Capital Adequacy Assessment Process ("ICAAP") and the regular risk reporting.

- The RAS identifies key risks, their materiality and their likelihood of occurrence and sets the amount of risk we want to take or are willing to accept in order to achieve our business objectives.
- The ICAAP combines the RAS and the Groups financials together with scenario analysis and stress testing to determine how the realisation of risks might impact on the Group's capital and regulatory requirements.
- The Key Risk Report brings together the ongoing risk identification, management, monitoring and risk reporting across the risk universe to ensure the changing risk environment and the risk positioning of the Group versus the RAS is communicated effectively to the Board.

The risk and uncertainties that affect the Group's business can also be broken down into risks that are within the management's influence and risks that are outside it. Risks that are within management's influence include areas such as the expansion of the business, prolonged periods of underperformance, loss of key personnel, human error, poor communication and service leading to reputation damage and fraud. Risks outside the management's influence include regulatory change, Brexit, climate change, falling markets, terrorism, a deteriorating UK economy, investment industry price competition and hostile takeovers.

Risk Management Process and Internal controls
The broad process for managing risk in the framework essentially follows these steps:



Risk Universe

The Group has identified 9 Risk Areas across the business activities and functions of the Group and uses these Risk Areas to define, measure and mitigate risk in the business. This forms our risk universe:

- Credit risk
- Market risk
- Operational risk
- Business risk
- Client management
- Portfolio Management, Investment risk and Liquidity
- People
- Regulatory, Compliance, Conduct and Financial Crime
- Brexit

Further details of the risks are listed in the principal risks and mitigations section of the Strategic Report on pages 32 to 34.

Risk Appetite

Liontrust have documented a Risk Appetite Statement for each of the Risk Areas. They identify the Key Risks facing the Group, the Risk Appetite and detail a combination of qualitative and quantitative measures as appropriate to adequately cover the identified risks. This includes identifying measures that are not only financially focussed, but also measures that align to customer outcomes, reputation and operational risks.

The risk appetite approach is consistent across the Group. The risks of each business entity reflects the strategic direction as set by the Group for their risk appetite in the financial year ahead, and gives due consideration to the broad range of internal and external risk factors from the risk universe that impact them.

Managing Risk

The internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The Group's internal control system is based on a "three lines of defence" model summarised in the diagram below:

Liontrust Asset Management PLC Board		
LIPPM/LFPPM	Audit & Risk Committee	
Business Departments	Control Departments	Other Assurance Providers
Front Office	Risk	Internal Audit
Operations	Compliance	External Audit
Sales & Marketing	Finance (Controls)	AAF Assurance Process
Finance (Treasury)	IT Security	Consultancy Reviews
1st Line of Defence	2nd Line of Defence	3rd Line of Defence

Liontrust's Business Departments, supervised by the Partnership Committees, are responsible for identifying and managing risk and control activities within their business lines. This is the first line of defence. The Control Departments supervised by the Audit & Risk Committee develop and implement risk frameworks to support the front line and objectively challenge the identification of risk and the design of the controls within the business as a whole. The third line is a review of the risk and control activities in the Company by parties independent from the design, implementation and execution to highlight weaknesses, and provide assurance on the effectiveness and suitability of the internal controls.

The main elements of the Internal Controls which have operated throughout the year are as follows:

- a clear division of responsibilities and lines of accountability, allowing adequate supervision of staff;
- detailed procedures and controls for each department;
- the development and implementation of specific accounting policies;
- preparation of annual plans and performance targets in light of the overall Group objectives;
- an operational risk scorecard measuring risk levels across the Group;
- reports from the Executive Directors to the Board on the actual performance against plans;
- reports from the Head of Risk highlighting the Principal risks faced by the Group detailing the exposures, controls and mitigations in place;
- reports from the Head of Compliance detailing the robustness of procedures and controls for each department;
- reports from the Head of Finance on controls and risks concerning client money and assets;
- reports from the Money Laundering Reporting Officer (MLRO) detailing the arrangements in place for anti-money laundering and financial crime prevention;
- reports from Internal Audit on the effectiveness of the Group's systems and controls to the Board;
- reports to the Board in respect of the management of, and results of visits to, third parties to whom functions have been outsourced;
- compliance by all members of staff with the Group's policies and statement of business conduct, which seeks to ensure business is conducted in accordance with the highest standards; and
- capture and evaluation of failings and weaknesses and confirmation that necessary action is taken to remedy the failings, particularly those categorised as 'significant'.

Risk Monitoring

The Group uses a Risk Scorecard system to track Risk Indicators for measuring levels of risk or to determine levels of Risk Appetite or Risk Capacity in each of the Risk Areas. Each Key Risk has one or more risk indicators associated with it. The Risk Indicators are the key mechanism for tracking of Risk Appetite performance throughout the financial year. They highlight when the Group is approaching the pre-defined appetite levels and highlight when action should be considered. The Board and senior management receive regular updates of the Group's Risk Profile, i.e. the status of the Risk Areas that highlight where any risks are reaching their Risk Appetite Limits. This cascades upwards from the individual Risk indictors attached to the Key Risks in the Risk Areas. This is designed to allow the Board and senior management to quickly identify areas of concern.

Effectiveness of Risk Management and Internal Controls

The Board has reviewed the effectiveness of the Group's system of internal controls for the financial year and up to the date of this annual report and financial statements. The Board has carried out a robust assessment of the principal risks affecting the business and has a process in place within the business to control and monitor risks on an ongoing basis, in accordance with the guidance from the Financial Reporting Council's Guidance on risk management, internal control and related financial and business reporting ('GRM').

The Board is of the view that all necessary actions have been, or are being, taken to address matters identified as part of the ongoing risk management process and that no significant weaknesses were identified during the year.

Assurance process

The senior management arrangements, systems and controls environment in place across the Group are reviewed by the Board and Audit & Risk Committee each year. The Group appoint an internal audit function to monitor the appropriateness and effectiveness of its systems and controls. The Audit & Risk Committee and the Internal Auditors have agreed a rolling three year Internal Audit plan. This includes the following Audit areas: front office controls; data protection, security and governance; risk management; significant financial systems; outsourcing arrangements and CASS. The Internal Auditors will also perform a full systems and controls review every three years.

On an annual basis, Liontrust commissions an external accountancy firm, to perform testing of integrity of aspects of the Group-wide control environment. Liontrust has adopted the principles established in the "Assurance Reports on internal controls of service organisations made available to third parties" as recommended by the Institute of Chartered Accountants of England and Wales in the March 2011 technical release of AAF 01/06. RSM UK Group LLP were appointed to test the controls and to produce the AAF report. The results of this testing, including any exceptions identified, are made available to senior management, the Board, Audit & Risk Committee and our institutional clients as appropriate.

Stakeholders

The Group has a significant number of stakeholders whose futures are linked to the success of our business.

These significant stakeholders are:

- shareholders;
- clients;
- members & employees;
- service providers that provide the Group with outsourced functions;
- regulators & industry bodies; and
- wider society.

Each of these groups presents different opportunities and uncertainties and the Group ensures that there is regular contact and monitoring of the various bodies. They are all important to the future success of the business, detailed below is a summary of why they are important and how we engage:

We aim to provide our shareholders with sustainable growth and increasing returns. We regularly engage with our shareholders to support the long-term objectives of our business.

Clients are core to the success of our business. We strive to provide long term performance and meet the needs and expectations of our clients. Treating customers fairly, providing good service and good value is central to how we conduct business across the Group and we continually strive to improve our offering and service.

Liontrust is proud of our people and our culture and they help us to deliver on our vision and obligations to our stakeholders. We continue to invest in our staff to attract, retain, incentivise, develop and encourage the individuals in our company to meet and surpass our current and future objectives.

Outsourcing is an integral part of the Liontrust operating model. Liontrust outsources in two key areas, Transfer Agency and Fund Accounting & Fund Valuation Services across two main jurisdictions and have recently completed a consolidation of providers. Regular meetings and reviews ensure that the relationship continually improves.

Liontrust acknowledges the importance of working closely and constructively with our regulators and our industry bodies to ensure we run our business in a complaint way and helps to improve the wider financial environment for clients in the longer term.

Liontrust also recognises the wider responsibility we have to society and the importance of doing the right thing. We continue to invest and improve our governance and corporate responsibility including via our community engagement projects.

Directors Board Attendance Report

The number of Board and Board Committee meetings attendance by Directors in the year ended 31 March 2019 were as follow.

Board & Committee Attendance

Director	15.05.18	26.06.18	11.09.18	20.11.18	25.01.19	21.03.19	21.03.19	Total
Board								
Adrian Collins*	✓	✓	✓	✓	✓	✓	✓	7/7
John Ions	✓	✓	✓	✓	✓	✓	✓	7/7
Alastair Barbour	✓	✓	✓	✓	✓	✓	✓	7/7
George Yeandle	✓	✓	✓	✓	✓	✓	✓	7/7
Mike Bishop	✓	✓	✓	✓	✓	✓	✓	7/7
Vinay Abrol	✓	✓	✓	✓	✓	✓	✓	7/7
Sophia Tickell	✓	✓	✓	✓	✓	✓	✓	7/7
Audit & Risk								
Alastair Barbour*	✓	✓	✓	✓	✓	N/A	N/A	5/5
George Yeandle	✓	✓	✓	✓	✓	N/A	N/A	5/5
Mike Bishop	✓	✓	✓	✓	✓	N/A	N/A	5/5
Sophia Tickell	✓	✓	✓	✓	✓	N/A	N/A	5/5
Remuneration								
George Yeandle*	✓	✓	✓	✓	✓	✓	N/A	6/6
Alastair Barbour	✓	✓	✓	✓	✓	✓	N/A	6/6
Mike Bishop	✓	✓	✓	✓	✓	✓	N/A	6/6
Sophia Tickell	✓	✓	✓	✓	✓	✓	N/A	6/6
Nomination								
Mike Bishop*	✓	N/A	✓	✓	N/A	✓	N/A	4/4
Adrian Collins	–(1)	N/A	✓	✓	N/A	✓	N/A	3/4
John Ions(2)	–(1)	N/A	✓	✓	N/A	✓	N/A	3/4
Alastair Barbour	✓	N/A	✓	✓	N/A	✓	N/A	4/4
George Yeandle	✓	N/A	–(1)	✓	N/A	✓	N/A	3/4
Sophia Tickell	✓	N/A	✓	✓	N/A	✓	N/A	4/4

* Chairman of the Board or Committee.

(1) Attendance at these meetings was missed owing to transport issues.

(2) Retired from Nomination Committee on 14th May 2019.

Audit & Risk Committee Report

Dear shareholder,
On behalf of the Audit & Risk Committee (the "Committee"), I am pleased to present the Audit & Risk Committee report for the financial year ended 31 March 2019.

The Committee's principal duties are as follows:

- assist the Board in its presentation of the Company's financial results and position through its review of the interim and full year financial statements before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgement;
- keep under review the effectiveness of the risk framework that is used to monitor the Group's system of internal controls and risk management systems, including suitable monitoring procedures for the identification, assessment, mitigation and management of all risks including liquidity, market, regulatory, credit, legal, operational and strategic risks, with particular emphasis on the Principal risks faced by the Company, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss;
- review and recommend to the Board for approval, the Company's Internal Capital Adequacy Assessment Process ("ICAAP") to fulfil its regulatory obligations under the Capital Requirements Directive and assess whether the Pillar 2 assessments and Pillar 3 disclosures remain appropriate;
- review periodically and monitor the Company's procedures for ensuring compliance with regulatory and financial reporting requirements, including whistle blowing arrangements, its relationship with the relevant regulatory authorities, arrangements for the deterrence, detection, prevention and investigation of fraud, and to receive and consider special investigation reports relating to fraud or major breakdowns in internal controls or major errors and omissions including remedial action by management; and
- keep under review the scope, results and cost effectiveness of the audit and the independence of the external auditors.

The terms of reference of the Committee, which explain its role and the authority delegated to it by the Board of Directors, are published on the Company's website or are available upon request from the Company Secretary.

This introduction is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach.

During the year, a significant proportion of the Committee's time was spent reviewing the Group's system of risk management and internal control; the integrity of financial reporting; and the effectiveness of the Group's Finance, Risk and Compliance functions, and external audit. The Committee's focus was on the continuing appropriateness of the Group's financial reporting.

In particular this included the significant financial judgements taken in the financial year ended 31 March 2019, and the ongoing assessment of risks faced by the business and management's response to these risks.

An important part of the role is of the Committee is to provide non-executive oversight to ensure management has an appropriate focus on high quality corporate reporting.

Composition and attendance
During the year, the Committee comprised of independent Non-executive Directors:

- Alastair Barbour (Chairman)
- Mike Bishop
- Sophia Tickell
- George Yeandle

The attendance record of members of the Committee during the year is shown in the table on page 55.

All of the Committee's members who served during the year are considered by the Board to be appropriately experienced and sufficiently qualified to fulfil their duties and have competence relevant to the sector in which the Group operates. The Board considers Alastair Barbour to have recent and relevant financial experience.

The Committee members' profiles are set out in full in the Board members' biographies.

The Chief Operating Officer & Chief Financial Officer, Head of Compliance and Financial Crime, Head of Finance and Head of Risk were regular attendees at the Committee meetings and reported on their respective areas. The external auditor, PricewaterhouseCoopers LLP, attended the meetings following the half and full year ends and met privately with the Committee.

Alastair Barbour
Chairman of the Audit & Risk Committee
26 June 2019

Activities during the year

The Committee has a formal programme of matters which it covers during the year. This programme is formulated by the Committee Chairman and the Chief Operating Officer & Chief Financial Officer and is designed to ensure that all matters that fall within the Committee's remit are reviewed during the year. The Committee has access to external independent advice at the Company's expense.

In respect of the financial year to 31 March 2019, the Committee met 5 times and its activities, amongst other things, covered the following matters:

- Reviewing the annual financial statements for the year ended 31 March 2019 and half year financial statements for the six months to 30 September 2018 with particular emphasis on their fair presentation, the reasonableness of judgements made and the valuation of assets and liabilities;
- The appropriateness of the accounting policies used in drawing up the Group's financial statements;
- Review of the Group's governance, risk framework, risk management, risk management processes and related policies;
- Consideration of the external auditors' report on the financial year ending 31 March 2019 audit and discussion of their findings with them;
- Consideration and approval of the external audit plan for 2019;
- Review and approval of the Group's ICAAP;
- Review of the Group's compliance monitoring programme, compliance manual (including whistle blowing arrangements) and annual anti-money laundering report;
- Review and discussion of regular reports on financial reporting, key risks, compliance, Client Money & Assets ("CASS") and financial crime from the Head of Finance, Head of Risk and Head of Compliance & Financial Crime respectively;
- Review and consideration of the external auditors' reports on Client Money & Assets;
- Consideration of the Group's taxation requirements.
- Assessment of the performance, independence and objectivity of the external auditors;
- Review and approval of all non-audit services to be carried out by the external auditors; and
- Review of the Committee's terms of reference.

Significant accounting matters

During the year the Committee considered key accounting issues, matters and judgement in relation to the Group's financial statements and disclosures relating to:

Revenue recognition
The risk of recognising revenue in incorrect periods via management manipulation is significant in that revenue levels may affect management's levels of remuneration and incentivisation. Risks of such manipulation are heightened where there is judgement applied in calculation or recognition of revenue. Any such calculations are subject to internal approvals and sign offs and are subject to independent verification. Revenue is recognised in accordance with the accounting policy on Note 1m) on page 95. The Committee discussed recognition of revenue with management and questioned them on the application of the group's accounting policy with particular emphasis on fee income, performance fees and profits from dealing in unit trusts and ICVCs. Revenue recognition was also a key focus for the auditors and they reported to the Committee on their work and findings.

Risk of management override of controls
International Standards on Auditing ('ISA's') require that this is identified as a significant risk by the auditors and, as such, it is treated as a significant risk by the Committee. Management have the potential to manipulate accounting records and financial reports by overriding controls. Reported financial information is regularly reviewed and discussed by the Committee and the Board with any significant deviations from expectations being queried. Findings from the audit are discussed with the external auditor.

Goodwill and intangible assets
Goodwill and intangible assets comprise a significant proportion of the balance sheet. The Committee reviewed the assessment of the carrying value of both goodwill and intangible assets and considered the reasonableness of the underlying assumptions. On the basis of this review and discussion with management and the external auditor, the Committee is satisfied with the recorded carrying value of the assets.

Share based payments
Share based payments are a focus for the Committee in view of the complexity of accounting, interpretation of the reporting standard and valuation of awards. The Committee receives information and explanations from management which is discussed with them and the auditors, taking into account the results of the auditors' work.

Taxation
The Committee receives regular reports on taxation and deferred tax amounts including information on positions proposed by management where tax regulation is subject to interpretation and the support for provisions established for amounts expected to be paid. These are discussed with the external auditors and the results of their reviews and audit are taken into account.

Internal audit

Minerva Risk Consulting Partnership Limited ("Minerva" or "Internal Auditor") have been appointed to carry out a programme of internal audit work as set by the Committee and act as the Group's internal auditors

Minerva have a direct reporting line to the Chairman of the Committee. The Committee believe that using an external firm will ensure that the internal audit function will be adequately resourced and staffed by competent individuals and be independent of the day-to-day activities of the firm whilst still having appropriate access to a firm's records. The Committee and the Internal Auditors have agreed a rolling three year Internal Audit plan. This includes the following Audit areas: front office controls; data protection, security and governance; risk management; significant financial systems; outsourcing arrangements and CASS. The Internal Auditors will also perform a full systems and controls review every three years.

The Committee regularly meets with Minerva, with and without management present, throughout the year to receive updates and to review its findings. Each year the Committee considers the performance and scope of the Internal Auditors prior to the commencement of the next year's internal audit programme to ensure they remain consistent with the Group's requirements.

External auditors

PricewaterhouseCoopers LLP ("PwC") are the Group's external auditors and, having originally been appointed in February 2000, were re-appointed following a tender of the audit during 2015. In accordance with Competition and Markets Authority Order 2014, the Group intends to retender the external audit contract no later than 2025. Richard McGuire is the lead engagement partner. Each year they present to the Committee the proposed scope of their full-year audit plan. This includes their assessment of the material risks to the Group's audit and their proposed materiality levels, for the Committee's discussion and agreement.

The Committee met twice with the external auditors without management present. The audit engagement partner attends the committee meetings at which the half yearly and annual reports are reviewed. Each year, the Committee considers the performance of the external auditors prior to proposition of a resolution on their reappointment and remuneration at the Annual General Meeting.

Based on the satisfactory conclusion of the work described above carried out by the Committee to assess the performance of the external auditors and safeguard their independence, the Committee has recommended their reappointment to the Board and a resolution will be proposed at the 2019 Annual General Meeting for the reappointment of PwC as external auditors.

Non-audit services

The Committee has implemented a policy and guidelines on provision of non-audit services by the external auditors to safeguard their objectivity and independence. This policy has been approved by the Board. The policy provides that provision of certain types of non-audit services are allowed ("Allowed Services"), whilst others are not permitted under any circumstances ("Prohibited Services"). Prohibited Services are those where the Committee considers that the possibilities of a threat to auditor independence is high.

Allowed Services are those considered to have a low threat to auditor independence. Nonetheless, Allowed Services still need the Committee's approval in advance if the expected fee exceeds £25,000 and all services are reviewed and ratified by the Committee. The policy also sets out certain disclosures the external auditors must make to the Committee, restrictions on employing the external auditors' former employees, partner rotation and the procedures for approving non-audit services provided by the auditors. The policy is reviewed regularly and updated to ensure compliance with all applicable regulations such as the new EU audit reform regulation.

During the year, the external auditors were, on a number of occasions, engaged as advisers. The services provided included technical support in relation to employee and member incentivisation services and the regulatory CASS (client money) audits. The Committee is satisfied that the external auditors were best placed to provide these services because of their familiarity with the relevant areas of Group's business and that there are no matters that would compromise the independence of the external auditors or affect the performance of their statutory duties. The Committee receives a regular report setting out the non-audit services provided by the external auditors during the year and the fees charged. Details of fees paid to the auditors can be found in Note 6 of the financial statements on page 102. The non-audit services as identified in Note 6 have all complied with the policy as detailed above.

Alastair Barbour
Chairman of the Audit & Risk Committee
26 June 2019

Nomination Committee Report

Introduction by the Chairman of the Nomination Committee

Dear shareholder,
On behalf of the Nomination Committee (the "Committee"), I am pleased to present the Nomination Committee report for financial year ended 31 March 2019.

The Committee's principal duties are as follows:
- review the structure, size and composition of the Board;
- to evaluate the Directors' skills, knowledge and experience;
- consider the leadership needs and succession planning of the Board when making decisions on new appointments;
- review annually the schedule of employees and members who carry out significance influence functions ("SIF") under the FCA's approved persons regime, and to ensure the individuals continue to be fit and proper, competent and capable; and
- consider and approve recommendations from the management committees of Liontrust Investment Partners LLP ("LIP") and Liontrust Fund Partners LLP ("LFP") for new SIF employees or members, including details of the controlled functions that they will perform and consider and approve recommendations from the management committees of LIP and LFP for amendments to the controlled functions carried out by existing SIF employees or members.

The terms of reference of the Committee, which explains its role and the authority delegated to it by the Directors, are available on the Company's website or upon request from the Company Secretary. The terms and conditions of appointment of the Directors will be available for inspection at the 2019 Annual General Meeting.

This introduction is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach. During the year, the Board's structure, size, composition and succession planning remained a major focus.

We will continue to focus on succession planning, talent-management and diversity throughout the financial year ending 31 March 2019.

At the 14 May 2019 Committee meeting it was agreed that John Ions would step down from the Committee with immediate effect, thereby ensuring that the Committee membership comprised solely of Non-executive Directors, in line with best practice.

Mike Bishop
Chairman of the Nominations Committee
26 June 2019

Composition and attendance

During the year, the Committee comprised of independent Non-executive Directors and Executive Directors:
- Mike Bishop (Chairman)
- Alastair Barbour
- Adrian Collins
- John Ions (retired from the Committee 14 May 2019)
- Sophia Tickell
- George Yeandle

The attendance record of members of the Committee during the year is shown in the table on page 55.

Activities during the year

In the financial year ended 31 March 2019, the Committee met four times and its activities included, amongst other things:

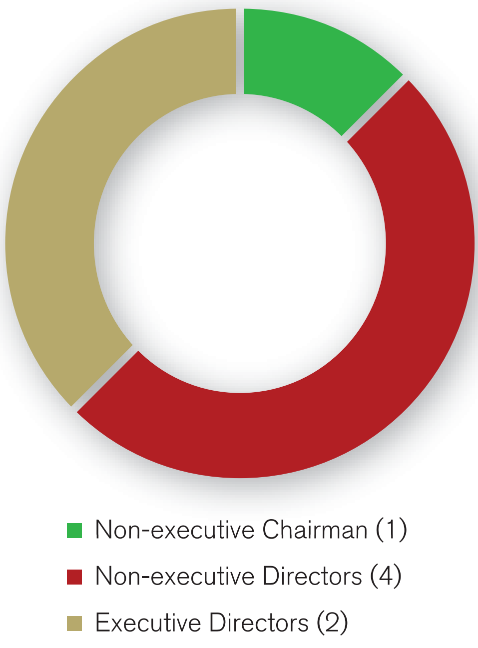
- succession planning;
- a review of controlled function changes and consider recommendations from the management committees of LIP and LFP for new SIF employees and members, including details of the controlled functions that they will perform;
- a review of the Committee's terms of reference;;
- review of structure, size and composition of the board and leadership needs of the Group;
- a review policies on diversity and inclusion, and equal opportunities;
- consideration of the revised UK Corporate Governance Code and its application to the Company;
- a review the FCA's proposals for representatives on mutual fund management company boards;
- Non-executive Director training needs;
- Non-executive Director time commitments; and
- selection of a firm to support the Committee in the recruitment of a new Non-executive Director and to manage the recruitment process.

The Committee received information and support from the Chief Operating Officer & Chief Financial Officer during the year. In order to enable the Committee to carry out its duties and responsibilities effectively the Committee has the right to appoint external recruitment consultants or external advisers to fill vacancies where it believes that to be appropriate.

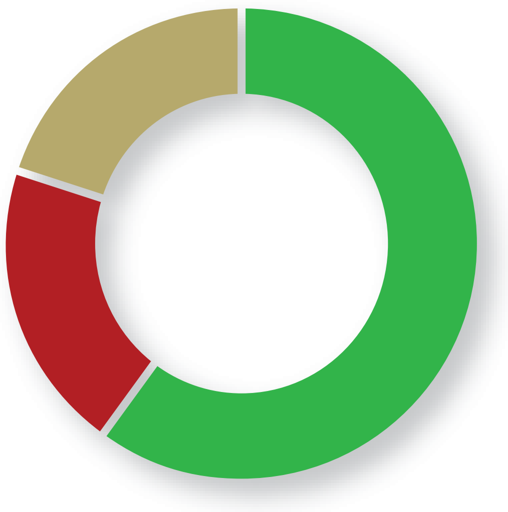
Board split and Tenure

See below for two charts showing the split between Non-executive/Executive Directors. Tenure and gender diversity:

Board Split between Executive and Non-executive Directors

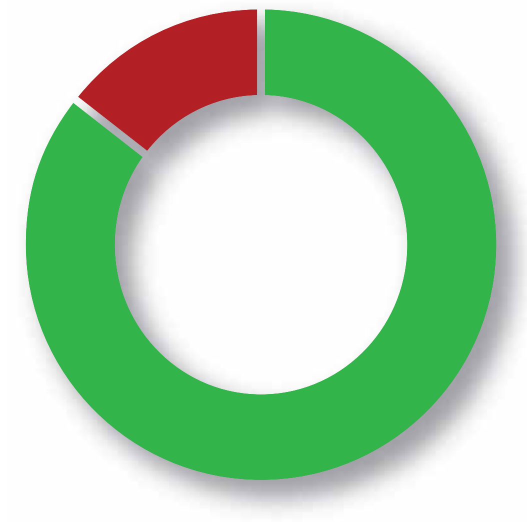


Tenure of Non-executive Directors (including the Non-executive Chairman)



■ 6+ years (3) ■ 3-6 years (1) ■ 1-3 years (1)

Gender diversity of the Board



■ Male (6) ■ Female (1)

Time commitment

As part of the review of the time required of Non-executive Directors to discharge their responsibilities, the Committee noted that:

- Alastair Barbour, on account of his being on the boards of a number of public companies and chairing the Audit and Risk Committee for all, has provided an analysis of his work commitments, which shows the level of time commitment required for certain of his other roles and the complimentary nature of his roles and the time has and plans to commit to Liontrust; and
- Adrian Collins, on account of his being the Non-executive Chairman of the Company and being on the boards of a number of public companies listed in the UK, has confirmed to the Committee the relatively low level of time commitment required for his other roles and confirmed that he can allocate sufficient time to his role at Liontrust.

The Committee and Board have discussed and considered in detail these matters and confirm their satisfaction with the time and overall commitment given to Liontrust by Alastair Barbour and Adrian Collins and Alastair Barbour's time availability to act as Chairman in due course.

Diversity and Inclusion

The Committee considers diversity, including gender diversity, when looking to appoint additional Directors and strives to encourage all the Directors to create an inclusive culture within the Group in which difference is recognised and valued.

It is a prerequisite that each Director or proposed Director must have the skills, experience and character to contribute both individually and as part of the Board, to the effectiveness of the Board and the success of the Company and Group. Subject to this overriding principle, the Board believes that diversity, amongst its members, including gender diversity, is of great value and it is the Board's policy to give careful consideration to issues of overall Board balance and diversity, in making new appointments to the Board. The Company currently has one female Director and the Committee aims to recommend the appointment and to increase the number of female Directors if appropriate candidates are available when Board vacancies arise.

The Company operates a policy of equal opportunity, details of which can be found in the Corporate Social Responsibility section of the Strategic Report.

Mike Bishop
Chairman of the Nomination Committee
26 June 2019

Introduction by the Chairman of the Remuneration Committee

Dear shareholder,

On behalf of the Remuneration Committee (the "Committee"), I am pleased to present the Remuneration Report for the year ended 31 March 2019. This letter is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach.

New Directors' Remuneration Policy

Our full Directors' Remuneration Policy ("DRP"), which was approved by shareholders at a General Meeting ("DRP GM") in September 2018 with 60.7% of votes in favour, is available on the Company's website (in the Investor Relations section) and we have therefore only included the DRP's Elements of Reward table in this year's report.

At the DRP GM, significant votes against the DRP and the resultant amendments to the Long-Term Incentive Plan ("LTIP") were received.

Following this result, the Board has engaged in a follow-up consultation process with our top ten shareholders (who account for over 60% of all our shareholders) and the key proxy advisory bodies, in order to better understand their views as well as provide further rationale and context around the changes to the DRP.

A number of positive areas were highlighted by shareholders, including the increased shareholding requirements and reduced pension contributions. There were however two main concerns raised by shareholders and the proxy advisory bodies, these are detailed below along with how we responded to those issues through the implementation of the DRP for the financial year ended 31 March 2019 outcome:

- Reference to upper quartile salary/fixed allocation positioning - regarding this I would note that the Committee has not nor is it intending to bring salaries/fixed allocations to the upper quartile positioning. The change to the DRP was merely to give the Committee greater flexibility as part of the remuneration toolkit to retain and attract top talent. This should also be viewed in the context of the fact that over the last three years, the increase in total salary/fixed allocations for our Executive Directors has been 5% (equivalent to 1.6% per annum) and much less than the average annual increase for the general workforce of 2.7% over the same period.

  Response: Salary/Fixed allocation for the Executive Directors to remain unchanged for the financial year ending 31 March 2020; and

- Annual bonus/variable allocation levels including the increase in maximum LTIP award, and the overall quantum of remuneration - in addressing this the Committee will continue to take into account the corporate and personal performance during the year in determining at what level to position LTIP awards and the level of annual bonus/variable allocation. Maximum awards will only be made in the case of outstanding annual performance and the Committee will also reference the absolute quantum of reward for the year;

  Response: Annual bonus/variable allocation pool for the Executive Directors has decreased by 4.4% when compared with last year, which compares favourably with an increase in adjusted profit before tax (excluding performance fees) of 16.7%. This is despite corporate and personal performance being such that aggregate annual bonus/variable allocation pool for the Executive Directors could have increased by up to 8.4% (i.e. by 50% of the increase in adjusted profit before tax (excluding performance fees)); and

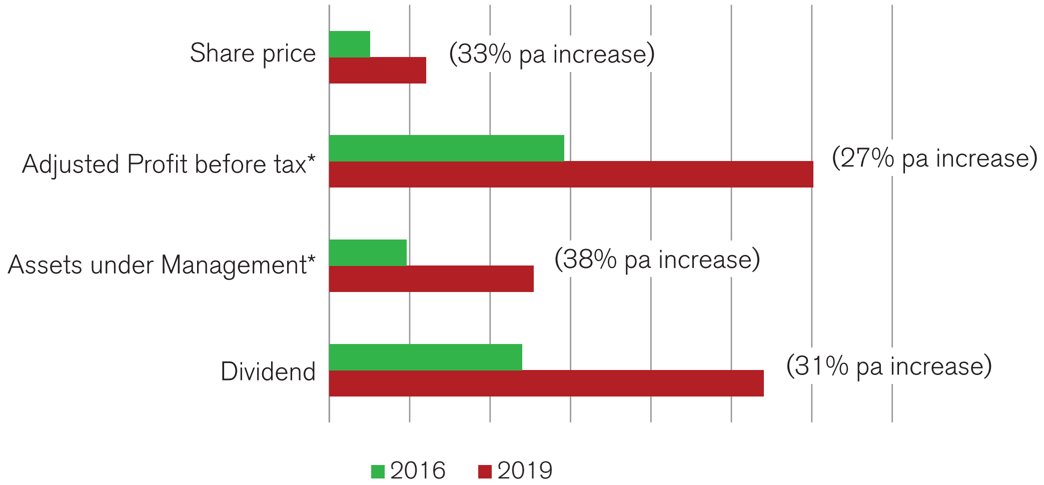
  Response: LTIP awards for the financial year ended 31 March 2020 have been held at 250% for John Ions and 175% for Vinay Abrol, even though the exceptional performance of the business this year could easily have warranted an increase in LTIP awards up to the maximum allowed 300%.

Based on these discussions with shareholders and the proxy advisory bodies, the Committee believes that a new DRP is not required at this time, but instead concerns can be managed through the implementation of the current policy. Full details of how we have dealt with these concerns are disclosed in the Annual Report on Remuneration, which outlines how our policy has been implemented in the financial year ended 31 March 2019 and how we intend to implement it in the financial year ending 31 March 2020. The Annual Report on Remuneration and this statement will be subject to an advisory vote at our 2019 Annual General Meeting, to be held on 20 September 2019. No changes are currently being proposed to the DRP.

Pay vs. performance at Liontrust

In addition to the points above, during my discussions with shareholders I was able to elaborate on my philosophy for remuneration at Liontrust. Many commented that it was useful to understand more about the background and how I saw development of pay structures at Liontrust. When I took over as Chairman of the Committee, the Company had just completed a successful turnaround phase which led to payments being made under the Liontrust Senior Incentive Plan. I noted in my Remuneration report in 2016 that there was no successor long-term incentive plan and made it a priority to introduce such a plan which would support the next phase of development of our strategy as the Company grew and diversified the business. I wanted to keep the fixed cost of any base remuneration low and to gear reward for performance with an increased emphasis on moving pay towards longer term equity incentives which would be subject to performance conditions.

With the LTIP vesting for the first time this year and the resultant reward appearing in full in the single figure table of remuneration, albeit only 60% has so far been released, I think it is appropriate to take stock over the three year performance period and to determine whether my objectives have been broadly met. To help assess and provide overall context I have set out some key metrics:

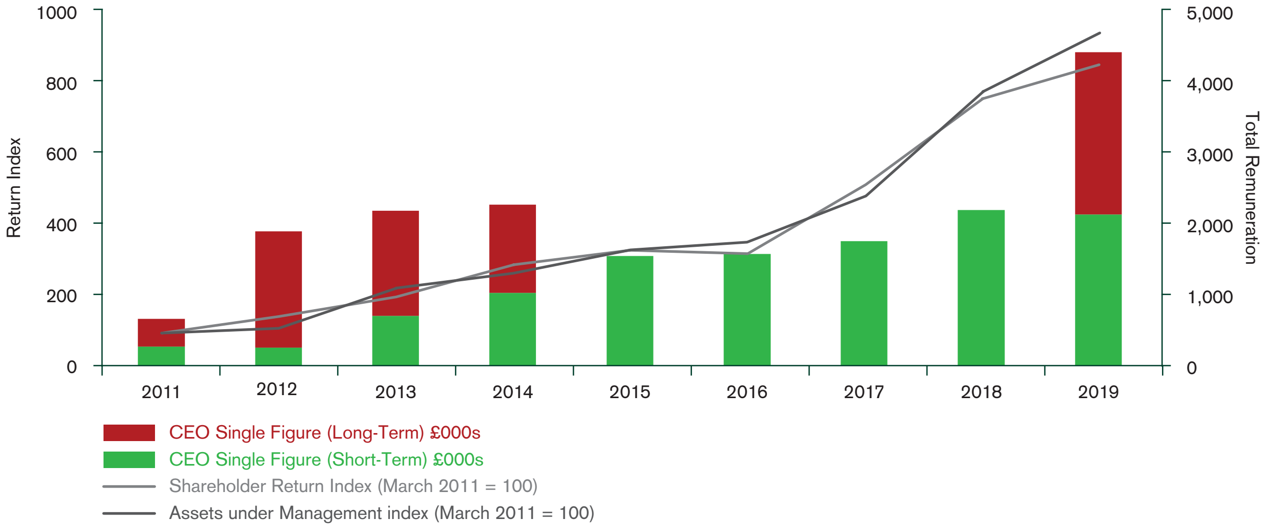


* These are alternative performance measures ('APM's) see page 31 for further details

This compares to the Chief Executive's base remuneration which has increased by 5% for the financial year ended 31 March 2019 (at the time, the first increase for three years), which is equivalent to 1.6% per annum over the period 2016 to 2019, clearly meeting the target of being broadly fixed so as to minimise any ratchet effect on pay, and the bonus/variable allocation has increased by 13% per annum over the same period, less than half the percentage rate increase in Adjusted Profit before Tax, with at least 50% of the annual bonus/variable allocation now deferred across a broad range of Liontrust funds further aligning Executive Directors to the business given their extensive personal Liontrust shareholdings.

The alignment of the Executive Director's interests with those of shareholders combined with greater weight of total remuneration being given to long term equity awards is demonstrated in the chart below. Over the past eight years and particularly over the last 3-4 years there has been a strong link between the total remuneration of the Chief Executive, the returns delivered to shareholders and our growth in assets under management.

Link between pay and performance



Business performance in the financial year ended 31 March 2019

Over the past year the Group has continued the excellent progress made in previous years in executing its business strategy, in particular;

Financial measures

- increasing revenues by 10%;
- increasing profitability (on an adjusted basis excluding performance fees) by 17%;
- increasing dividends to shareholders by 29% (in pence per share terms) to 27 pence this year; and

Strategic measures

- increasing assets under management by 21% to £12.7 billion
- increasing net inflows by 77% to £1.8 billion;
- successfully reorganising our out-sourced administration arrangements in moving from five service providers to one service provider; and
- increasing gender diversity in the senior team,

whilst, maintaining appropriate risk management controls.

Implementation of the DRP in 2019

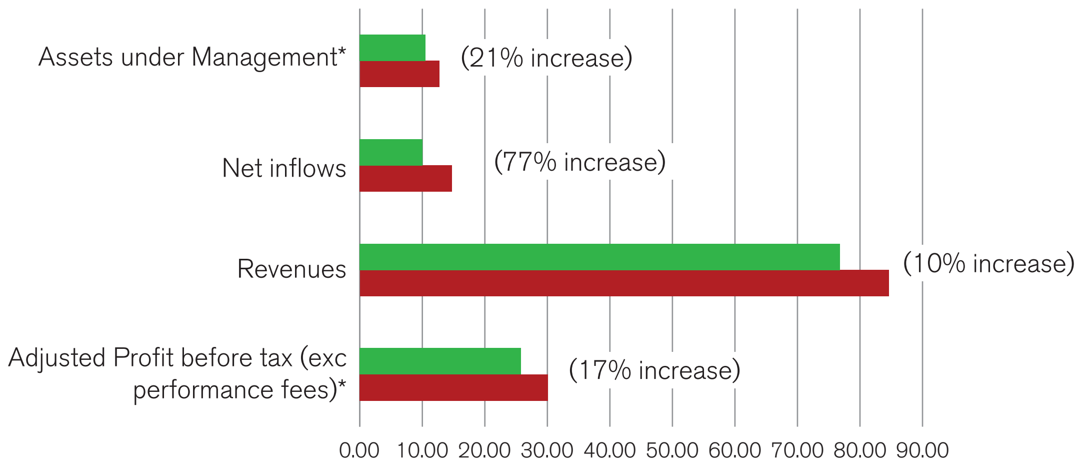
I am committed to increased openness and consultation on remuneration matters with a greater transparency of, and weighting to, performance and outcomes and how this affects annual bonus/variable allocation and full transparency on the performance conditions on granted LTIP awards.

Two very important components of the DRP are requiring a strong alignment between shareholders and the Executive Directors by requiring the Executive Directors to build up and retain a significant shareholding in the Company (at least 4x salary/fixed allocation) and the significant deferral of variable remuneration. I am pleased to be able to confirm that John Ions and Vinay Abrol each have 14x and 18x salary/fixed allocation in Ordinary shares and are subject to the deferral of 69% and 70% of variable remuneration respectively (see below and the Annual Report on Remuneration for further details). In addition, John Ions has over 5x and Vinay Abrol over 3x, invested in Liontrust funds via the DBVAP and personal fund holdings.

The levels of the annual bonus/variable allocation and the increase in maximum LTIP award were important points that came up in discussions with shareholders and proxy advisory bodies, and I am pleased to say that:

- annual bonus/variable allocation pool for the Executive Directors has decreased by 4.4% when compared with last year, against a backdrop of an increase in adjusted profit before tax (excluding performance fees) of 16.7%. This is despite corporate and personal performance being such that aggregate annual bonus/variable allocation pool for the Executive Directors could have increased by up to 8.4% (i.e. by 50% of the increase in adjusted profit before tax (excluding performance fees);
- aggregate annual bonus/variable allocation for all employees and members including the Executive Directors for the financial year ended 31 March 2019, which is capped at 27% of pre-cash bonus/variable allocation Adjusted Profit before tax, has reduced again this this year and is now 22.1% of pre-cash bonus/variable allocation Adjusted Profit before tax (2018: 23.7%);
- annual bonus/variable allocation for the Executive Directors as a percentage of the aggregate annual bonus/variable allocation pool for all employees and members (including fund managers) has decreased again this year, at 10% for the financial year ended 31 March 2019 (2018: 12%), with 6.6% allocated to John Ions and 3.7% to Vinay Abrol.
- LTIP awards for the financial year ended 31 March 2020 have been held at 250% for John Ions and 175% for Vinay Abrol, even though the exceptional performance of the business this year could easily have warranted an increase in LTIP awards up to the maximum allowed 300%.

The Committee considered the Group's overall performance in the financial year ended 31 March 2019, in particular:



* These are alternative performance measures ('APM's) see page 31 for further details

■ 2018 ■ 2019

The Committee also consider, the Executive Directors' role in delivering the strategic objectives of the Group and LTIP awards vesting during the year when assessing Executive Directors' annual bonus/variable allocation for the financial year ended 31 March 2019 and LTIP allocations for the financial year ending 31 March 2020. These achievements have been considered together with other key performance indicators set by the Committee for the Executive Directors (see the Annual Report on Remuneration for further details) in determining the overall remuneration package for the Executive Directors for the year ending 31 March 2020. The Committee also took into account shareholder and proxy advisory agency feedback from the Post-DRP GM consultation with regards to the quantum of remuneration for the Executive Directors. They have been reflected when determining the Executive Directors' overall remuneration package and can be summarised as follows:

- **Salary/fixed allocation** for the Executive Directors to remain unchanged for the financial year ending 31 March 2020;

- **Pension/cash payments in lieu of pension** for the Executive Directors to remain unchanged at 10% salary/fixed allocation for the financial year ending 31 March 2020 (this percentage is the same for all employees and members);
- **Annual bonuses and/or variable allocations** to the Executive Directors of between 300% and 500% of base remuneration, with the cash element for John Ions capped at 250% of salary/fixed allocation, with 50% of the award deferred into Group managed funds, in consideration of EU regulations (including AIFMD and UCITS V), which vest over a three year period (in line with the changed DRP where at least 50% of the annual bonus/variable allocation is deferred compared with 33% previously). Annual bonus/variable allocations are subject to malus and clawback;
- **LTIP awards** of 250% and 175% of base annual remuneration for John Ions and Vinay Abrol respectively, for the financial year ending 31 March 2020, and will make these awards as soon as possible after the announcement of the Company's annual results. The performance criteria for these LTIP awards will be absolute total shareholder return (20%), relative total shareholder return (20%) earnings per share (30%) and other strategic objectives (30%), with each off these criteria being in line with business objectives; and
- **Base and component fees for the Non-executive Directors** to remain unchanged for the financial year ending 31 March 2020.

Annual bonus/variable allocation to the Executive Directors are made from an aggregate annual bonus/variable allocation pool in which all employees and members participate and which is approved by the Committee each year. The Committee believes that the level of annual bonus/variable allocation and LTIP awards for the Executive Directors are commensurate with the exceptional corporate results and their personal performance over the financial year ended 31 March 2019, when measured against the key performance metrics for the annual bonus/variable allocation set by the Committee. In particular I want to highlight the £1.8 billion of net inflows in a very challenging market environment and the very successful reorganisation of our administration arrangements moving from five different service providers to BNY Mellon. Please see the Annual Report on Remuneration for further details.

Developments in legislation and governance

2018 saw the publication of the CEO pay ratio requirements and a new version of the Corporate Governance Code (the "Code"). The Committee spent time assessing the implications of these for Liontrust and how it intends to comply with the new requirements.

The disclosures under the CEO pay ratio legislation apply to Liontrust with effect from the next financial year, however the Committee considers it to be in shareholders' best interests to comply with these straight away. Liontrust's associated disclosure for the financial year ended 31 March 2019 is presented in full on page 84.

The latest Code presents a number of additional aspects for remuneration committees to consider. The Committee is considering the most appropriate and effective way to better engage with the wider member and employee population on pay related matters, and will update shareholders on the outcome of its deliberations in next year's annual report.

In addition and in line with the requirements of the updated Code, the Committee has examined the DBVAP and LTIP rules to ensure that the interests of our Executive Directors remain aligned with those of our other shareholders.

Shareholder engagement

I would like to thank shareholders for their support in approving our current Directors' Remuneration Policy at the DRP GM, and in particular to those shareholders involved in the design of the DRP and the post-DRP GM consultation process. The New DRP introduced a number of changes from the previous one, and I am grateful for the constructive feedback received as part of the DRP design process. We received approval just above 60% on the resolutions at the DRP GM. Our post-DRP GM consultation with our larger shareholders on this has confirmed that there are no specific changes needed to the DRP and shareholders' focus will be on how the newly adopted DRP will be implemented. We welcome feedback from our shareholders on our DRP and its application. We believe that the reduction in variable remuneration for Executive Directors and the Group as a whole reflects the views of shareholders and demonstrates that we are listening to shareholder concerns.

We hope this will earn your support of our Annual Remuneration Report.

The role of the Committee

The Committee is charged with determining remuneration policy for, and setting pay and other benefits of, the Executive Directors of the Company and reviewing pay and other benefits of the Group's members and employees. All its recommendations are referred to the Board. Any Director, who has an interest in the matter which is the subject of a recommendation to the Board, abstains from the Board's vote in relation to that matter and takes no part in its deliberations. The Committee may use external advisors if required. The terms of reference of the Committee, which explains its role and the authority delegated to it by the Board, are available on the Company's website or upon request from the Company Secretary.

George Yeandle
Chairman of the Remuneration Committee
26 June 2019

Directors' remuneration policy

This section of the Remuneration Report provides an overview of the key remuneration elements in place for Executive Directors. After the support received from shareholders at the 25 September 2018 General Meeting at which the revised Directors' Remuneration Policy ("the "Policy") was approved, we have not made any changes to our Policy and as such remain bound by the Policy. We have not reproduced the full Policy in this report. The summary below presents our approved Elements of Reward table for Executive Directors' and Non-executive Directors' for reference. A copy of our full Policy as approved by shareholders can be found in the September 2018 Notice of General Meeting, available on our website: www.liontrust.co.uk in the Investor Relations/Governance/Governance Policies section.

Elements of Reward

The following table summarises each of the elements of Liontrust's total compensation package and the ongoing remuneration policy for the Executive Directors:

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Base salary or Fixed allocations	To provide a satisfactory base salary/fixed allocation within a total package comprising base salary/fixed allocation and bonus/variable allocation. The level of base salary/fixed allocation reflects the value of the individual, their role, skills and experience. It is also designed to attract and retain talent in the market in which the individual is employed and/or a member.	Salaries and fixed allocations are reviewed annually effective in April taking account of market levels, corporate performance, individual performance and levels of increase for the broader employee/member population. Reference is made to upper quartile levels within the FTSE and industry comparators	There is no guaranteed or maximum annual increase. The Committee considers it important that base salary and fixed allocation increases are kept under tight control given the potential multiplier effect of such increases on future costs. Increases in salaries and fixed allocations will not normally exceed the general employee/member increase/cost of living adjustment on a rolling three year basis. However, where an executive is extremely experienced and has a long track record of proven performance salaries/fixed allocations may need to be in the upper quartile of comparable companies of similar size (based on AuM/revenues) and complexity. The Committee will aim to ensure that any increase in any year would not exceed 10% above RPI except for internal promotion or where the Executive Directors' base salary/fixed allocation is significantly below the market level.	Not applicable.

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Annual bonus or variable allocation	The annual bonus or variable allocation rewards good performance of the Group and individual Executive Director and is based on the Group's profits, which is considered one of the most prominent KPIs.	The annual bonus pool or variable allocation pool is based on a percentage of the Group's pre-cash bonus/variable allocation Adjusted Profit Before Tax. The Committee believes that this ensures that annual bonuses or variable allocations are affordable. Annual bonus/variable allocation payments to Executive Directors are made from this aggregate annual bonus/variable allocation pool in which all employees and members participate and which is approved by the Committee each year. The actual level of annual bonus/variable allocation payment to the individual Executive Director takes into account a number of factors relating to the individual's role and performance from both a personal and corporate perspective. In addition, the Committee will also apply further measures such as assets under management, gross/net flows, cost control, corporate governance and risk management. Details of the performance metrics used to measure performance in each financial year will be disclosed where appropriate in the annual report on remuneration. The structure of the annual bonus or variable allocation is reviewed annually at the start of the financial year to ensure that it is appropriate and continues to support the Group's strategy. The Committee will determine how much of the bonus/variable allocation is deferred into funds.	Liontrust does not explicitly link total incentive awards to a multiple of base salary or fixed allocation or cap total awards to individuals but it should be noted that the aggregate annual bonus and variable allocation pool for all employees and members including Executive Directors is capped. This is to ensure that high performers can be rewarded in line with the market on a total cash (base salary/fixed allocation plus bonus/variable allocation) basis. This also reduces the need to increase base salaries/fixed allocations and thereby increase fixed costs. The aggregate pool is capped at no more than 27% of pre-cash bonus/variable allocation adjusted profit before tax. There will also be an individual cap for Executive Directors in relation to the cash element of the annual bonus/variable allocation of a maximum of 250% of base salary/fixed allocation (see DBVAP section below for further details), in order to increase deferral potential and place more value at risk for the Executive Directors. The Committee will review these caps after three years to ensure that they remain appropriate. Due to the nature of the factors used by the Committee to determine level of annual bonus/variable allocation it is not possible to set out the minimum level of performance and any further levels of performance. However, annual bonuses/variable allocations will be conservative at threshold levels of corporate performance.	Individual risk and compliance behaviour is also considered in detail for relevant roles and factored into the assessment of performance and the determination of the bonus/variable allocation amount payable. The Chief Financial Officer & Chief Operating Officer, who is responsible for risk and compliance at board level, attends at least two Remuneration Committee meetings each year to provide input on risk and compliance. A claw back principle applies to the annual bonus and/or variable allocations. This enables the Committee to recoup annual bonus or variable allocations in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct of an individual. Malus and claw back provisions will apply whereby the payment of such cash bonus and variable allocation can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
			The risk controls incorporated in the Group's investment process and financial controls ensures that the uncapped annual bonus and variable allocations encourage both excellent performance and prudent risk management.	Discretion may be exercised in cases where the Committee believes that the bonus/variable allocation outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of the bonus/variable allocation pay out resulting from the application of the performance measures. The Committee also retains discretion in exceptional circumstances to change performance measures and targets part-through a financial year if there is a significant and material event which causes the Committee to believe the original measure are no longer appropriate. Any adjustments of or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report.
Deferred Bonus and Variable Allocation Plan ("DBVAP")	The DBVAP provides a deferral element to annual bonuses and variable allocations, to ensure a link to longer term performance and to align the interests of Executive Directors with shareholders.	The DBVAP offers deferral into Liontrust funds, in line with the current regulatory landscape and to create alignment directly with core business performance. Release will occur annually over three years (subject to a continuing employment and/or membership requirement). The Committee may award dividend/distribution equivalents on Liontrust funds to the extent that awards are released.	Awards under the DBVAP are compulsory and are calculated on a formulaic basis such that a proportion of annual bonuses or variable allocations take the form of an award under the DBVAP, subject to an individual cap for Executive Directors in relation to the cash element of the annual bonus/variable allocation of 250% of salary/fixed allocation if the relevant Executive Director has over 1500% of base salary/fixed allocation in the aggregate of the DBVAP (for Liontrust funds), LTIPs, Liontrust shares and Liontrust funds, or 200% of salary/fixed allocation if the aforementioned criteria is not met. The deferred amount will be a minimum of 50% of the annual bonus/variable allocation, subject to the cap on the cash bonus and variable allocation as detailed above.	No further performance conditions apply to DBVAP awards as, in determining the original annual bonus or variable allocation amount, the Committee has been satisfied that performance objectives have been met. Malus and claw back provisions will apply whereby the unvested amount deferred into Liontrust funds can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Long Term Incentive Plan ("LTIP")	The LTIP is intended to provide long term reward, incentivise strong performance and retain the Executive Directors. Vesting will be subject to a continuing employment/membership requirement and performance conditions which are linked to the Company's strategy/KPIs.	LTIP awards are granted annually and vesting is dependent on the achievement of performance conditions (including a shareholding requirement). Performance is measured over a three-year period. Awards will then be released. However, will be subject to a two year holding period from the date of release. The operation of the LTIP is reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances. The Committee may award dividend equivalents on shares to the extent that they vest. In line with the new UK Corporate Governance Code the Committee has the discretion to adjust formulaic outcomes on the LTIP to reflect overall corporate performance.	The maximum annual award which can be made under the LTIP is equal to 300% of base salary/ fixed allocation. At threshold performance 10% of the award vests.	Awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are linked closely to the Company's business strategy/KPIs. The current performance criteria are absolute total shareholder return (20%), relative total shareholder return (20%) earnings per share (30%) and other strategic objectives (30%) which include net inflows, growth in assets under management, fund performance and other strategic measures. There is also a shareholding requirement of 400% of base salary/fixed allocation for Executive Directors that is linked to LTIP awards as follows: if the target shareholding is met on the vesting date of the first LTIP award (i.e. three years from the grant date) then this award will vest in full; if less than 50% of the target shareholding is met then the first award will lapse in full; if between 50% and 100% is met, vesting will be scaled back proportionately on a straight-line basis; participants will be required to build up and retain at least one-third of their target shareholding within 12 months of the date of grant of the first award and must maintain at least 50% of the target during the following two-year period. Failure to do so will impact the grant of subsequent awards;

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
				for subsequent LTIP awards, vesting is conditional on the target shareholding level being maintained; and • the shareholding requirement can be satisfied through unexercised options under the Company's existing long term incentive plans, shares acquired through own resources and/or the deferral of annual bonuses/variable allocation into Company shares.
Share Incentive Plan ("SIP")	The SIP allows the Executive Directors to purchase Company shares with a matching element, to build up an interest in Company shares and increase alignment of interests with shareholders.	An all-employee HMRC approved share plan that allows the Executive Directors to purchase shares, in a tax efficient manner and subject to limits, which are matched by the Company. In line with the normal operation of a SIP envisaged by HMRC, there are no performance conditions on matching shares.	The maximum opportunity for benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such insurance benefits varies according to premium rates and the cost of other benefits is dependent on market rates and other factors, there is no formal maximum monetary value.	No performance conditions apply. Claw back provisions apply on matching shares during the vesting period in the event the recipient is a bad leaver.
Benefits	To provide benefits which are appropriately competitive.	Executive Directors are entitled to a range of benefits including: • Private Medical Insurance • Life Assurance; • Disability Assurance; and • access to an Employee / Member Assistance Programme Where relocation payments or allowances are paid it will be limited to 50% of salary/fixed allocation.	The maximum opportunity for other benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such insurance benefits varies according to premium rates and the cost of other benefits is dependent on market rates and other factors, there is no formal maximum monetary value.	Not applicable.
Pension	To provide competitive levels of retirement benefit	Executive Directors' pension contributions are made at percentage of salary/fixed allocation into the Liontrust Group Pension Plan. Executive Directors have the choice of taking an equivalent cash payment/fixed allocation in lieu of pension contributions.	The current Executive Directors receive a contribution or cash equivalent payment equal to 10% of base salary or fixed allocation.	Not applicable.

Non-Executive Directors

The following table summarises each of the elements of Liontrust's total compensation package and the ongoing remuneration policy for the Non-executive Directors:

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Non-executive Director fees	To provide a satisfactory level of Non-Executive Director fees which is sufficient to attract individuals with appropriate knowledge and experience to review and support the implementation of the Group's strategy.	Non-Executive Director fees are reviewed annually effective April. This is reflected in the policy of positioning Non-Executive Director fees at, generally, around what the Executive Directors believe is median in the market for a company of similar size and complexity from the FTSE and industry comparators. This may also include fees for membership/chairmanship of subcommittees of the Board or other Group committees. The Executive Directors are responsible for setting the remuneration of the Non-Executive Directors. Non-Executive Directors do not participate in any variable remuneration element.	Non-Executive Chairman fees are capped at £200,000. Other Non-Executive Director fees are capped at £150,000. Fee increases are determined by reference to individual responsibilities, inflation and an appropriate comparator group.	Not applicable.

Annual report on remuneration

Remuneration Committee composition and attendance

During the year, the Committee comprised entirely independent Non-executive Directors:

- George Yeandle (Chairman)
- Alastair Barbour
- Mike Bishop
- Sophia Tickell

The attendance record of members of the Committee during the year is shown in the table on page 55.

Activities during the year

In the financial year to 31 March 2019, the Committee met six times and discussed, amongst other things, the subjects described below:

- Approval of the 2018 Remuneration Report;
- Review and approval of the bonuses and variable allocations for the Executive Directors (including the Executive Chairman) for the financial year ended 31 March 2018;
- Review and approval of the bonuses and variable allocations for the employees and members (excluding the Executive Directors and Executive Chairman) for the financial year ended 31 March 2018;
- Approval of allocations under the Liontrust Company Share Option Plan ("CSOP");
- Approval of the mechanism to implement DBVAP and the approval and granting of DBVAP awards for the financial year ended 31 March 2018;
- Review and approval of the Bonus/Variable Allocation Methodology and Metrics for the financial year ending 31 March 2019;
- Review and approval of the Committee's terms of reference;
- Approval of LTIP allocation for the financial year ending March 2019 for the Executive Directors and key executives;
- Oversee the consultation DRP consultation process following the significant votes against the DRP at the 25 September 2019 General Meeting, and approval of an update statement released on the Investment Association's Public Register;
- Reviewing regular reports from HR;
- Approve the vesting of the 2016 LTIP's granted in June 2016;
- Review and approval of the internal Compliance Report on remuneration;
- Review of the Investment Association's principles of remuneration; and
- Approval of Director, employee and member appraisal process for the financial year ended 31 March 2019.

Single total figure for remuneration

Executive Directors (audited information)

	John Ions Year to 31 March 2019 £'000	John Ions Year to 31 March 2018 £'000	Vinay Abrol Year to 31 March 2019 £'000	Vinay Abrol Year to 31 March 2018 £'000
A. Fixed pay				
Base salary/Fixed allocation	348	348	328	328
Benefits in kind[(1)]	4	4	4	2
Cash in lieu of pension	35	35	33	33
Total Fixed pay	**387**	**387**	**365**	**363**
B. Annual Bonus/Variable Allocation				
Cash bonus/variable allocation	870	696	492	525
DBVAP[(2)]	870	1,104	492	525
Total Annual Bonus/Variable Allocation	**1,740**	**1,800**	**984**	**1,050**
C. Total pay for the financial year				
Sub-total (A+B)	**2,127**	**2,187**	**1,349**	**1,413**
D. Vesting of LTIP awards[(3)]				
Base value element of vested LTIP awards	829	–	546	–
Share price appreciation and dividend equivalent payments on vested LTIP awards	1,459	–	961	–
Total LTIP awards vesting	**2,288**	**–**	**1,507**	**–**
E. Other				
SIP matching shares[(4)]	4	4	4	4
Total Other	**4**	**4**	**4**	**4**
Total remuneration (C+D+E)	**4,419**	**2,191**	**2,860**	**1,417**

(1) Benefits in kind comprise private medical insurance.

(2) Deferred Bonus (for employees) or Variable Allocations (for members) to be linked to the performance of Group managed funds and deferred over the period 1 April 2019 to 31 March 2022 for awards for the financial year ended 31 March 2019 (2018: 1 April 2018 to 31 March 2021) and to be linked to the performance of the relevant Group managed funds. For the year ended 31 March 2019, 50% of the annual bonus/variable allocation has been deferred (2018: 61% and 50% for John Ions and Vinay Abrol respectively). The vesting of DBVAP Awards are not subject to any performance condition, but are subject to continuous service conditions.

(3) See the section below on LTIP vesting for further details. 60% of the LTIP award are released on vesting, a further 20% a year later and the final 20% a further year later, with the post vesting releases subject to continued employment.

(4) Matching shares granted under the SIP (John Ions and, Vinay Abrol on 26 April 2018). The vesting of matching shares awarded are not subject to any performance condition, but are subject to continuous service conditions.

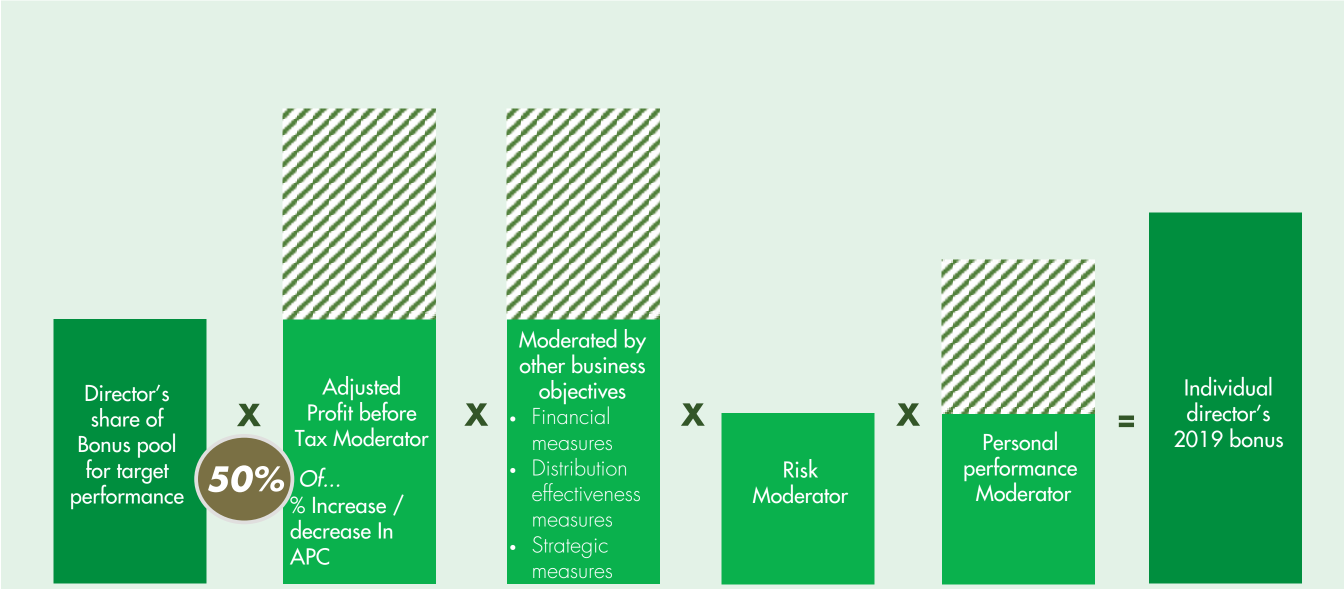
Non-executive Directors (audited information)

	Adrian Collins[(1)] Year to 31 March 2019 £'000	Adrian Collins[(1)] Year to 31 March 2018 £'000	Alastair Barbour[(1)] Year to 31 March 2019 £'000	Alastair Barbour[(1)] Year to 31 March 2018 £'000	Mike Bishop Year to 31 March 2019 £'000	Mike Bishop Year to 31 March 2018 £'000	Sophia Tickell[(1)] Year to 31 March 2019 £'000	Sophia Tickell[(1)] Year to 31 March 2018 £'000	George Yeandle Year to 31 March 2019 £'000	George Yeandle Year to 31 March 2018 £'000
Basic fee	114	103	72	48	71	50	61	24	61	48
Benefits[(1)]	7	5	10	3	–	–	2	4	–	–
Total	**121**	**108**	**82**	**51**	**71**	**50**	**63**	**28**	**61**	**48**

(1) In addition, Non-executive Directors are entitled to the reimbursement of expenses in relation to the performance of their duties, such expenses are reported above grossed up for income tax and national insurance.

Annual bonus/variable allocations (audited information)

The Remuneration Committee adopts the following process to determine the annual bonus/variable allocations.



The annual bonus/variable allocations for the financial year ended 31 March 2019 are based on the following key performance metrics. The performance outcomes for each key performance indicator are also shown below:

Performance Metric	Weighting	Threshold	Target	Actual	Result
Financial Measures					
Change in Adjusted Profit Before Tax (excluding Performance fees profits)	22.2%	12%	15%	17%	✓✓✓✓
Operating Margin	11.1%	35%	36%	35.5%	✓✓
Non-Financial Measures					
Distribution effectiveness					
Net flows compared to budget of £1,030 million (percentage of budget)	11.1%	75%	100%	172%	✓✓✓✓
Broadening International sales (increase in AuM compared to last year)	5.6%	60%	75%	91%	✓✓✓✓
Broadening Multi-Asset sales (increase in AuM compared to last year)	5.6%	17%	21%	21%	✓✓✓
Investment performance, (Percentage of UK Retail AuM over 1, 3 and 5 years in 1st or 2nd Quartile)	11.1%	50%	75%	93%	✓✓✓✓
Strategic Measures					
Broadening the product range	8.3%	Two Discussions	One Addition	Multiple discussions	✓✓
Talent management (Key Executive turnover)	8.3%	Medium	Low	No loss	✓✓✓✓
Risk management, compliance and conduct	8.3%	n/a	Strong	Strong	✓✓✓
Personal performance	8.3%	n/a	Strong	Very Strong	✓✓✓✓
Overall outcome	**100.%**				✓✓✓✓

In assessing personal performance for the Executive Directors, the following sets out the supporting commentary to the personal performance rating above:

Executive Director	Result	Key performance in the financial year ended 31 March 2019
John Ions	✓✓✓✓	John Ions has led the senior executive team to achieve continued strong investment outperformance, excellent financial results and over £1.8 billion net inflows despite a challenging environment for equity and bond markets. The net flow performance is particularly impressive given the flows from our peers. Led the Global Distribution team, headed by Ian Chimes, in producing a very strong net inflows number for the financial year, across a much broader range of our fund management teams, and with strong contributions in terms of flows from the International sales team. Continued the work from previous years in building an effective and highly thought off Marketing function, which is headed by Simon Hildrey. We continue to score highly in terms of brand recognition and awareness, matching awareness levels of much larger fund management organisations. Alongside Vinay Abrol, led external shareholder relations, with positive feedback on strategy and performance from these meetings, and developing a strong relationship with our larger shareholders. Leading the initiative to improve gender diversity at Liontrust by introducing the requirement to have gender balanced short-lists for all new positions, and encourages the move to increase gender diversity at senior levels. Always ensured that risk and compliance were important factors when managing the Group, including meeting with the heads of Risk, Compliance and Financial Crime on a regular basis.
Vinay Abrol	✓✓✓✓	Vinay Abrol has shown strong leadership of the Finance, Operations, Risk, Compliance, Information Technology, Product Development, Portfolio & Data Insights, Data Governance, Human Resources and Trading functions. Delivered budget and cost controls in the financial year, and led the Group through the annual and interim reporting cycles. Alongside John Ions, led external shareholder relations, and also continued the initiative to have greater engagement with the Proxy Voting Agencies. Vinay has been instrumental in leading the Group's relationships with the Financial Analysts, with N+1 Singer being appointed Joint Broker during the financial year. Vinay Abrol successfully led the project to reorganise our out-sourced administration arrangements, with the aim of moving to a simplified target operating model working with a single provider. This involved moving from five different service providers (UK Transfer Agency, UK Fund Accounting/Pricing. UK Trustee services, Custody, Irish Fund Administration) to one single provider. The project involved an initial vendor selection phase involving three lead service providers (which completed in the previous financial year), and having selected BNY Mellon as our preferred out-sourced administration partner, led six project workstreams with multiple delivery dates to successful completion on 15 April 2019. Working with John Ions, on the initiative to improve gender diversity at Liontrust, and in particular by increasing the gender diversity in his senior team by promoting Martina Huntley into the Head of Client Operations role, and recruiting Clare Prince as Head of Product Development. Always ensured that risk and compliance were important factors when making decisions including meeting with the Heads of Risk, Compliance and Financial Crime on a regular basis.

See below for a summary of the outcomes and results used above:

Outcome	Result
Above Target	✓✓✓✓
Around Target	✓✓✓
Between Target & Threshold	✓✓
Around Threshold	✓
Below Threshold	↓

Previously the Committee has used an overall outcome of Above Target performance to approve an increase in the aggregate annual bonus/variable allocation pool for the Executive Directors of 50% of the increase in Adjusted Profit before tax (excluding performance fee profits), which would mean an increase in this pool of 8.4% for the financial year ended 31 March 2019 (based on 50% of a 16.7% increase in Adjusted Profit before tax (excluding performance fees) from £25.8 million to £30.1 million). However, given shareholder and proxy advisory body feedback following the consultation that took place after the 25 September 2018 general meeting to approve the current DRP and the vesting of LTIP awards during the year, the Committee has decided to reduce this pool by 4.4%. The Committee considered that no further adjustments up or down should be made on account of the risk and personal performance moderator.

The 4.4% decrease in the aggregate bonus/variable allocation pool for the Executive Directors translates into individual annual bonuses/ variable allocations to the Executive Directors of between 300% and 500% of base remuneration (2018: 320% and 517%), with 50% deferred into Group managed funds.

John Ions' cash bonus has been capped at 250% of salary/fixed allocation as he has over 15x salary/fixed allocation in Ordinary shares/Liontrust Funds (see Shareholding requirement (audited information) and fund holding information below for further details), and for the year ended 31 March 2019, 50% of the annual bonus/variable allocation has been deferred (2018: 61% and 50% for John Ions and Vinay Abrol respectively) into Liontrust managed funds and deferred over the period 1 April 2019 to 31 March 2022 and therefore linked to the performance of the relevant Liontrust funds. The vesting of DBVAP awards are not subject to any performance condition, but are subject to continuous service conditions.

In determining the Annual bonus/variable allocations for the Executive Directors and allocation of awards under the LTIP for the financial year ending 31 March 2020 (see below), the Committee considered the following in determining total variable remuneration for the Executive Directors:

- overall corporate performance over the financial year ended 31 March 2019;
- the vesting of LTIP awards (granted in June 2016) in March 2019;
- individual personal performance;
- shareholder returns in terms of share price and dividend performance; and
- shareholder feedback received during the design phase of the new DRP and the post-DRP GM consultation process.
- annual bonus/variable allocation for the Executive Directors as a percentage of the aggregate annual bonus/variable allocation pool for all employees and members (including fund managers) has decreased again this year, at 10% for the financial year ended 31 March 2019 (2018: 12%), with 6.6% allocated to John Ions and 3.7% to Vinay Abrol.

Vested LTIP Awards (audited information)

Background

The LTIP's for the financial year ended 31 March 2016, which were granted on 20 June 2016, and vested on 21 March 2019, to John Ions and Vinay Abrol over 326,279 and 215,029 Ordinary shares respectively.

Performance measures and vesting

Condition	Test	Result	% vesting
TSR Performance (40%)			
TSR performance (% growth per annum): Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth	Start of the performance period: 21 March 2016, Starting share price: 265.32p, End of the performance period: 21 March 2019	Three month average share price to end of performance period is 596p, meaning an annualised TSR over the period of 39.8% versus a Target of 15% so 100% vests.	100%
EPS Performance (30%			
EPS growth per annum: Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth	Starting EPS (Diluted Adjusted EPS excluding performance fees): 19.10p for the financial year ending 31 March 2015.	Adjusted diluted EPS excluding performance fees for the financial year ended 31 March 2018 was 40.19p, which is an annualised return of 28.1% versus a Target of 15% so 100% vests.	100%
Strategic Objectives Performance (30% or 7.5% each)			
Net inflows compared to target: Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.	Starting quarter for net inflows: Quarter ending 31 December 2015. Ending quarter for net inflows: Quarter ending 31 December 2018.	Target net inflows of £2,180 million, actual net inflows of £2,825 million, so 130% versus a Target of 125% so 100% vests.	100%
Growth in assets under management compared to target: Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.	Starting year for growth in assets under management: Year ending 31 March 2016. Ending year for growth in asset management: Year ending 31 March 2019.	FY16 target of 21.2% vs actual of 66.0% FY17 target of 9.8% vs actual of 36.2% FY18 target of 9.7% vs actual of 60.6% Cumulative return of 144% versus a Target of 125% so 100% vests.	100%
Investment performance: Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 20% vests and at 75% of funds and above 100% vests. Straight line vesting between 50% of funds and 75% of funds	Starting year for investment performance: Year ending 31 March 2016. Ending year for investment performance: Year ending 31 March 2019.	FY16 74% of relevant AuM in 1st or 2nd quartile; FY17 81% of relevant AuM in 1st or 2nd quartile; and FY18 88% of relevant AuM in 1st or 2nd quartile. Average over the period is 81% versus a Target of 75% so 100% vests.	100%

Condition	Test	Result	% vesting
1. Developing existing employees/members and recruiting new talent (25% of 7.5%). 2. Providing the products and services that clients require (25% of 7.5%). 3. Broadening the client base in the UK and internationally (25% of 7.5%). 4. Maintaining an appropriate risk controls and compliance environment (25% of 7.5%).	1. Limit senior employee/member losses and strengthen the management team. 2. Broaden the product range. 3. Expand out multi-asset and international franchise. 4. Strong risk controls and create a positive compliance environment.	1. Over the period there have been very few employee/member losses and some good hires Head of Distribution, Head of Institutional Business, Head of Product Development, Head of Portfolio & Data Insights, GFI. 2. Hired the highly rated GFI team launching a range of Global Fixed Income products (Strat Bond, HY Bond and AR Bond), and acquired a leading ESG team. 3. Our Multi-Asset team selling well to the advisory market in the UK, and the ESG and GFI products are very saleable internationally. With the GFI fund launches, 2/3 of the money came from overseas. 4. Vinay and John have maintained appropriate risk controls, carefully considering management decisions in light of risk considerations, and spending time on a very regular basis with the Heads of Risk and Compliance.	100%

Given the above, in particular the very strong total shareholder return of nearly 40% per annum over the period and near 30% per annum increase in Adjusted Diluted EPS (excluding performance fees, the Committee approved 100% vesting of the LTIP awards for John Ions and Vinay Abrol).

Retention requirements
On vesting, 60% of the LTIP awards, so for John Ions 195,767 Ordinary shares and for Vinay Abrol 129,017 Ordinary shares were released, the remain LTIP awards will be released in March 2020 (65,256 shares for John Ions and 43,006 shares for Vinay Abrol) and March 2021 (65,256 Ordinary shares for John Ions and 43,006 Ordinary shares for Vinay Abrol).

Impact of share price appreciation and dividend equivalent payments
Over the vesting period there was a substantial increase in the Company's share price. Also, the vested LTIP awards are entitled to an additional dividend equivalent payments.

The table below shows the impact of share price appreciation and dividend equivalent payments over the vesting period:

	LTIP awards that vested	Value on grant	Gain resultant from share price appreciation and dividend equivalent payments on vested LTIP awards over the vesting period	Value on vesting
John Ions	326,279	£829,000	£1,459,000	£2,288,000
Vinay Abrol	215,029	£546,000	£961,000	£1,507,000

Option exercise details
For John Ions and Vinay Abrol, LTIP awards exercised on 21 March 2018; The market value of:

- John Ions share options on the date of exercise were £1,227,000 (195,767 share options at 627p per share); and
- Vinay Abrol share options on the date of exercise were £809,000 (129,017 share options at 627p per share).

The exercise price for the LTIP awards was nil pence.

LTIP Awards (audited information)
The Company's shareholders approved the LTIP on 24 February 2016 and the LTIP was adopted by the Board on 21 March 2016, and subsequently amended on 25 September 2018. The rules of the LTIP state that awards may be granted to participants within the 42 day period following the date of publication of the annual results of the Company, approval of the LTIP by shareholders, or such other period as may be determined by the Committee in exceptional circumstances.

LTIP awards for the financial year ending 31 March 2019:

	Percentage LTIP award of base remuneration	LTIP awards granted	Value on grant	Date of grant	Vesting date (subject to performance conditions being met)
John Ions	250%	147.607	£870,000	27 June 2018	27 June 2021
Vinay Abrol	175%	97,270	£573,000	27 June 2018	27 June 2021

On vesting 60% of the LTIP awards are released, 20% are released after a further year and 20% a year later, with the post vesting releases subject to continued employment.

These LTIP awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are linked closely to the Company's business strategy/KPIs. The performance criteria for these LTIP awards are:

- total shareholder return (40%)

  Start of the performance period: 27 June 2018, Starting share price: 580.13p, End of the performance period: 27 June 2021.

  Performance will be assessed against the following targets:

TSR growth p.a.	Vesting (% of maximum)
10%	20%
15%	100%

  There will be straight line vesting between points

- earnings per share (30%);

  Starting EPS (Diluted Adjusted EPS excluding performance fees): 40.19p for the financial year ending 31 March 2018. End of the performance period is 31 March 2021. Performance will be assessed against the following targets

Adjusted Diluted EPS (exc. Performance fees) growth p.a.	Vesting (% of maximum)
10%	20%
15%	100%

  There will be straight line vesting between points.

- other strategic objectives (30%)

  1. Net inflows. net inflows versus budget for the financial years ending 31 March 2020, 2021 and 2022. The budget targets are commercially sensitive, in the case of later years, not yet set, and will be disclosed after initial vesting.
  2. Growth in assets under management. growth in assets under management versus budget for the financial years ending 31 March 2020, 2021 and 2022. The budget targets are commercially sensitive, in the case of later years, not yet set, and will be disclosed after initial vesting.
  3. Fund performance: Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 20% vests and at 75% of funds and above 100% vests.
  4. Other strategic measures, which are commercially sensitive and will be disclosed after initial vesting.

For further details on the aforementioned LTIP awards and performance conditions see the tables on LTIP Awards and LTIP Performance Conditions under the Share Awards section below.

Subject to performance conditions being met, there is also a shareholding requirement of 250% salary/fixed allocation for Executive Directors that is linked to these LTIP awards as follows:

- if the target shareholding is met on the vesting date of the first LTIP award (i.e. three years from the grant date) then this award will vest in full;
- if less than 50% of the target shareholding is met then the first award will lapse in full;
- if between 50% and 100% is met, vesting will be scaled back proportionately on a straight-line basis;
- participants will be required to build up and retain at least one-third of their target shareholding within 12 months of the date of grant of the first award and must maintain at least 50% of the target during the following two-year period. Failure to do so will impact the grant of subsequent awards;
- for subsequent LTIP awards, vesting is conditional on the target shareholding level being maintained; and
- the shareholding requirement can be satisfied through unexercised options under the Company's existing long term incentive plans, shares acquired through own resources and/or the deferral of annual bonuses/variable allocation into Company shares.

Deferral of variable remuneration

The significant deferral of variable remuneration (deferral of bonus/variable allocation and LTIP awards) is an important component of the Company's remuneration policy, and I am pleased to be able to confirm that John Ions and Vinay Abrol are deferring 69% and 70% respectively, of their variable remuneration.

Director	Type of variable remuneration	Value (£'000)	% deferred
John Ions	Cash bonus/variable allocation	870	n/a
	DBVAP	870	31%
	LTIP award[1]	1,044	38%
	Total	**2,785**	**69%**
Vinay Abrol	Cash bonus/variable allocation	492	n/a
	DBVAP	492	30%
	LTIP award[1]	655	40%
	Total	**1,639**	**70%**

(1) LTIP awards for the financial year ending 31 March 2020 (see LTIP Awards section on page 77 for further details).

Shareholding requirement (audited information) and Fund holding information

A key component of the Company's remuneration policy is a shareholding requirement of 400% salary/fixed allocation for Executive Directors. As at 31 March 2019 the Executive Directors held:

	Ordinary shares held[1]	Value[2] (£'000)	Multiple of salary/fixed allocation
Executive Directors			
John Ions	805,066	4,846	14x
Vinay Abrol	966,130	5,816	18x

(1) Ordinary shares held either directly or via persons closely associated; and
(2) Value calculated using the closing share price on 31 March 2019, which was 602 pence per share.

In addition, John Ions has confirmed to the Company that he, and persons closely associated with him, have in excess of 4x salary/fixed allocation in the DBVAP (for Liontrust funds) and Liontrust funds.

Malus and claw back

For the annual bonus and variable allocation in respect of the financial year ended 31 March 2016 and onwards, malus and claw back provisions will apply whereby the payment of such cash bonus and variable allocation, and the unvested amount deferred into Group managed funds can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable. Malus provisions apply for a period from the date of grant to the relevant vesting date of the relative award and claw back provisions apply for a period of 2 years from date of vesting of the relevant award.

For the LTIP awards, Claw back and malus provisions will apply whereby the LTIP awards can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.

Compensation for loss of office (audited information)

No payments for loss of office were made during the financial year ended 31 March 2019 (2018: Nil).

Payments to former Directors (audited information)

There have been no payments to former Directors and no payment for loss of office.

Post-employment shareholding requirements

With effect from 1 April 2020, the Executive Directors will be required to maintain their shareholding in the Company at a level equal to the lower of the shareholding requirement immediately prior to departure or the actual shareholding on departure for at least two years.

Implementation in the financial year ending 31 March 2020

Annual fixed remuneration

The Committee has not changed the base remuneration of the Executive Directors for the financial year ending 31 March 2020.

The Board itself determines the fees of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to his own position. The Board has not changed the base or component fees of the Non-executive Directors for the financial year ending 31 March 2020.

The base remuneration for each of the Directors (includes component fees for Non-executive Directors) for the financial year ended 31 March 2020. The increase compared to the previous year is as follows:

Director	Salary (for employees), Fixed Allocations (for members) and Fees for the year ending 31 March 2020 (£)	Increase compared to the previous year (%)
Adrian Collins	114,500[1]	Nil
John Ions	348,100	Nil
Vinay Abrol	327,700	Nil
Alastair Barbour	91,000[2]	49%
Mike Bishop	71,000[3]	Nil
Sophia Tickell	61,000[4]	Nil
George Yeandle	61,000[5]	Nil

(1) Non-executive Chairman base fee plus Nomination Committee Member fee.

(2) Non-executive Deputy Chairman base fee plus Audit & Risk Committee Chairman fee, Remuneration Committee Member fee and Nomination Committee Member fee.

(3) Non-executive Director base fee plus Senior Independent Director fee, Nomination Committee Chairman fee, Remuneration Committee Member fee, Audit & Risk Committee Member fee and Portfolio Risk Committee Member fee.

(4) Non-executive Director base fee plus Remuneration Committee, Audit & Risk Committee Member fee, Nomination Committee and Sustainable Future Investment Advisory Committee Member fee.

(5) Non-executive Director base fee plus Remuneration Committee Chairman fee, Audit & Risk Committee Member fee, and Nomination Committee Member fee.

Non-executive Directors are reimbursed for reasonable business expenses.

Annual bonus/variable allocation

Annual bonus/variable allocation for the financial year ending 31 March 2020 will be determined using the same structure that was used in the financial year ended 31 March 2019. In summary, this will comprise:

- Financial Measures - Change in Adjusted Profit Before Tax (excluding Performance fees profits and Operating Margin);
- Non-Financial Measures - Distribution effectiveness, Net flows compared to budget, further broadening of International sales, further broadening of Multi-Asset sales, investment performance; and
- Strategic Measures - Broadening the product range, talent management, increasing gender diversity, risk management, compliance conduct and personal performance.

The Committee sets ranges ("Target" and "Threshold") around the agreed budget figures for the main financial measures and non-financial measures. There ranges consider the level of stretch in the budget and perceived potential for out-performance and under-performance. There will be disclosure of the ranges for the relevant performance metrics in the 2020 Annual Report on Remuneration as the Board consider the ranges to be commercially sensitive.

The results against the performance metrics will be determined using the same structure that was used in the financial year ended 31 March 2019. In summary, this will comprise of rating performance into one of five bands from Above Target to Below Threshold, with the Committee's aim that Above Target performance will mean that the aggregate annual bonus/variable allocation pool for the Executive Directors will increase by 50% of the change in Adjusted Profit before tax (excluding performance fee profits). Subject to Committee's discretion on any change.

LTIP awards

The Committee will determine the appropriate allocation for each Executive Director's variable remuneration between annual bonus/variable allocation and LTIP awards taking into account regulatory requirements, market practice and the Committee's aim of ensuring that a significant proportion of the relevant Executive Director's variable remuneration is deferred into the Company's shares and Group managed funds.

LTIP awards for the financial year ending 31 March 2020 will be 250% and 175% of base annual remuneration for John Ions (equivalent to £870,000) and Vinay Abrol (equivalent to £573,000) respectively and will be awarded later within a 42 day period following the date of the preliminary announcement of the Company's annual results for the financial year ended 31 March 2019.

LTIP awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are linked closely to the Company's business strategy/KPIs. The performance criteria are expected to be:

- absolute total shareholder return (20%);

  Start of the performance period: on date of grant, which is expected to be June 2019, with the starting share price being the 30 day average to the Committee meeting that approves the grant (expect to be the day before the date of grant), End of the performance period: June 2022. The starting price to be disclosed in the regulated news service announcement of the LTIP award;

  Performance will be assessed against the following targets:

Absolute TSR growth p.a.	Vesting (% of maximum)
10%	10%
15%	100%

  There will be straight line vesting between points

- relative shareholder return (20%);

  Using the same starting price as above, performance will be assessed against the FTSE All Share index:

Relative TSR	Vesting (% of maximum)
Equal to index return	10%
10% p.a. above index return	100%

  There will be straight line vesting between points.

- diluted adjusted earnings (excluding performance fees) per share (30%); and

  Starting EPS (Diluted Adjusted EPS excluding performance fees): 46.87p for the financial year ending 31 March 2019. End of the performance period is 31 March 2022. Performance will be assessed against the following targets:

Adjusted Diluted EPS (exc. Performance fees) growth p.a.	Vesting (% of maximum)
10%	10%
15%	100%

  There will be straight line vesting between points.

- other strategic objectives (30%) which include

  1. net inflows. net inflows versus budget for the financial years ending 31 March 2020, 2021 and 2022. The budget targets are commercially sensitive, in in the case of later years, not yet set, and will be disclosed after initial vesting;
  2. fund performance: Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 20% vests and at 75% of funds and above 100% vests; and
  3. other strategic measures, which are commercially sensitive and will be disclosed after initial vesting.

Cap on total remuneration

The Business, Energy and Industrial Strategy (BEIS) Committee report on Executive Pay, released in March this year, suggested an overall cap on total remuneration for executives in any year. Whilst not a requirement to include it currently, I can confirm that the Committee intends to consider the appropriateness of implementing a total remuneration cap for a business of our size, and will update shareholders in due course on the results of its consideration.

Directors' Shareholdings (audited information)

The interests of the Directors and their families in the share capital of the Company at 31 March 2019 were as follows:

	Ordinary shares	Unvested Ordinary Shares[2]	Total Ordinary shares	Vested but unexercised option	Options subject to perf. conditions	Options not subject to perf. Conditions[2]	Total options over Ordinary shares
Executive Directors							
John Ions[1]	802,240	2,826	805,066	130,512	627,032	–	757,544
Vinay Abrol[1]	963,304	2,826	966,130	86,012	413,228	–	499,240
Non-executive Directors							
Adrian Collins	6,249		6,249	–	–	–	–
Alastair Barbour[1]	32,000	–	32,000	–	–	–	–
Mike Bishop	25,106	–	25,106	–	–	–	–
Sophia Tickell	–	–	–	–	–	–	–
George Yeandle	20,000	–	20,000	–	–	–	–

[1] Includes holdings of persons closely associated with the relevant Director.
[2] Unvested Ordinary shares and Options not subject to performance conditions but are subject to continuing service conditions.

There were the following changes to the Directors' interests between 1 April 2019 and 26 June 2019:

- John Ions sold 103,757 Ordinary shares;
- Vinay Abrol sold 68,379 Ordinary shares; and
- each of John Ions and Vinay Abrol each purchased 273 additional Ordinary shares and were each allocated 546 unvested Ordinary shares pursuant to their participation in the SIP.

Share Awards

LTIP Awards (audited information)

Director	Financial year ended 31-Mar	Face value[1]	Share price used to determine the award[2]	Number of options held at 1 April 2018	Options granted or exercised	Number of options held at 31 March 2019	Exercise Price	Date of grant
John Ions	2016 (in respect of 2016/17/18)	£828,750	254.0p	326,279	(195,767)	130,512	Nil	20 June 2016
	2017 (in respect of 2017/18/19)	£828,750	280.6p	295,353	–	295,353	Nil	5 September 2016
	2018 (in respect of 2018/19/20)	£828,750	450.2p	184,072	–	184,072	Nil	22 June 2017
	2019 (in respect of 2019/20/21)	£870,250	589.6p	–	147,607	147,607	Nil	26 June 2018
Vinay Abrol	2016 (in respect of 2016/17/18)	£546,175	254.0p	215,029	(129,017)	86,012	Nil	20 June 2017
	2017 (in respect of 2017/18/19)	£546,175	280.6p	194,648	–	194,648	Nil	5 September 2016
	2018 (in respect of 2018/19/20)	£546,175	450.2p	121,310	–	121,310	Nil	22 June 2017
	2019 (in respect of 2019/20/21)	£573,475	589.6p	–	97,270	97,270	Nil	26 June 2018

(1) Face value of the option grants is equivalent to 250% and 175% of base annual remuneration for John Ions and Vinay Abrol respectively;

(2) For the LTIP awards for:
- financial year ended 31 March 2016 the share price used to determine the awards is the share price as at close of business on 21 March 2016, which is the date on which the LTIP was adopted by the Board and the date on which the Committee intended to grant LTIP awards to the Executive Directors, but due to the proposed acquisition of the European Income fund management business of Argonaut Capital Partners LLP, which was announced on 7 April 2016, the Committee was unable to grant these awards prior to entering into a close period for dealing in the Company's shares.
- financial year ended 31 March 2017 the share price used to determine the awards is the 30 day average closing share price to 9 August 2016, which is the previous business day to the Remuneration Committee meeting that approved the granting of these awards.
- financial year ended 31 March 2018 the share price used to determine the awards is the 30 day average closing share price to 14 June 2017, which is the previous business day to the Remuneration Committee meeting that approved the granting of these awards.
- financial year ended 31 March 2019 the share price used to determine the awards is the 30 day average closing share price to 25 June 2018, which is the previous business day to the Remuneration Committee meeting that approved the granting of these awards.

The share price on 20 June 2016 was 295.0p, 344p on 5 September 2016, 460.0p on 22 June 2017 and on 26 June 2018 was 588.0p.

(3) LTIP awards are exercisable between:
- 20 March 2020 and 20 March 2026 for the LTIP awards granted on 20 June 2016;
- 10 August 2019 and 10 August 2026 for the LTIP awards granted on 5 September 2016;
- 22 June 2020 and 22 June 2027 for the LTIP awards granted on 22 June 2017; and
- 26 June 2021 and 26 June 2028 for the LTIP awards granted on 26 June 2018.

(4) For the LTIP awards granted on
- 20 June 2016 the performance period ends on 20 March 2020;
- 5 September 2016 the performance period ends on 10 August 2019;
- 22 June 2017 the performance period ends on 22 June 2020; and
- 26 June 2018 the performance period ends on 26 June 2021.

(5) For the LTIP awards granted on
- 20 June 2016, 60% of vested awards are released on 21 March 2019, 20% released on 21 March 2020 and 20% released on 21 March 2021;
- 5 September 2016, 60% of vested awards are released on 10 August 2019, 20% released on 10 August 2020 and 20% released on 10 August 2021;
- 22 June 2017, 60% of vested awards are released on 22 June 2020, 20% released on 22 June 2021 and 20% released on 22 June 2022;
- 26 June 2018, 60% of vested awards are released on 26 June 2021, 20% released on 26 June 2022 and 20% released on 26 June 2023;

(6) Performance measures are attached to options granted, which are total shareholder return (40%), earnings per share (30%) and other strategic objectives (30%) which include net inflows, growth in assets under management, fund performance and other strategic measures. For threshold performance, 20% of the LTIP awards will vest;

(7) Claw back and malus provisions apply, see Directors' remuneration policy table for further details.

LTIP Performance Conditions (audited information)

Financial year ended 31-Mar	Total Shareholder Return target (40%)	EPS target (30%)	Strategic targets (30%)			
			Net inflows (7.5%)	Growth in assets under management (7.5%)	Investment Performance (7.5%)	Other strategic targets (7.5%)
Performance condition	**TSR performance (% growth per annum): Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.**	**EPS growth per annum: Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.**	**Net inflows compared to target (25% of Strategic targets portion): Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.**	**'Growth in assets under management compared to target (25% of Strategic targets portion): Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.**	**Investment performance (25% of Strategic targets portion): Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 20% vests and at 75% of funds and above 100% vests. Straight line vesting between 50% of funds and 75% of funds.**	**Developing existing employees/ members and recruiting new talent (25% of other strategic targets portion). Providing the products and services that clients require (25% of other strategic targets portion). Broadening the client base in the UK and internationally (25% of other strategic targets portion). Maintaining an appropriate risk controls and compliance environment (25% of other strategic targets portion).**
2017 (in respect of 2017/18/19)	Start of the performance period: 5 September 2016, Starting share price: 315.40p, End of the performance period: 10 August 2019	Starting EPS (Diluted Adjusted EPS excluding performance fees): 21.50p for the financial year ending 31 March 2016.	Starting year for net inflows: Year ending 31 March 2017. Ending year for net inflows: Year ending 31 March 2020. Actual target for net inflows are commercially sensitive and will disclosed after initial vesting.	Starting year for growth in assets under management: Year ending 31 March 2017. Ending year for growth in asset management: Year ending 31 March 2020. Actual target for growth in assets under management are commercially sensitive and will disclosed after initial vesting.	Starting year for investment performance: Year ending 31 March 2017. Ending year for investment performance: Year ending 31 March 2020.	Actual target for other strategic objectives are commercially sensitive and will disclosed after initial vesting. However, include objectives in relation to personal performance, risk management, compliance behavior and promoting a compliant culture and improving gender diversity in the business.
2018 (in respect of 2018/19/20)	Start of the performance period: 22 June 2017, Starting share price: 454.81p, End of the performance period: 22 June 2020	Starting EPS (Diluted Adjusted EPS excluding performance fees): 27.45p for the financial year ending 31 March 2017.	Starting year for net inflows: Year ending 31 March 2018. Ending year for net inflows: Year ending 31 March 2020. Actual target for net inflows are commercially sensitive and will disclosed after initial vesting.	Starting year for growth in assets under management: Year ending 31 March 2018. Ending year for growth in asset management: Year ending 31 March 2020. Actual target for growth in assets under management are commercially sensitive and will disclosed after initial vesting.	Starting year for investment performance: Year ending 31 March 2018. Ending year for investment performance: Year ending 31 March 2020.	Actual target for other strategic objectives are commercially sensitive and will disclosed after initial vesting. However, include objectives in relation to personal performance, risk management, compliance behavior and promoting a compliant culture and improving gender diversity in the business.
2019 (in respect of 2019/20/21)	Start of the performance period: 27 June 2018, Starting share price: 580.13p, End of the performance period: 27 June 2021	Starting EPS (Diluted Adjusted EPS excluding performance fees): 40.19p for the financial year ending 31 March 2018.	Starting year for net inflows: Year ending 31 March 2019. Ending year for net inflows: Year ending 31 March 2021. Actual target for net inflows are commercially sensitive and will disclosed after initial vesting.	Starting year for growth in assets under management: Year ending 31 March 2019. Ending year for growth in asset management: Year ending 31 March 2021. Actual target for growth in assets under management are commercially sensitive and will disclosed after initial vesting.	Starting year for investment performance: Year ending 31 March 2019. Ending year for investment performance: Year ending 31 March 2021.	Actual target for other strategic objectives are commercially sensitive and will disclosed after initial vesting. However, include objectives in relation to personal performance, risk management, compliance behavior and promoting a compliant culture and improving gender diversity in the business.

DBVAP Share Options, Shares and Options over Group managed funds (audited information)

Director	Financial year ended 31-Mar	Face value[3]	Share price used to determine the grant or award	Options/ Shares held 1 April 2018	Options/ Shares exercised/ vested[4]	Options/ Shares awarded	Number of shares/ options held at 31 March 2019	Exercise price	Issue date
Adrian Collins[1]	2016 (in respect of 2015)	£75,000	285.9p	26,232	(26,232)	–	–	Nil	18-Jun-15
	2017 (in respect of 2016)	£65,000		See Group managed funds table below for further details				Nil	21-Jun-16
John Ions	2016 (in respect of 2015)	£600,000	285.9p	209,863	(209,863)	–	–	Nil	18-Jun-15
	2017 (in respect of 2016)	£550,000		See Group managed funds table below for further details				Nil	21-Jun-16
	2018 (in respect of 2017)	£715,000		See Group managed funds table below for further details				Nil	21-Jun-17
	2019 (in respect of 2018)	£1,104,000		See Group managed funds table below for further details				Nil	28-Jun-18
Vinay Abrol	2016 (in respect of 2015)	£375,000	285.9p	131,164	(131,164)	–	–	Nil	18-Jun-15
	2017 (in respect of 2016)	£325,000		See Group managed funds table below for further details				Nil	21-Jun-16
	2018 (in respect of 2017)	£402,000		See Group managed funds table below for further details				Nil	21-Jun-17
	2019 (in respect of 2018)	£525,000		See Group managed funds table below for further details				Nil	28-Jun-18

(1) Adrian Collins stepped down as Executive Chairman on 14 September 2016 to become Non-executive Chairman;
(2) DVBAP awards for the financial year ended 2016 onwards have been deferred into Group managed funds;
(3) Face value of the share or option award is equivalent to:
- 50% of the annual bonus/variable allocation for the financial year ended 31 March 2015
- 46% for the financial year ended 31 March 2016
- between 52% (for John Ions) and 50% (for Vinay Abrol) of the annual bonus/variable allocation for the year ended 31 March 2017, has been deferred;
- between 61% (for John Ions) and 50% (for Vinay Abrol) of the annual bonus/variable allocation For the year ended 31 March 2018, has been deferred;
- between 61% (for John Ions) and 50% (for Vinay Abrol) of the annual bonus/variable allocation For the year ended 31 March 2019, has been deferred;

The number of share options granted is calculated as the face value divided by the share price used to determine the grant or award, which is calculated as average share price during the period of five business days prior to the date of grant. For shares awarded the number of shares is calculated as the number of shares purchased on the Issue date;
(4) For Adrian Collins, John Ions and Vinay Abrol, Options exercised on 27 June 2018; The market value of:
- Adrian Collins share options on the date of exercise were £162,000 (26,232 share options at 618p per share);
- John Ions share options on the date of exercise were £1,297,000 (209,863 share options at 618p per share); and
- Vinay Abrol share options on the date of exercise were £811,000 (131,164 share options at 618p per share).

(5) Share options issued under the DVBAP in June 2015 are exercisable between 17 June 2018 and 17 June 2019. Options on Group managed funds issued under the DVBAP in:
- June 2016 are exercisable between 21 June 2017 and 21 June 2020;
- June 2017 are exercisable between 21 June 2018 and 21 June 2021; and
- June 2018 are exercisable between 28 June 2019 and 21 June 2022;

(6) Share options awarded in June 2015 vest on 18 June 2018. Options over Group managed funds awarded in:
- June 2016 vest on 21 June 2017 (33.3%), 21 June 2018 (33.3%) and 21 June 2019 (33.3%).
- June 2017 vest on 21 June 2018 (33.3%), 21 June 2019 (33.3%) and 21 June 2020 (33.3%); and
- June 2018 vest on 28 June 2019 (33.3%), 28 June 2020 (33.3%) and 28 June 2021 (33.3%).

(7) No performance conditions are attached to options granted or shares awarded under the DBVAP but they are subject to continuing service conditions. Clawback provisions apply, see Directors' remuneration policy table for further details;
(8) Exercise price for share and fund options granted is nil pence; and
(9) The share price used to determine the number of shares which shall be subject to the option grant or share award is calculated using the average share price during the period of five business days prior to the date of option grant or share award.

Group managed funds for 2017 (in respect of 2016), for 2018 (in respect of 2017) and for 2019 (in respect of 2018) (audited information):

Director	Financial year ended 31-Mar	Face value	Fund name	Unit price[1] (pence) used to determine grant	Options held at 1 April 2018	Options vested/exercised over units	Options granted over units	Options over units at 31/03/2019
Adrian Collins	2017	£13,000	Liontrust Global Income Fund	139.85	6,197.1140	(3,098.5570)	–	3,098.5570
	(in respect of 2016)	£13,000	Liontrust Macro Equity Income Fund	187.24	4,628.6400	(2,314.3200)	–	2,314.3200
		£13,000	Liontrust UK Growth Fund	343.62	2,522.1660	(1,261.0830)	–	1,261.0830
		£13,000	Liontrust SF Managed Fund	180.00	4,814.7840	(2,407.3920)	–	2,407.3920
		£13,000	Liontrust Asia Income Fund	103.86	8,344.5660	(4,172.2830)	–	4,172.2830
		£65,000						
John Ions	2017	£110,000	Liontrust Global Income Fund	139.85	52,437.1340	(26,218.5670)	–	26,218.5670
	(in respect of 2016)	£110,000	Liontrust Macro Equity Income Fund	187.24	39,165.4200	(19,582.7100)	–	19,582.7100
		£110,000	Liontrust UK Growth Fund	343.62	21,341.4040	(10,670.7020)	–	10,670.7020
		£110,000	Liontrust SF Managed Fund	180.00	40,740.4940	(20,370.2470)	–	20,370.2470
		£110,000	Liontrust Asia Income Fund	103.86	70,607.8680	(35,303.9340)	–	35,303.9340
		£550,000						
	2018	£119,167	Liontrust European Growth Fund	210.99	56,479.7700	(18,826.5900)	–	37,653.1800
	(in respect of 2017)	£119,167	Liontrust Macro Equity Income Fund	204.51	58,269.3600	(19,423.1200)	–	38,846.2400
		£119,167	Liontrust Special situations Fund	379.60	31,392.6930	(10,464.2310)	–	20,928.4620
		£119,167	Liontrust European Income Fund	139.51	85,418.0118	(28,472.6706)	–	56,945.3412
		£119,167	Liontrust Asia Income Fund	136.96	87,008.3670	(29,002.7890)	–	58,005.5780
		£119,167	Liontrust SF Managed Fund	173.40	68,723.5650	(22,907.8550)	–	45,815.7100
		£715,000						
	2019	£157,714	Liontrust European Growth Fund	210.35	–	–	74,977.0800	74,977.0800
	(in respect of 2018)	£157,714	Liontrust Macro Equity Income Fund	197.21	–	–	79,972.7640	79,972.7640
		£157,714	Liontrust Special situations Fund	421.04	–	–	37,458.2670	37,458.2670
		£157,714	Liontrust European Income Fund	128.52	–	–	122,715.754	122,715.754
		£157,714	Liontrust Asia Income Fund	134.65	–	–	117,129.060	117,129.060
		£157,714	Liontrust SF Managed Fund	185.80	–	–	84,883.8960	84,883.8960
		£157,714	Liontrust Strategic Bond Fund	99.86	–	–	157,935.390	157,935.390
		£1,104,000						
Vinay Abrol	2017	£65,000	Liontrust Global Income Fund	139.85	30,985.5780	(15,492.7890)	–	15,492.7890
	(in respect of 2016)	£65,000	Liontrust Macro Equity Income Fund	187.24	23,143.2020	(11,571.6010)	–	11,571.6010
		£65,000	Liontrust UK Growth Fund	343.62	12,610.8300	(6,305.4150)	–	6,305.4150
		£65,000	Liontrust SF Managed Fund	180.00	24,073.9280	(12,036.9640)	–	12,036.9640
		£65,000	Liontrust Asia Income Fund	103.86	41,722.8320	(20,861.4160)	–	20,861.4160
		£325,000						
	2018	£67,000	Liontrust European Growth Fund	210.99	31,755.0600	(10,585.0200)	–	21,170.0400
	(in respect of 2017)	£67,000	Liontrust Macro Equity Income Fund	204.51	32,761.2330	(10,920.4110)	–	21,840.8220
		£67,000	Liontrust Special situations Fund	379.60	17,650.1580	(5,883.3860)	–	11,766.7720
		£67,000	Liontrust European Income Fund	139.51	48,025.2318	(16,008.4106)	–	32,016.8212
		£67,000	Liontrust Asia Income Fund	136.96	48,919.3890	(16,306.4630)	–	32,612.9260
		£67,000	Liontrust SF Managed Fund	173.40	38,638.9830	(12,879.6610)	–	25,759.3220
		£402,000						
	2019	£75,000	Liontrust European Growth Fund	210.35	–	–	35,654.8590	35,654.8590
	(in respect of 2018)	£75,000	Liontrust Macro Equity Income Fund	197.21	–	–	38,030.5260	38,030.5260
		£75,000	Liontrust Special situations Fund	421.04	–	–	17,813.0340	17,813.0340
		£75,000	Liontrust European Income Fund	128.52	–	–	58,356.6768	58,356.6768
		£75,000	Liontrust Asia Income Fund	134.65	–	–	55,699.9590	55,699.9590
		£75,000	Liontrust SF Managed Fund	185.80	–	–	40,365.9840	40,365.9840
		£75,000	Liontrust Strategic Bond Fund	99.86	–	–	75,105.1440	75,105.1440
		£525,000						

[1] The unit price used to determine the number of units which shall be subject to the option grant is calculated using the unit price on the date of grant.

SIP Shares (audited information)

Director	Awards held start of year: Number of shares as at 01-Apr-18	Face value	Grant/Vesting date	Awards held at the end of the year: Number of shares granted/(vested)	Number of shares as at 31-Mar-19	Earliest vesting date
John Ions	1,250	£3,600	26 Apr 18	(1,250)	–	
	1,396	£3,600			1,396	27-Jun-19
	820	£3,600			820	26-Apr-20
	–	£3,600	26-Apr-18	610	610	26-Apr-21
Vinay Abrol	1,250	£3,600	26-Apr-18	(1,250)	–	
	1,396	£3,600			1,396	27-Jun-19
	820	£3,600			820	26-Apr-20
	–	£3,600	26-Apr-18	610	610	26-Apr-21

(1) The vesting of shares awarded are not subject to any performance condition, but are subject to continuous service conditions and claw back provisions, see Directors' remuneration policy table for further details; and

(2) The vesting of shares awarded are not subject to any performance condition, but are subject to continuous service conditions and claw back provisions, see Directors' remuneration policy table for further details.

(3) Vested shares may remain in the SIP after vesting.

Pensions (audited information)

All employees and members (including Executive Directors) are eligible to receive employer pension contributions of 10% of base salary or 10% in lieu of pension contributions (for employees) or to receive additional fixed allocation of 10% in lieu of pension contributions (for members).

None of the Executive Directors have a prospective entitlement to a defined benefit pension by reference to qualifying service.

Service Contracts

The Director service contracts (Director appointment letter and limited liability partnership ("LLP") Deed of Adherence) are as follows:

Director	Type of contract	Date of contract	Notice period
Executive Directors			
John Ions	Director Letter of appointment	23 January 2014	6 months
	LLP membership Deed of Adherence	08 July 2010	6 months
Vinay Abrol	Director Letter of appointment	23 January 2014	12 months
	LLP membership Deed of Adherence	08 July 2010	12 months

Director	Type of contract	Date of contract	Notice period
Non-executive Directors			
Adrian Collins	Director Letter of appointment	8 September 2016	6 months
Alastair Barbour	Director Letter of appointment	1 April 2011	3 months
Mike Bishop	Director Letter of appointment	1 May 2011	3 months
Sophia Tickell	Director Letter of appointment	13 September 2017	3 months
George Yeandle	Director Letter of appointment	16 December 2014	3 months

Dilution and employee benefit trust

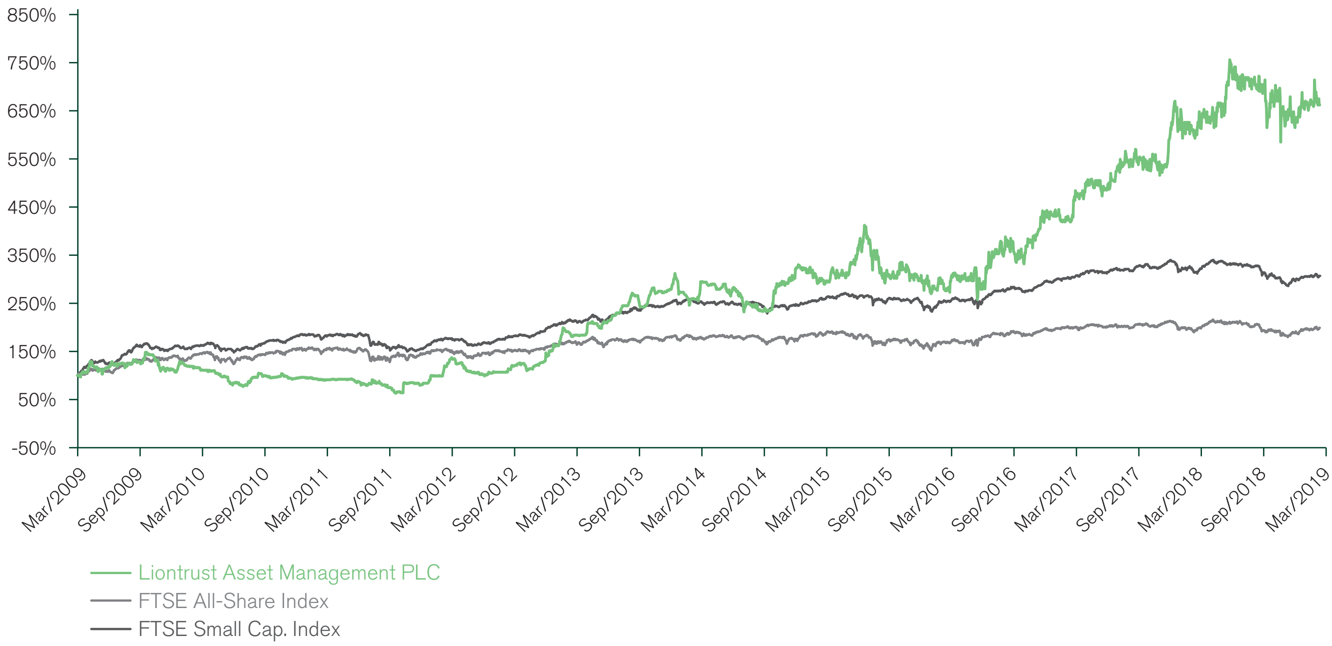
Our policy regarding dilution from employee share awards and member incentivisation has been, and will continue to be, to ensure that dilution will be no more than 10% in any rolling ten year period.

The Committee intends to utilise the Company's existing discretionary employee benefit trust (the "Employee Trust") to reduce and manage dilution. The Employee Trust will have full discretion with regard to the application of the trust fund (subject to recommendations from the Committee). The Company will be able to fund the Employee Trust to acquire shares in the market and/or to subscribe for shares at nominal value in order to satisfy option awards granted under the LTIP and Liontrust Company Option Plan. Any shares issued to the Employee Trust in order to satisfy awards will be treated as counting towards the dilution mentioned earlier. For the avoidance of doubt, any shares acquired by the Employee Trust in the market will not count towards these limits. Share awards under the SIP and Liontrust Company Share Option Plan are satisfied by market purchased shares, so have no dilutive effect.

Pay versus performance

Share price performance

The graph below illustrates the performance of the Group, based on total shareholder returns, compared to two indices from 1 April 2009:



The indices were chosen as follows:

- The FTSE All-Share Index, so as to put the Group's performance into the context of the UK stock market's best known index;
- The FTSE Small Cap. Index, so as to put the Group's performance into the context of similar sized companies.

Table of historic levels of Chief Executive remuneration

The table below shows the percentage change in the Chief Executive's remuneration package over the past nine years:

Year ended 31 March	Name	Single figure of total remuneration (£'000)	Long term incentive vesting rates (as % maximum opportunity)
2019	John Ions	4,419	100%
2018	John Ions	2,191	Nil
2017	John Ions	1,751	Nil
2016	John Ions	1,572	Nil
2015	John Ions	1,544	Nil
2014	John Ions	2,271	100%
2013	John Ions	2,186	Nil
2012	John Ions	1,891	Nil
2011	John Ions/ Nigel Legge(1)	659	Nil
2010	Nigel Legge	445	Nil

John Ions appointed Chief Executive on 6 May 2010 and Nigel Legge resigned as Chief Executive on 6 May 2010. The Single figure of total remuneration for the year ended 31 March 2011 is the summation of the remuneration for John Ions and Nigel Legge when holding the position of Chief Executive, but excludes Nigel Legge's severance compensation.

Percentage change in Chief Executive's remuneration

The percentage change in the Chief Executive's pay (defined for these purposes as salary, fixed allocation, taxable benefits, annual bonus/variable allocation and DBVAP awards in respect of the relevant year) between the year ended 31 March 2019 and the prior year and the same information, on an averaged basis, for all employees and members (excluding the Chief Executive and fund managers) is shown in the table below:

	Chief Executive percentage change year ended 31 March 2018 to 2019	Employees and Members year ended 31 March 2018 to 2019(1)
Salary/Fixed allocation	Nil	3%
Benefits(2)	1%	0%
Bonus/Variable allocation(3)	(3%)	4%

(1) All employees and members excluding the Chief Executive and fund managers

(2) Benefits comprise private medical insurance and pension contributions.

(3) Includes the DBVAP, but excludes any revenue share arrangements for fund managers.

Chief Executive pay ratio

The table below shows the ratio of Chief Executive's pay to lower quartile, median and upper quartile employee/member:

	Ratio for year ended 31 March 2019
Lower quartile ratio	56x
Median ratio	33x
Upper quartile ratio	17x

(5) Leavers during the period are excluded.

(6) For part-time employees and members, the FTE salary/fixed allocation is used for ranking purposes.

Shareholder voting outcomes for 2018 Directors' Remuneration Report and 2018 Directors' Remuneration Policy

The table below shows the advisory vote on the 2018 Directors' Remuneration Report at the Annual General Meeting held on 25 September 2018:

	Votes for	%	Votes Against	%	Votes withheld
2018 Annual report on remuneration	31,770,901	91.0	3,150,914	9.0	910,997

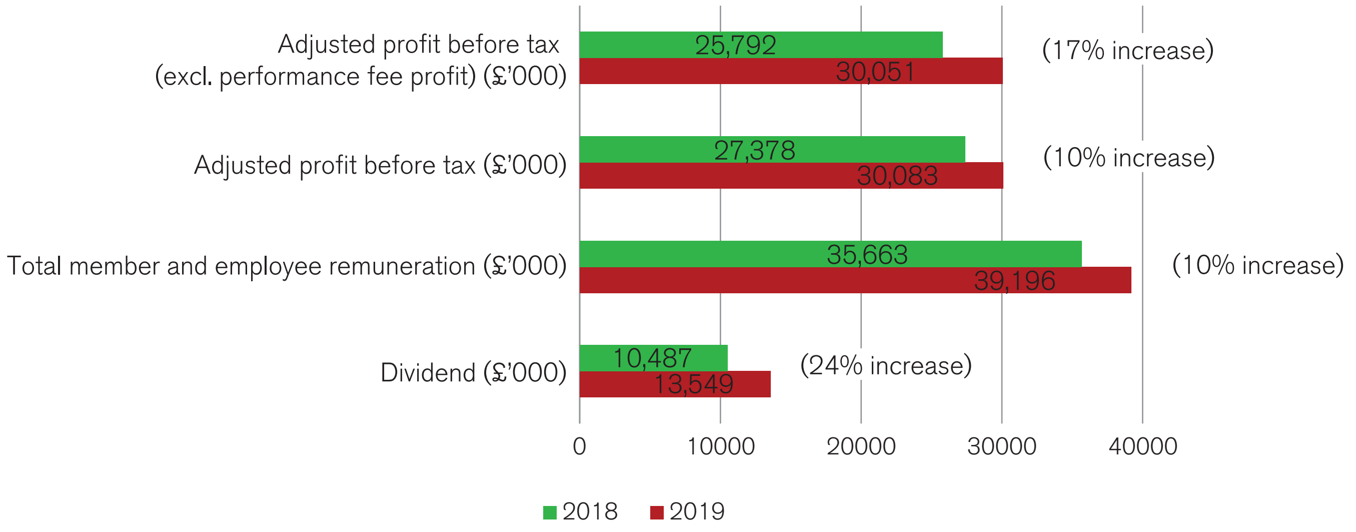
The table below shows the vote on the Directors' remuneration policy at the September 2018 General Meeting held on 25 September 2018:

	Votes for	%	Votes Against	%	Votes withheld
Directors' remuneration policy	21,741,423	60.7	14,088,649	39.3	2,806

The Committee has provided a disclosure on the Investment Association Public Register as to how the Committee has engaged with shareholders and addressed the adverse vote from shareholders at the September 2018 General Meeting.

Relative importance of spend on pay

The following chart shows the Group's Adjusted Profit after tax (excluding and including performance fee profits), total member and employee remuneration and dividends declared on Ordinary shares for the financial year ended 31 March 2019 and 31 March 2018.



(1) Adjusted Profit before tax (excluding performance fee profits) has been used as a comparative measure in order to provide a clearer indication of the profitability of the Group excluding the contribution to profit of performance fee revenues.

(2) Adjusted Profit before tax has been used as a comparative measure in order to provide a clearer indication of the profitability of the Group (see note 1c of the Notes to the Financial Statements on page 93 for further information).

Advisers

The Committee invites individuals to attend meetings as it deems beneficial to assist it in reviewing matters for consideration. During the year, these individuals included the Chairman of the Company, the Chief Executive Officer, the Chief Financial Officer & Chief Operating Officer and the Company Secretary.

In the performance of its duties, the Committee is able to seek assistance from external advisers. However, during the year ended 31 March 2019 no external advisers were appointed by the Committee.

Compliance with the FCA Remuneration Code and the UK Corporate Governance Code

Liontrust is a level three company for the purposes of the FCA Remuneration Code. The Committee fulfils all of its requirements under the FCA Remuneration Code and ensures that the principles of the FCA Remuneration Code are adhered to in the remuneration policy. The Company has followed the requirements of the UK Corporate Governance Code.

Best practice

The Committee believes that the Group has complied with the directors' remuneration report regulations issued by the United Kingdom Department for Business, Innovation and Skills and has given full consideration to Schedule A of the Code in formulating the remuneration packages of the Executive Directors and other senior members of the Group.

The Chairman of the Committee will attend the 2019 Annual General Meeting and will be available to answer Shareholders' questions regarding remuneration.

George Yeandle

Chairman of the Remuneration Committee

26 June 2019

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undertake regulated investment business.

Financial Statements

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2019

	Note	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Revenue	4	97,556	85,785
Cost of sales	4	(12,924)	(8,974)
Gross profit		**84,632**	**76,811**
Realised profit on sale of financial assets		25	3
Unrealised loss financial assets		-	(142)
Contingent consideration	13	(88)	(912)
Administration expenses	5	(65,550)	(63,450)
Operating profit	6	**19,019**	**12,310**
Interest receivable	8	10	3
Profit before tax		**19,029**	**12,313**
Taxation	10	(2,108)	(3,590)
Profit for the year		**16,921**	**8,723**
Other comprehensive income:			
Other comprehensive income		-	33
Total comprehensive income		**16,921**	**8,756**

		Pence	Pence
Earnings per share			
Basic earnings per share	12	33.72	17.76
Diluted earnings per share	12	32.55	16.78

The notes on pages 92 to 113 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet
as at 31 March 2019

	Note	As at 31-Mar-19 £'000	As at 31-Mar-18 £'000
Assets			
Non current assets			
Intangible assets	14	11,505	13,521
Goodwill	13	11,872	11,872
Property, plant and equipment	15	617	207
Total non current assets		**23,994**	**25,600**
Current assets			
Trade and other receivables	16	95,371	79,080
Financial assets	17	3,151	2,076
Cash and cash equivalents	1(j)	35,551	30,775
Total current assets		**134,073**	**111,931**
Liabilities			
Non current liabilities			
Deferred tax liability	11	(1,620)	(918)
DBVAP liability	18	(1,166)	(838)
Acquisition related contingent liability		-	(2,912)
Total non current liabilities		**(2,786)**	**(4,668)**
Current liabilities			
Trade and other payables	18	(99,710)	(83,104)
Corporation tax payable		-	(1,403)
Total current liabilities		**(99,710)**	**(84,507)**
Net current assets		**34,363**	**27,424**
Net assets		**55,571**	**48,356**
Shareholders' equity			
Ordinary shares	19	507	495
Share premium		20,879	15,796
Deferred consideration		-	3,959
Capital redemption reserve		19	19
Retained earnings		37,457	31,853
Own shares held	21	(3,291)	(3,766)
Total equity		**55,571**	**48,356**

The notes on pages 92 to 113 form an integral part of these consolidated financial statements.

The financial statements on pages 88 to 113 were approved and authorised for issue by the Board of Directors on 26 June 2019 and signed on its behalf by V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

Company Number 2954692

Consolidated Cash Flow Statement
for the year ended 31 March 2019

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Cash flows from operating activities		
Cash received from operations	83,936	88,032
Cash paid in respect of operations	(62,088)	(60,783)
Net cash generated from changes in unit trust receivables and payables	340	92
Net cash generated from operations	22,188	27,341
Interest received	10	3
Tax paid	(5,908)	(2,774)
Net cash generated from operating activities	16,290	24,570
Cash flows from investing activities		
Purchase of property and equipment	(609)	(159)
Acquisition of ATI (net of cash acquired)	-	(929)
Purchase of DBVAP Financial Asset	(1,629)	(920)
Sale of DBVAP Financial Asset	753	-
Purchase of Seeding investments	(520)	-
Sale of Seeding investments	422	54
Net cash used in investing activities	(1,583)	(1,954)
Cash flows from financing activities		
Purchase of own shares	(126)	(930)
Sale of Own Shares	601	-
Issue of New Shares	1,136	-
Dividends paid	(11,542)	(7,867)
Net cash used in financing activities	(9,931)	(8,797)
Net increase in cash and cash equivalents*	**4,776**	**13,819**
Opening cash and cash equivalents*	30,775	16,956
Closing cash and cash equivalents*	**35,551**	**30,775**

* Cash and cash equivalents consist only of cash balances.

The notes on pages 92 to 113 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2019

	Note	Ordinary shares £ '000	Share premium £ '000	Deferred consideration £ '000	Capital redemption £ '000	Retained earnings £ '000	Own shares held £ '000	Total Equity £ '000
Balance at 1 April 2018 brought forward		**495**	**15,796**	**3,959**	**19**	**31,853**	**(3,766)**	**48,356**
Profit for the year		–	–	–	–	16,921	–	16,921
Other comprehensive income		–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	16,921	–	16,921
Dividends paid	9	–	–	–	–	(11,542)	–	(11,542)
Shares issued	19	2	1,134	–	–	–	–	1,136
(Purchase)/sale of own shares		–	–	–	–	–	475	475
Deferred consideration ATI acquisition	13	10	3,949	(3,959)	–	–	–	–
EBT share option settlement	21	–	–	–	–	(1,972)	–	(1,972)
Equity share options issued	5	–	–	–	–	2,197	–	2,197
Balance at 31 March 2019		**507**	**20,879**	**–**	**19**	**37,457**	**(3,291)**	**55,571**

Consolidated Statement of Changes in Equity
for the year ended 31 March 2018

	Note	Ordinary shares £ '000	Share premium £ '000	Deferred consideration £ '000	Capital redemption £ '000	Retained earnings £ '000	Own shares held £ '000	Total Equity £ '000
Balance at 1 April 2017 brought forward		**454**	**–**	**–**	**19**	**28,936**	**(2,859)**	**26,550**
Profit for the year		–	–	–	–	8,723	–	**8,723**
Other comprehensive income		–	–	–	–	33	–	**33**
Total comprehensive income for the year		–	–	–	–	8,756	–	**8,756**
Dividends paid	9	–	–	–	–	(7,867)	–	**(7,867)**
Shares issued	13	41	15,796	–	–	–	–	**15,837**
Purchase of own shares		–	–	–	–	–	(965)	**(965)**
Deferred consideration ATI acquisition	13	–	–	3,959	–	–	–	**3,959**
EBT share option settlement	21	–	–	–	–	(58)	58	**–**
Equity share options issued	5	–	–	–	–	2,086	–	**2,086**
Balance at 31 March 2018		**495**	**15,796**	**3,959**	**19**	**31,853**	**(3,766)**	**48,356**

1 Principal accounting policies

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations issued by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors as adopted by the European Union ('IFRS'), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial information presented within these financial statements has been prepared on a going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and DBVAP liability which are held at their fair value).

The preparation of financial statements in conformity with IFRS requires the directors of the Company to make significant estimates and judgements (see note 1d) that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial information and the reported income and expense during the reporting periods. Although these judgements and assumptions are based on the directors' best knowledge of the amount, events or actions, actual results may differ from these estimates. The accounting policies set out below have been used to prepare the financial information. All accounting policies have been consistently applied.

The financial information has been prepared based on the IFRS standards effective as at 31 March 2019.

Accounting developments

The Group has adopted the following accounting standards in the current reporting period.

Standard	*Effective date*
IFRS 9 Financial Instruments	Accounting periods beginning on or after 1 January 2018
IFRS15 Revenue from Contracts with Customers	Accounting periods beginning on or after 1 January 2018

IFRS 9 Financial Instruments

IFRS 9 has replaced the classification and measurement models for financial instruments currently contained in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 was endorsed by the EU in November 2016 and is effective for accounting periods beginning on or after 1 January 2018. On adoption of IFRS 9 the Group's financial assets have been reclassified as either at amortised cost, fair value through other comprehensive income or fair value through profit or loss ('FVTPL'). The financial asset classification will be determined on the basis of the contractual cash flow characteristics of the instruments and the Group's business model for the collection of cash flows arising from its investments.

The Group holds non–controlling interests in unconsolidated funds at fair value, designated at FVTPL. Under the new standard, this designation has not changed. The Group also held non–controlling interests in unconsolidated funds at fair value, designated as available-for-sale. The designation of such investments has changed to FVTPL and the gain/loss on such assets are recorded through the income statement rather than through the other comprehensive income. Trade and other receivables and payables principally comprise short–term settlement accounts and accruals, neither of which are held for trading or meet the definition of items that could be carried at fair value. Such instruments have remained at amortised cost.

Under IAS 39 impairment provisioning is historical performance based whereas IFRS 9 brings an expected credit loss model where credit loss provisioning is required to be based on expected future credit losses. The majority of the Group's revenue comes from investment management fees due from the retail investment funds we manage. These fees are paid to the Group on a monthly basis. For segregated accounts, the majority of fees are paid on a monthly basis with some paying on a quarterly basis. Typically, receivables comprise unpaid sales contracts and cancellations (together, settlement accounts), which are receivables in transit between funds and end clients. These are contractually required to be settled within four days. There was no material effect in adopting IFRS9.

IFRS15 Revenue from Contracts with Customers

IFRS 15 has replaced the current requirements contained in IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations when it became effective on 1 January 2018.

IFRS 15 specifies the requirements that an entity must apply in order to measure and recognise revenue and its related cash flows. The core principle of the standard is that an entity should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer.

The standard introduces a five step model for recognising revenue as follows: Identifying the contract with the customer; identifying the relevant performance obligations of the contract ; determining the amount of consideration to be received under the contract; allocating the consideration to the relevant performance obligation; and accounting for the revenue as the performance obligations are satisfied. In preparation for the implementation of the standard the Group has carried out a detailed review of its contracts with customers. Following this review There has been no material impact on its results, though some minor changes to disclosures around the payments of rebates and commissions have been implemented.

Under the requirements of IFRS 15 revenue is presented gross with rebates and commission presented in cost of sales and the financial statements for 2018 have been reclassified to reflect this.

New standards not implemented in the period

The International Accounting Standards Board and IFRS IC have issued a number of new accounting standards, amendments to existing standards and interpretations. The following new standard, which has been endorsed by the EU, is not applicable to these financial statements, but is expected to have an impact when it becomes effective. The Group plans to apply this standard in the reporting period in which it becomes effective.

Standard	*Effective date*
IFRS16 Leases	1 January 2019

1 Principal accounting policies (continued)

IFRS16 Leases

IFRS 16 replaces IAS 17 Leases and is effective for reporting periods beginning on or after 1 January 2019. Where the Group is a lessee, IFRS 16 requires operating leases to be recorded in the Group's statement of financial position. A right-of-use (ROU) asset will be recognised within property, plant and equipment and a lease liability will be recorded.

The ROU asset and lease liability will be calculated based on the expected payments, requiring an assessment as to the likely effect of renewal options, and are discounted using the relevant incremental borrowing rate.

The ROU asset will be depreciated on a straight-line basis over the expected life of the lease. The lease liability will be reduced as lease payments are made with an interest expense recognised as a component of finance costs.

This will result in a higher proportion of the lease expense being recognised earlier in the life of the lease. In preparation for transition to IFRS 16, the Group has reviewed all its leasing arrangements and assessed the estimated impact that the initial application of IFRS 16 will have on its consolidated financial statements. The Group intends to adopt IFRS 16 retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening profit and loss reserve at 1 April 2019.

Under this approach, the ROU asset will be measured on transition as if the new rules had always been applied, using the appropriate discount rate at 1 April 2019. Comparative information will not be restated. The Group expects to apply the optional exemption contained within IFRS 16, which permits the cost of short-term (less than 12 months) leases to be expensed on a straight-line basis over the lease term. These lease arrangements are not material to the Group.

At 31 March 2019, the Group had non-cancellable operating lease commitments of £2.5 million, see note 22. Consequently, on 1 April 2019 the Group expects to recognise ROU assets and lease liabilities of approximately £1.6 million and £2.3 million respectively.

This change will reduce the Group's net assets by approximately £0.7 million (before tax). The adoption of IFRS 16 will reduce the Group's profit before tax with respect to these leases. However, IFRS 16 is not expected to have a material impact on the Group's profit before tax.

b) Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group has control of an entity if, and only if it has all of the following:

- Power over the entity;

- exposure, or rights to, variable returns from its involvement with the entity; and

- the ability to use its power over the entity to affect its returns.

The Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including: the purpose and design of an entity, its relevant activities, substantive and protective rights, and voting rights and potential voting rights. There is no fixed minimum percentage at which the Group consolidates, and each exposure is reviewed individually.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Uniform accounting policies are applied across all Group entities. Inter-company transactions, balances, income and expenses on transactions between Group entities are eliminated on consolidation. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated on consolidation.

c) Adjusted profit or loss

The Group provides additional disclosure in the form of an adjusted profit/ loss note (note 7, page 102) in order to provide shareholders with a clearer indication of the profitability of the Group. Adjusted Profit is profit before interest, taxation, depreciation and amortisation, share incentivisation expenses and non-recurring items which include cost reduction expenses, professional services (restructuring, acquisition related and other), integration costs and severance compensation.

Non-cash items include depreciation, intangible asset amortisation and share incentivisation related expenses.

The Group presents a reconciliation to the Profit for the year per the statutory financial information.

d) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements used in preparing the financial statements are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out as follows:

Accounting judgements

Accounting for business combinations

Acquisition of Alliance Trust Investments Limited ('ATI') – Prior year: Determining whether a transaction is acquisition of a business or a separately identifiable asset is a matter of significant judgement. It involves determining whether a particular set of assets and activities are capable of being conducted and managed as a business by a market participant. Directors have considered all relevant aspects of the acquisition in conjunction with the guidance under the relevant

1 Principal accounting policies (continued)

accounting standards and concluded that the ATI acquisition was an acquisition of a business because the assets purchased by the Group were capable of being managed as a business in their own capacity. As such assets acquired have been recognised within the Group consolidated accounts according to the accounting standard. (see note 13)

Accounting estimates

Impairment of intangible assets

Details of the impairment policy for intangible assets and their estimated useful lives can be found in notes and 1h) below.

Impairment of Goodwill

Goodwill arising on acquisitions, being the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is capitalised in the consolidated balance sheet. Goodwill is carried at cost less provision for impairment. The carrying value of goodwill is not amortised but is tested annually for impairment or more frequently if any indicators of impairment arise. Goodwill is allocated to cash generating units (CGUs) for the purpose of impairment testing, with the allocation to those CGUs that are expected to benefit from the business combination in which the goodwill arose. (see note 13)

Impairment losses on goodwill are not reversed.

Employee share options

Details of accounting policies relating to employee share options can be found on note 1q) below.

e) Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Leasehold improvements are included at cost and are depreciated on a straight line basis over the lower of the estimated useful life and the remaining lease term.

Office equipment is depreciated on a straight line basis over the estimated useful life of the asset, which is between three and ten years.

Computer equipment is depreciated on a straight line basis over the estimated useful life of the asset which is three years.

At each reporting date management reviews the assets' residual values and useful lives, and will make adjustments if required.

f) Trade and other receivables

Trade and other receivables include prepayments as well as amounts the Group is due to receive from third parties in the normal course of business. These include fees as well as settlement accounts for transactions undertaken. These receivables are normally settled by receipt of cash. Trade and other receivables are initially recognised at fair value and then at amortised cost after deducting provisions for bad and doubtful debts. Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expenses are recognised in the Consolidated Statement of Comprehensive Income.

g) Trade and other payables

Trade and other payables (excluding deferred income) represent amounts the Group is due to pay to third parties in the normal course of business. These include expense accruals as well as settlement accounts (amounts due to be paid for transactions undertaken). Trade payables are costs that have been billed, accruals represent costs, including remuneration, that are not yet billed or due for payment. They are initially recognised at fair value and subsequently held at amortised cost.

h) Intangible assets

The costs of acquiring intangible assets such as fund management contracts are capitalised where it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The assets are held at cost less accumulated amortisation. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount which is assessed on the basis of the AuM of the underlying funds acquired.

The fund management contracts relating to the Assets acquired from Argonaut Capital Partners LLP are recorded initially at fair value and recorded in the consolidated financial statements as an intangible asset, they are then amortised over their useful lives on a straight-line basis over 5 years. The fund management contracts relating to the Assets acquired as part of the Alliance Trust Investments Limited are recorded initially at fair value and recorded in the consolidated financial statements as an intangible asset, they are then amortised over their useful lives on a straight-line basis. Management have determined that the useful life of these assets is 10 years owing to the nature of the purchasers of the acquired products.

1 Principal accounting policies (continued)

i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables.

The Group holds the following assets at fair value through profit or loss:

For the UK Authorised unit trusts, the units held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The units in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis.

For the UK ICVC's, the shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The shares in the 'manager's box' are accounted for on a trade date basis. These shares are valued on a mid price basis.

Units in Liontrust UK Authorised unit trusts shares in the sub funds of the Liontrust Global Funds Plc and shares in the Liontrust ICVCs are held by the Liontrust EBT in respect of The DVBAP, the units and shares are accounted for on a trade date basis. The holdings are valued on a mid or bid basis.

The Group also holds shares in the sub-funds of Liontrust Global Funds Plc as detailed in note 17 and are valued on a bid price basis.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

j) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Under IFRS cash and cash equivalents are included in the consolidated cash flow statement.

k) Own shares

Own shares held by the Liontrust Asset Management Employee Trust and The Liontrust Members Reward Partnership LP are valued at cost and are shown as a deduction from the Group's shareholders' equity. No gains or losses are recognised in the Consolidated Statement of Comprehensive Income.

l) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

m) Income and expenses

Income and expenses are accounted for on an accruals basis when they become receivable or payable. The Group's primary source of revenue is fee income from investment management activities. These fees are generally based on an agreed percentage of the valuation of the assets under management ('AuM') and are recognised as the service is provided and it is probable that the fee will be received. The Group pays rebates and commissions on some of these fees and they are recognised on the same basis and deducted from revenue. Operating expenses represent the Group's administrative expenses and are recognised as the services are provided.

Front end fees received and commissions paid on the sales of units in unitised funds are amortised over the estimated life of the unit.

Performance fees are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal..

n) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

1 Principal accounting policies (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

o) Members drawings

Members drawings are accounted for as an expense in the period in which they are incurred.

p) Pensions

The Group operates defined contribution schemes for its employees. The assets are invested with insurance companies and are held separately from the Group. The costs of the pension scheme are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred. The Group has no further payment obligations once the contributions have been paid.

q) Employee share options

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense (and credited to equity reserves) over the vesting period. The total amount to be expensed is determined at the date of grant by reference to the fair value of the options granted. A number of models have been used to calculate the fair value as follows:

- Liontrust Deferred Bonus and Variable Allocation Plan ("DBVAP")

  No fair value model is used. The fair value is determined on initial cost of shares. Given management's expectation of the vesting level of these options, no additional sensitivity analysis has been performed.

- Liontrust Long Term Incentive Plan ('LTIP') with performance conditions attached

  A Monte Carlo simulation model is used to value the award with the following assumptions having been made:
  The fair values spread over the vesting period which is 5 years with an exercise price of nil;
  The options are expected to be exercised at the point they become exercisable;
  The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term.
  The expected volatility is 37% with a fair value of one share being £2.93
  No expected dividends have been factored into the model and no leavers have been factored into the model. Given management's expectation of the vesting level of these options, no additional sensitivity analysis has been performed.

- Liontrust Members Reward Plan ('LMRP') with performance conditions attached

  A Monte Carlo simulation model is used to value the award with the following assumptions having been made:
  The fair value is spread over the vesting period which is 5 years with an exercise price of nil;
  The awards are expected to be exercised at the point they become exercisable;
  The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term.
  The expected volatility is 37% with a fair value of one share being £3.14
  No expected dividends have been factored into the model and no leavers have been factored into the model. Given management's expectation of the vesting level of these options, no additional sensitivity analysis has been performed.

- Liontrust Company Share Option Plan ("CSOP")

  A binomial simulation model is used to value the award with the following assumptions having been made:
  The fair value is spread over the vesting period which is 3 years with an exercise price of £6.14;
  The awards are expected to be exercised at the point they become exercisable;
  The risk-free interest rate of 1.08% has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term.
  The expected volatility is 31% with a fair value of one share being £1.30
  No expected dividends have been factored into the model and no leavers have been factored into the model. Given management's expectation of the vesting level of these options, no additional sensitivity analysis has been performed.

r) Dividends

Dividend distributions to the shareholders of the Company are recognised as a liability in the period during which they are declared. In the case of final dividends they are recognised as a liability in the period that they are declared and approved by shareholders.

s) Holiday pay accrual

Under IAS 19, all accumulating employee compensated absences that are unused at the balance sheet date are recognised as a liability. The Group's entitlement period runs for the financial year and any employees with unused holiday allowance at the period end have no contractual entitlement to this.

1 Principal accounting policies (continued)

t) Foreign currency gains/losses

Items in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (The 'functional currency'). The consolidated financial statements are presented in Sterling ('£') which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

u) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme understands the unpredictable nature of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The Group uses a number of analytical tools to measure the state of the business. The financial review on pages 28 to 31 of the Strategic Report identifies some of these measures.

a) Market risk

i) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as current financial assets (held at fair value through profit or loss).

The Group holds the following types of investment as assets held at fair value through profit or loss (see note 17):

Operational investments
1. Units in UK Authorised unit trusts:
2. shares in the sub-funds of Liontrust Global Funds Plc;
3. shares in the sub-funds of Liontrust Investment Funds ICVC; and
4. shares in the sub-funds of Liontrust Sustainable Funds ICVC.

Investments held by the EBT
1. Units in UK Authorised unit trusts.
2. shares in the sub-funds of Liontrust Sustainable Funds ICVC; and
3. Shares in the sub-funds of Liontrust Investment funds ICVC

For UK Authorised unit trusts and the ICVC's, the units and shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units or shares . These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The manager's box for each fund is reviewed daily. If there is a negative box position then units or shares are created to bring the box level positive. Three control levels of the manager's box exist for each fund and each level is required to be signed off by progressively more senior staff. There are clearly defined maximum limits, over which manager's box levels cannot exceed.

The units in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis and held at fair value through profit and loss. The shares in the 'manager's box' are accounted for on a trade date basis. These units are valued on a mid price basis and held at fair value through profit and loss.

For UK Authorised unit trusts, the units held in the EBT are selected as part of the DBVAP to align the interests of the Directors with the wider business. The units are accounted for on a trade date basis and valued on a bid price basis and held at fair value through profit and loss.

For the shares in the sub-funds of Liontrust Sustainable Funds ICVC held in the EBT are selected as part of the DBVAP to align the interests of the Directors with the wider business. The shares are accounted for on a trade date basis and held at fair value through profit and loss.

The operational investment in the sub-funds of Liontrust Global Funds Plc, (an Ireland domiciled open ended investment company) have been undertaken as an investment to aid incorporation and will be redeemed when the sub funds grow in size. The Group has a regular review process for the investments which identifies specific criteria to ensure that investments are within agreed limits.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £19,000 (2018: £20,000). Based on the holdings in the Liontrust Authorised Unit Trusts and UK ICVC'sat the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £172,000 (2018: £182,000).

The Group monitors its investments with respect to its regulatory capital requirements and reviews its investments' values with respect to overall Group capital on a monthly basis.

ii) Cash flow interest rate risk

Interest rate risk is the risk that the Group will sustain losses from the fair value or future cash flows of adverse movements in interest bearing assets and liabilities and so reduce profitability.

2 Financial risk management (continued)

The Group holds cash on deposit in GBP. The interest on these balances is based on floating rates. The Group monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Management consider that given current interest rate levels a sensitivity rate of 1% is appropriate for GBP cash. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £313,000 increase or a decrease to nil in interest receivable (2018: £264,000 increase or decrease to nil).

iii) Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. The Group's policy is to hold the minimum currency exposure required to cover operational needs and, therefore, to convert foreign currency on receipt.

The Group is currently exposed to foreign exchange risk in the following areas: Investments denominated in US Dollars and income receivable in Euro and US Dollars.

In calculating the sensitivity analysis below it has been assumed that expenses/income will remain in line with budget in their relative currencies year on year.

Management consider that a sensitivity rate of 10% is appropriate given the current level of volatility in the world currency markets. In respect of investments denominated in foreign currencies a 10% movement in the UK Sterling vs. the relevant exchange rate would lead to an exchange gain or loss as follows:

Sterling vs. Euros - a movement of 10% would lead to a movement of £10,000 (2018: £6,000).

Sterling vs. US Dollar - a movement of 10% would lead to a movement of less than £8,000 (2018: less than £1,000).

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £108,000 (2018: £236,000) in the income statement.

In respect of Income receivable in US Dollar a 10% movement in the exchange rate would result in a movement of £19,000 (2018: £29,000) in the income statement.

b) Credit risk

Credit risk is managed at a Group level. The Group is exposed to credit risk primarily on its trade receivables and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Fees receivable arise mainly from the Group's investment management business and amounts are monitored regularly. Historically, default levels have been insignificant and the Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

Maximum exposure to credit risk	31-Mar-19 £'000	31-Mar-18 £'000
Cash and cash equivalents	35,551	30,775
Trade receivables	95,371	79,080

For banks and financial institutions only independently rated parties with a minimum rating of 'A-2' are used and their ratings are regularly monitored by the Portfolio Risk Committee.

For receivables the Group takes into account the credit quality of the client and credit positions are monitored. The Group has four main types of receivables: management administration and performance fees, settlement due from investors in its funds and from the funds themselves for unit/share liquidations. For management and performance fee receivables, the Group proactively manages the invoicing process to ensure that invoices are sent out on a timely basis and has procedures in place to chase for payment at pre-determined times after the despatch of the invoice to ensure timely settlement. For receivables due from investors, the Group has rigorous procedures to chase investors by phone/letter to ensure that settlement is received on a timely basis. For settlement due from the fund for liquidations, the settlement of these types of receivables are governed by regulation and are monitored on an exception basis. In all cases, detailed escalation procedures are in place to ensure that senior management are aware of any problems at an early stage.

During the year there have been no losses due to non-payment of receivables and the Group does not expect any losses from the credit counterparties as held at the balance sheet date.

c) Liquidity risk

Prudent liquidity risk management requires the maintenance of sufficient net cash and marketable securities. The Group monitors rolling forecasts of the Group's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flows.

The Group has categorised its financial liabilities into maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

As at 31 March 2019	Due within 3 months £'000	Due between 3 months and one year £'000	Due in over one year £'000
Payables	99,710	–	1,166

2 Financial risk management (continued)

As at 31 March 2018	Due within 3 months £'000	Due between 3 months and one year £'000	Due in over one year £'000
Payables	83,104	–	4,668

d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders whilst maintaining an optimal company structure to reduce the cost of capital and meet working capital requirements.

The Group's policy is that it and its subsidiaries should have sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements at both a Group and subsidiary level. Management reviews the Group's assets on a monthly basis and will ensure that operating capital is maintained at the levels required. Management consider capital to comprise of cash and net assets. As at 31 March 2019 Group has cash and net assets of £34.4 million (2018: £27.4 million). In order to maintain or adjust the capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell financial assets which will increase cash and reduce capital requirements.

Regulatory risk capital

Recognised regulatory bodies, such as the FCA in the UK, oversee the activities of a number of the Group's operating subsidiaries and impose minimum capital requirements on the subsidiaries. The Group is regulated by the FCA as a UK consolidation Group. The FCA issued revised rules on Capital Adequacy following the implementation of the Capital Requirements Directive IV which came into force on 1 January 2016. Having reviewed the new rules, Liontrust remains subject to the BIPRU regulations. Further details are available in the Liontrust Pillar III disclosure on the Liontrust website.

The FCA requires the Group to hold more regulatory capital resources than the total capital resource requirement as defined in the Capital Requirements Directive. The total capital requirement for the Group is the base and variable capital resource requirement (the Pillar 1 requirement) and any additional requirements identified during the Internal Capital Adequacy Assessment Process (the Pillar 2 requirement).

The total capital requirement for the Group is £8 million (2018: £8.0 million).

As at 31 March 2019, the Group has regulatory capital resources of £32.2 million (2018: £23.0 million), significantly in excess of the Group's total capital requirement.

During the year the Group and its subsidiary entities complied with all regulatory capital requirements.

3 Segmental reporting

The Group operates only in one operating segment – Investment Management.

Management offers different fund products through different distribution channels. All key financial, business and strategic decisions are made centrally by the Board, which determines the key performance indicators of the Group. The Group reviews financial information presented at a Group level. The Board, is therefore, the chief operating decision-maker for the Group. The information used to allocate resources and assess performance is reviewed for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

Revenue by location of client

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
United Kingdom	93,325	83,495
Europe (ex UK)	4,037	2,067
USA	20	27
Canada	24	28
Australia	150	168
	97,556	85,785

During the year ended 31 March 2019 the Group had no customer contributing more than 10% of total revenue (2018: one customer).

4 Revenue and cost of sales (Gross profit)

The Group's main source of revenue is management fees. Management fees are for investment management or administrative services and are based on an agreed percentage of the AUM. Initial charges and commissions are for additional administrative services at the beginning of a client relationship, as well as ongoing administrative costs. Performance fees are earned from some funds when agreed performance conditions are met.

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' for the financial year ended 31 March 2019. The adoption of this standard has not resulted in any changes to the way the Group accounts for revenue or costs of sales. (The 2018 information has been presented in the same format for comparative purposes)

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Revenue	97,524	81,335
Performance fee revenue	32	4,450
Total revenue	**97,556**	**85,785**
Cost of sales	(12,924)	(8,974)
Gross profit	**84,632**	**76,811**

* Following the implementation of IFRS 15 on 1 April 2018 Management Fees are now shown gross, with rebates and commissions disclosed in Cost of sales

Revenue from earnings includes:
1. Investment management on unit trusts, open-ended investment companies sub-funds, portfolios and segregated accounts;
2. Performance fees on unit trusts, open-ended investment companies sub-funds, portfolios and segregated accounts;
3. Fixed administration fees on unit trusts and open-ended investment companies sub-funds;
4. Net value of sales and repurchases of units in unit trusts and shares in open-ended investment companies (net of discounts);
5. Net value of liquidations and creations of units in unit trusts and shares in open-ended investment companies sub-funds;
6. Box profits on unit trusts; and
7. Foreign currency gains and losses.

The cost of sales includes:
1. Operating expenses including (but not limited to) keeping a record of investor holdings, paying income, sending annual and interim reports, valuing fund assets and calculating prices, maintaining fund accounting records, depositary and trustee oversight and auditors;
2. Rebates paid on investment management fees;
3. Sales commission paid or payable; and
4. External investment advisory fees paid or payable.

5 Administration expenses

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Employee related expenses		
Director and employee costs(1)	10,639	9,721
Pensions	562	585
Share incentivisation expense	3,970	2,929
DBVAP expense(2)	3,091	805
Severance compensation	70	430
	18,332	14,470
Non employee related expenses		
Members drawings charged as an expense	27,995	25,357
Share incentivisation expense members	811	1,296
Member severance compensation	–	339
Professional services (restructuring, acquisition related and other)(3)	819	5,840
Depreciation and Intangible asset amortisation	2,215	2,481
Other administration expenses	15,378	13,667
	47,218	48,980
	65,550	63,450

(1) Full details of the Directors emoluments can be found in the Remuneration Report on page 71

5 Administration expenses (continued)

(2) Includes £1.5 million relating to 2015 DBVAP. The Remuneration Committee chose to settle this award with cash rather than using Liontrust shares held by the Liontrust Asset Management Employee Benefit Trust ("EBT"), so that the EBT holds onto Liontrust shares to reduce future dilution on awards under the Liontrust Long Term Incentive Plan.

(3) Includes costs relating to the acquisition of ATI and costs of a claim relating to the acquisition of Walker Crips Asset Managers.

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Share incentivisation expense		
- Share option expense employees	3,321	2,234
- Share option expense members	811	1,296
- Share option NIC expense	217	310
- Share incentive plan expense	190	221
- Share option related expenses	242	164
	4,781	4,225

The average number of members and employees of the Group (as calculated on a weighted average basis over the year), excluding Non-executive Directors, was 117 (2018: 111). All employees are involved in the investment management business of the Group. The costs incurred in respect of the Directors, members and employees was:

	Member and employee expenses Year ended 31-Mar-19 Employees				Members
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000	Members drawings charged as an expense £'000
General management	3	389	25	414	1,821
Fund management	34	1,296	179	1,475	21,918
Finance, Operations and IT	36	3,336	320	3,656	1,112
Risk management and Compliance	7	346	44	390	998
Sales and Marketing	32	3,715	517	4,232	2,146
Non-executive directors	5	390	82	472	–
	117	9,472	1,167	10,639	27,995

	Member and employee expenses Year ended 31-Mar-18 Employees				Members
	Average number of employees during the year	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000	Members drawings charged as an expense £'000
General management	4	663	23	686	1,322
Fund management	34	2,066	267	2,333	18,990
Finance, Operations and IT	32	2,309	275	2,584	1,727
Risk management and Compliance	5	251	28	279	1,006
Sales and Marketing	31	3,101	411	3,512	2,312
Non-executive directors	5	274	53	327	–
	111	8,664	1,057	9,721	25,357

6 Operating profit

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
The following items have been included in arriving at operating profit:		
Foreign exchange (losses)/gains	(5)	33
Depreciation	199	147
Amortisation of initial commission asset	15	15
Amortisation of intangible asset	2,016	2,119
Operating lease costs	814	838
Costs relating to Directors, members and employees (Note 5)	47,138	39,827
Auditors remuneration (inclusive of VAT):		
Fees payable to the Company's auditors and its associates for the audit of the parent Company and consolidated financial statements	84	124
Fees payable to the Company's auditors and its associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	153	190
- Audit related assurance services to the Company's subsidiaries	244	230
- Other services	120	70

(3) The Group is now paying the audit fees for the funds as part of fund expenses costs, the total costs during the year amounted to £43,000.

7 Adjusted profit

Adjusted profit (as explained in note 1c) reconciled in the table below:

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Profit for the year	16,921	8,723
Taxation	2,108	3,590
Profit before tax	19,029	12,313
Share incentivisation expense	4,781	4,225
Other comprehensive income	–	33
DBVAP expense	3,091	805
Severance compensation	70	769
Acquisition related contingent	88	912
Professional services[1]	819	5,840
Depreciation, Intangible asset amortisation and impairment	2,215	2,481
Adjustments	11,064	15,065
Adjusted profit before tax	30,093	27,378
Interest receivable	(10)	(3)
Adjusted operating profit	30,083	27,375

7 Adjusted profit/(loss) (continued)

Adjusted earnings per share is reconciled in the tables below:

	Year ended 31-Mar-19	Year ended 31-Mar-18
Basic earnings per share	**33.72**	**17.76**
Adjustments:		
Taxation	4.20	7.31
Share incentivisation expense	9.53	8.60
Other comprehensive income	–	0.07
DBVAP expense	6.16	1.64
Severance compensation	0.14	1.57
Acquisition related contingent	0.18	1.86
Professional services[1]	1.63	11.89
Depreciation and Intangible asset amortisation	4.41	5.05
Adjustments:	26.25	37.98
Taxation at 19%	(11.39)	(10.59)
Adjusted basic earnings per share	**48.57**	**45.14**
Performance fees[2][3]	(0.02)	(2.61)
Adjusted basic earnings per share (excluding performance fees)	**48.55**	**42.53**

	Year ended 31-Mar-19	Year ended 31-Mar-18
Diluted earnings per share	**32.55**	**16.78**
Adjustments:		
Taxation	4.05	6.91
Share incentivisation expense	9.20	8.13
Other comprehensive income	–	0.06
DBVAP expense	5.95	1.55
Severance compensation	0.13	1.48
Acquisition related contingent	0.17	1.75
Professional services[1]	1.58	11.24
Depreciation and Intangible asset amortisation	4.26	4.77
Adjustments:	25.34	35.89
Taxation at 19%	(11.00)	(10.00)
Adjusted diluted earnings per share	**46.89**	**42.67**
Performance fees[2][3]	(0.02)	(2.48)
Adjusted diluted earnings per share (excluding performance fees)	**46.87**	**40.19**
Adjusted operating profit	30,083	27,375
Gross profit	84,632	76,702
Adjusted operating margin	**35.5%**	**35.7%**

[1] Includes costs in connection with transfer of outsource providers to the acquisition of ATI and costs relating to a claim relating to the acquisition of Walker Crips Asset Managers Limited.

[2] Assumes a taxation rate of 19%

[3] Performance fee revenues contribution calculated in line with adjusted operating margin of 35.5% (2018 : 35.7%)

	Year ended 31-Mar-19	Year ended 31-Mar-18
Directors, employees and members compensation reconciliation		
Director and employee costs	10,639	9,721
Pensions	562	585
Members drawings charged as an expense	27,995	25,357
Directors, employees and members compensation	**39,196**	**35,663**

8 Interest receivable

Disclosures relating to the Group's financial instruments risk management policies are detailed in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2018: 0.1%).

9 Dividends

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Ordinary Shares		
First interim at 16 pence per share (2018: 11 pence)	8,029	5,409
Second interim at 7 pence per share (2018: 5 pence)	3,513	2,458
Total	11,542	7,867

In addition, the Directors are proposing a second interim dividend in respect of the financial year ending 31 March 2019 of 20p per share which will absorb an estimated £10.2m of shareholders' funds. It will be paid on 9 August 2019 to shareholders who are on the register of members at 5 July 2019.

10 Taxation

		Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
(a)	Analysis of charge in year		
	Current tax:		
	UK corporation tax at 19% (2018: 19%)	2,211	4,217
	Adjustment in respect of prior periods	(805)	(433)
	Total current tax	1,406	3,784
	Deferred tax:		
	Deferred tax originated from timing differences	702	(194)
	Deferred tax charged in respect of future rate change to 19%	–	–
	Total charge in year	2,108	3,590
(b)	Factors affecting current tax		
	Profit on ordinary activities before tax	19,029	12,313
	Profit on ordinary activities at UK corporation tax rate of 19% (2018: 19%)	3,615	2,339
	Effects of:		
	Expenses not deductible for tax purposes	419	1,770
	Depreciation in excess of capital allowances	(2)	–
	Adjustment to deferred tax in respect of tax rate change	–	–
	Net Members drawings not taxable	168	108
	Tax relief on exercise of unapproved options	(830)	–
	Deferred tax originated from timing differences	(457)	(194)
	Adjustment in respect of prior periods	(805)	(433)
	Total taxation	2,108	3,590

11 Deferred tax

Deferred tax assets	2019 £'000	2018 £'000
Balance as at 1 April	930	964
Deferred tax reversed on timing differences	(930)	(34)
Movement in deferred tax on change in tax rate to 19% (2018: 19%)	–	–
Balance as at 31 March	–	930

Deferred tax liability	2019 £'000	2018 £'000
Balance as at 1 April	(1,848)	–
Deferred tax recognised on acquired intangible asset (See note 13)	–	(2,076)
Deferred tax reversed on timing differences	228	228
Movement in deferred tax on change in tax rate to 19% (2018: 19%)	–	–
Balance as at 31 March	(1,620)	(1,848)
Net deferred tax liability	(1,620)	(918)

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £nil (2018: £930,000).

The standard rate of corporation tax in the UK will change from 19% to 17% with effect from April 2020 with a further reduction to 17%. Deferred tax has been recognised at a level to reflect these future reductions.

12 Earnings per share

The calculation of basic earnings per share is based on profit after taxation for the year and the weighted average number of Ordinary Shares in issue for each year. The weighted average number of Ordinary Shares was 50,185,745 for the year (2018 : 49,125,724). Shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Diluted earnings per share are calculated on the same bases as set out above, after adjusting the weighted average number of Ordinary Shares for the effect of options to subscribe for new Ordinary Shares or Ordinary Shares held in the Liontrust Asset Management Employee Trust that were in existence during the year ended 31 March 2019. The adjusted weighted average number of Ordinary Shares so calculated for the year was 51,986,043 (2018 : 51,977,398). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	As at 31-Mar-19 number	As at 31-Mar-18 number
Weighted average number of Ordinary Shares	50,185,745	49,125,724
Weighted average number of dilutive Ordinary shares under option:		
- to the Liontrust Long Term Incentive Plan	1,711,753	1,463,856
- to the Liontrust CSOP	–	–
- to the DBVAP	88,545	372,620
- to the ATI acquisition deferred payment	–	1,015,198
Adjusted weighted average number of Ordinary Shares	51,986,043	51,977,398

Details of the options outstanding at 31 March 2019 to Directors are set out in the Remuneration Report on page 78.

13 Goodwill (and acquisition of ATI)

Management have reviewed the carrying value of the goodwill at the balance sheet date by way of an updated recognised valuation model which takes into account the forecast costs and revenues related to the asset. The model included future AuM growth rate between 10 and 20 percent during the modelling period, cost increases between 5 and 10 percent (based on management's current budget and longer-term forecasting. The discount rate in the model is the weighted average cost of capital ('WACC') of 13%. The model showed a significant headroom on these inputs and as such management have considered that no impairment is required. Sensitivity analysis has been carried out on the model which has considered adverse movements in growth rates and WACC by 50%. This scenario would not require recognition of impairment.

Goodwill	11,872
Total	**11,872**

13 Goodwill (and acquisition of ATI) (continued)

Acquisition of Alliance Trust Investments Limited – Prior year information

On 1 April 2017 ("Completion Date"), the Company acquired the entire issued share capital and obtained control of Alliance Trust Investments Limited ("ATI") at a cost of £31.4 million (the "Acquisition") from Alliance Trust Plc ("AT Plc"). As a result of the Acquisition, the Group is expected to increase its offerings to investors, both domestically and across Europe. It expects to reduce costs and benefit from economies of scale following a process of restructuring and integration.

The goodwill of £11.9 million arising from the Acquisition is attributable to the acquired customer base and the expected economies of scale and efficiency increases from combining the operations of ATI and the Group.

The following table summarises the consideration paid for ATI, the fair value of assets acquired and the liabilities assumed at the Completion Date.

Consideration at 1 April 2017	£'000
Cash	9,629
Equity instruments (amount on completion) – 4,060,792	15,837
Equity instruments (deferred consideration) – 1,015,198 shares	3,959
Contingent consideration	2,000
Total consideration	**31,425**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	8,700
Trade and other receivables	4,603
Trade and other payables	(3,674)
Investment Management contracts	12,000
Deferred tax liabilities	(2,076)
Total identifiable net assets	**19,553**
Goodwill	11,872
Total	**31,425**

Acquisition related costs of £576,000 have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2017. Since the Completion Date to 31 March 2018, the ATI business has contributed revenue of £10.9 million and a net loss of £0.3 million (including reorganisation costs).

Equity instruments issued

The equity instruments issued on the Completion Date comprise of 4.061 million of the Company's ordinary shares ("Ordinary Shares"). The Share Purchase Deed relating to the Acquisition stipulated that Liontrust pay an initial consideration of £13.6 million to be satisfied in Ordinary Shares in a number of shares calculated with reference to the 30 day average of the Company's share price as at 15 December 2016. The fair value of the 4.061 million shares on the Completion Date was £15.8 million.

The Group agreed to pay AT Plc an initial consideration of £15.8 million on the Completion Date, which was satisfied by the allotment and issue of 4.061 million of Ordinary Shares calculated with reference to the 30 day average of the Company's share price as at 15 December 2016.

Additionally, the Group has agreed to pay AT Plc additional consideration of £3.4 million on the first anniversary of the Completion Date, which will be satisfied by the allotment and issue of 1.015 million of Ordinary Shares calculated with reference to the 30 day average of the Company's share price as at 15 December 2016. The Group has included £3.9 million as deferred consideration related to the additional consideration, which represents its fair value at the Completion Date.

The identifiable net assets acquired were accounted for at fair value. The fair value of the intangible assets acquired was calculated using a Multiple Periods Excess Earnings Model ('MPEEM') which takes into account the future expected revenue and costs linked to the assets acquired. The MPEEM model assisted the Group in arriving at the valuation of £12 million which management believe is appropriate.

There is an additional contingent consideration that is payable if, on the second anniversary of the completion date, the average assets under management managed by the Sustainable Investment team (the investment team acquired pursuant to the Acquisition) for the 3 month period prior to this date is in excess of £3 billion then the Group will pay an additional £3,000,000 in cash to AT Plc.

Based on facts and circumstances known at 30 September 2017 the fair value of the contingent consideration was assessed as nil and no liability recorded. Prior to 31 March 2018, with the assets under management having grown considerably, the fair value of this liability was reassessed. Based on the assessment, it was identified that at acquisition date, certain conditions existed which were not previously considered when assessing the fair value of the liability.

13 Goodwill (and acquisition of ATI) (continued)

Following the completion of the acquisition to 31 March 2018, the positive fundflows were significantly higher than initially expected. The perception of corporate instability surrounding AT Plc and to what extent it would suppress demand for ATI's retails funds had not been fully considered. UK investment consumer demand for 'Sustainable' investments had been underestimated.

These two factors were considered in the re-evaluation of whether a liability should be recognised on acquisition date. Based on a probability assessment model a measurement period adjustment was recorded at a discounted value of £2,000,000 (£2,175,000 undiscounted value) which increased the Goodwill by a corresponding amount. Further, £175,000 was recorded over a period of 2 years (£87,000 in financial year 2018 and £88,000 in the financial year 2019) through the Statement of Comprehensive Income to account for the difference between the discounted and undiscounted values.

Further, the balance of £825,000 is recorded through the Statement of Comprehensive Income to reflect that the entire £3,000,000 will be payable.

Goodwill on acquisition is allocated to the Sustainable funds cash generating unit ('CGU'). An assessment was made in relation to impairment of the Goodwill where the recoverable amount was calculated using an earnings model which used key assumptions such as growth rate and discount rate. A reasonably possible change in these assumptions would not result in an impairment.

14 Intangible assets

The Group holds 2 intangible assets. These comprise of investment management agreements acquired from Argonaut and ATI. The accounting policy relating to intangible assets can be found in Note 1h).

An assessment is made at each reporting date as to whether there is any indication that an asset in use may be impaired. If any such indication exists and the carrying values exceed the estimated recoverable amount at that time, the assets are written down to their recoverable amount. The recoverable amount is measured as the greater of fair value less costs to sell and value in use.

The Directors have reviewed the intangible assets as at 31 March 2019 and have concluded that there is no impairment (2018: same).

Year to 31 March 2019

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Argonaut	1,905	2 Years
Investment management contacts acquired as part of ATI acquisition*	9,600	8 Years

	Investment management contracts £'000
Cost	
At 1 April 2018	30,704
Additions:	
Investment management contacts acquired	–
At 31 March 2019	30,704
Accumulated amortisation and impairment	
At 1 April 2018	17,183
Amortisation charge for the year	2,016
At 31 March 2019	19,199
Net Book Value	
At 31 March 2019	11,505
At 31 March 2018	13,521

14 Intangible assets (continued)

Year to 31 March 2018	Investment management contracts £'000
Cost	
At 1 April 2017	18,489
ATI Acquisition - Investment management contracts & other intangible assets	12,215
Additions*	–
At 31 March 2018	30,704
Accumulated amortisation and impairment	
At 1 April 2017	14,849
Amortisation charge for the year	2,119
Impairment of other intangible assets acquired#	215
At 31 March 2018	17,183
Net Book Value	
At 31 March 2018	13,521
At 31 March 2017	3,640

* See note 13

following the completion of acquisition management took the decision to fully impair any intangible assets to which they were unable to attribute a fair value to.

15 Property, plant and equipment

Year to 31 March 2019	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2018	406	369	430	1,205
Additions	482	48	79	609
At 31 March 2019	888	417	509	1,814
Accumulated depreciation				
At 1 April 2018	330	304	364	998
Charge for the year	112	36	51	199
At 31 March 2019	442	340	415	1,197
Net Book Value				
At 31 March 2019	446	77	94	617
At 31 March 2018	76	65	66	207

Year to 31 March 2018	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2017	313	342	391	1,046
Additions	93	27	39	159
At 31 March 2018	406	369	430	1,205
Accumulated depreciation				
At 1 April 2017	263	271	317	851
Charge for the year	67	33	47	147
At 31 March 2018	330	304	364	998
Net Book Value				
At 31 March 2018	76	65	66	207
At 31 March 2017	50	71	74	195

Depreciation has been included in the Consolidated Statement of Comprehensive Income within administration expenses

16 Trade and other receivables

	As at 31-Mar-19 £'000	As at 31-Mar-18 £'000
Trade receivables		
- Fees receivable	8,542	10,946
- Unit trust sales and cancellations	81,389	65,826
Prepayments and accrued income	5,440	2,308
	95,371	79,080

All financial assets listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

Trade receivables that are less than 3 months past due are not considered impaired. As at 31 March 2019, trade receivables of £nil (2018 : £nil) were past due but not impaired.

17 Financial assets

The Group holds financial assets that have been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs into measuring the fair value. These levels are based on the degree to which the fair value is observable and are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at the balance sheet date all financial assets are categorised as Level 1.

Under IFRS9 all financial assets are categorised as Assets held at fair value through profit and loss

The Group's financial assets represent shares in the GF Global Strategic Equity Fund, the GF European Smaller Companies Fund, the GF European Strategic Equity Fund, The GF Asia Income Fund, and the GF UK Growth Fund (all sub-funds of Liontrust Global Funds PLC) and are valued at bid price); and units in the Liontrust Global Income Fund, The Liontrust Macro Equity Income Fund, The Liontrust Asia Income Fund and the Liontrust UK Growth Fund. The gain on the fair value adjustments during the year net of tax was £nil (2018 : £nil). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date and any exchange rate differences arising are shown in note 17.

	As at 31-Mar-19		As at 31-Mar-18		
	Assets held at fair value through profit and loss £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
Financial assets in Level 1					
UK Authorised unit trusts & UK authorised ICVC's	2,768	2,768	1,815	–	1,815
Ireland Open Ended Investment company	383	383	–	261	261
	3,151	3,151	1,815	261	2,076
Total Financial Assets	**3,151**	**3,151**	**1,815**	**261**	**2,076**

18 Trade and other payables

	As at 31-Mar-19 £'000	As at 31-Mar-18 £'000
Current Liabilities		
Trade payables – unit trust repurchases and creations	80,926	65,023
Other payables including taxation and social security	220	373
Other payables	18,564	17,708
	99,710	83,104

	As at 31-Mar-19 £'000	As at 31-Mar-18 £'000
Non current Liabilities		
DBVAP liability	1,166	838
Contingent consideration	–	2,912
	1,166	3,750

All financial liabilities listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

19 Ordinary Shares

	2019 Shares	2019 £'000	2018 Shares	2018 £'000
Authorised ordinary shares of 1 pence				
As at 1 April	60,000,000	600	60,000,000	600
As at 31 March	60,000,000	600	60,000,000	600
Allotted, called up and fully paid ordinary shares of 1 pence				
As at 1 April	49,532,347	495	45,471,555	454
Issued during the year	1,196,334	12	4,060,792	41
As at 31 March	50,728,681	507	49,532,347	495

20 Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings which is set out in this note. Related undertakings comprise subsidiaries, joint ventures, associates and other significant holdings. Significant holdings are where the Group either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the Group's assets.

20 Related undetakings (continued)

a) The direct related undertakings of the Company as at 31 March 2019 are listed below

Name of undertaking	country of incorporation	% held
Liontrust Investment Funds Limited	UK(1)	100
Liontrust Investment Services Limited	UK(1)	100
Liontrust Investments Limited	UK(1)	100
Liontrust Investment Solutions Limited	UK(2)	100
Liontrust GF European Strategic Equity Fund CF	Ireland(3)	100
Liontrust GF European Smaller Companies CF	Ireland(3)	98
Liontrust GF Strategic Bond Fund B1	Ireland(3)	100
Liontrust GF Strategic Bond Fund A5	Ireland(3)	100
Liontrust GF Strategic Bond Fund A9	Ireland(3)	25
Liontrust GF SF European Corporate Bond Fund A1	Ireland(3)	100
Liontrust GF SF European Corporate Bond Fund A5	Ireland(3)	100
Liontrust GF High Yield Bond Fund B5	Ireland(3)	12
Liontrust GF Absolute Return Bond Fund A10	Ireland(3)	100
Liontrust GF Absolute Return Bond Fund B10	Ireland(3)	100
Liontrust GF Absolute Return Bond Fund C10 acc hdg	Ireland(3)	100
Liontrust GF Absolute Return Bond Fund B10 acc dist	Ireland(3)	100

b) The indirect related undertakings of the Company as at 31 March 2019 are listed below

Name of undertaking	country of incorporation	% held
Liontrust Fund Partners LLP	UK(1)	100
Liontrust Investment Partners LLP	UK(2)	100
Liontrust Members Reward Partnership LP	Jersey(4)	100

(1) Registered office: 2 Savoy Court, London, WC2R 0EZ
(2) Registered office: Excel House, 30 Semple Street, Edinburgh, EH3 8BL
(3) Registered office: Georges Court, 54-62 Townsend Street, Dublin 2, Ireland
(4) Registered office: 44 Esplanade, St Helier, Jersey, JE4 9WG

21 Own shares

Approval was given at a General Meeting in February 2017 for the grant of options under the Liontrust Long Tern Incentive Plan (the "LTIP"). The Board adopted the Deferred Bonus and Variable Allocation Plan ("DBVAP") in June 2013 and the Liontrust Company Share Option Plan (the "CSOP") in June 2018. The options granted under the DVAB, LTIP and CSOP, including to the Executive Directors (in the case of DVAB), were as follows:

The CSOP scheme is an HMRC approved company share option plan that is aimed at those employees not covered by the LTIP scheme. The options become exercisable between the 3rd and 10th anniversary of the issue date.

Issue Date	1 April 2018	Options Granted	Options Exercised	Lapsed	31 March 2019	Exercise price	Scheme
18 June 2015	367,259	–	(367,259)	–	–	Nil	DBVAP
20 June 2016	573,984	–	(335,531)	–	238,453	Nil	LTIP
5 September 2017	599,766	–	–	–	599,766	Nil	LTIP
22 June 2017	387,948		–	–	387,948	Nil	LTIP
27 June 2018	–	272,013	–	–	272,013	Nil	LTIP
27 June 2018	–	32,560	–	–	32,560	£6.14	CSOP

21 Own shares (continued)

Issue Date	1 April 2017	Options Granted	Options Exercised	Lapsed	31 March 2018	Exercise price	Scheme
19 June 2014	21,988	–	(21,988)	–	–	Nil	DBVAP
18 June 2015	367,259	–	–	–	367,259	Nil	DBVAP
20 June 2016	573,984	–	–	–	573,984	Nil	LTIP
5 September 2017	599,766	–	–	–	599,766	Nil	LTIP
22 June 2017	–	387,948	–	–	387,948	Nil	LTIP

Under the Liontrust Members Reward Plan ('LMRP') certain individual members have been allocated profits with which they have made a capital contribution to the Liontrust LLP Members Reward Limited Partnership ('LLMRLP'), which entitle such individual member to a future amount dependant on performance conditions being met. The entitlement which the member of LLMRLP would have is calculated on the basis of the application of a percentage to the initial Capital contribution. The amounts allocated, in terms of number of Ordinary shares, to individual members were as follows:

Issue Date	1 April 2018	Granted	Exercised	Lapsed	31 March 2019	Exercise price	Scheme
6 September 2017	493,447	–	(159,000)	–	334,447	Nil	LMRP
22 June 2017	189,692	–	–	–	189,692	Nil	LMRP
22 June 2018	–	18,896	–	–	18,896	Nil	LMRP

Issue Date	1 April 2017	Granted	Exercised	Lapsed	31 March 2018	Exercise price	Scheme
6 September 2017	493,447	–	–	–	493,447	Nil	LMRP
22 June 2017	–	189,692	–	–	189,692	Nil	LMRP

Details of the LTIP options can be found in the Remuneration report on pages 78 and 79.

At 31 March 2019, the Liontrust Asset Management Employee Trust owned 367,257 shares (2018: 367,257) at a cost of £1,201,178 (2018: £1,201,178). Dividends on these shares have been waived and they are treated as cancelled for the purposes of calculating the earnings per share of the Group. As at 31 March 2019 the market value of the shares was £2,211,000 (2018: £2,035,000).

22 Operating lease commitments

The Group and Company are committed to making the total of future minimum lease payments for office properties under non-cancellable operating leases in each of the following periods:

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Amounts due		
within one year	841	821
Between one year and five years	1,669	2,287
Later than five years	–	–
	2,510	3,108

There are no special terms for renewal or purchase options for the Group's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

23 Related party transactions

During the year the Group received fees from unit trusts and ICVCs under management of £68,326,000 (2018 : £58,078,000). Transactions with these funds comprised creations of £2,314,460,000 (2018 : £1,388,892,000) and liquidations of £666,847,000 (2018 : £492,907,000). Directors can invest in funds managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31 March 2019 the Group owed the funds £80,925,000 (2018 : £22,078,000) in respect of creations and was owed £87,695,000 (2018 : £31,523,000) in respect of cancellations and fees.

During the year the Group received fees from offshore funds under management of £3,158,000 (2018 : £2,236,000). Transactions with these funds comprised purchases of £520,000 (2018 : £nil) and sales of £422,000 (2018 : £54,000). As at 31 March 2019 the Group was owed £325,000 (2018 : £361,000) in respect of offshore fund fees.

Compensation to key management personnel (executive directors) is disclosed in the Directors' Remuneration Report on page 71.

24 Contingent assets and liabilities

The Group can earn performance fees on some of the segregated and fund accounts that it manages. In some cases a proportion of the fee earned is deferred until the next performance fee is payable or offset against future underperformance on that account. As there is no certainty that such deferred fees will be collectable in future years, the Group's accounting policy is to include performance fees in income only when they become due and collectable and therefore the element (if any) deferred beyond 31 March 2019 has not been recognised in the results for the year. (2018: no contingent assets or liabilities)

25 Post balance sheet event

On the 13 May 2019 the Group paid £3 million to Alliance Trust Plc in settlement of the contingent consideration for the acquisition of Alliance Trust Investments Limited which was completed on 1 April 2017.

Company Statement of Comprehensive Income
for the year ended 31 March 2019

	Note	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Revenue		–	–
Dividends received from subsidiary companies		24,000	12,500
Gross profit		24,000	12,500
Realised gain/(loss) on sale of financial assets		25	3
Unrealised loss on financial assets		–	(142)
Contingent consideration on ATI acquisition	13	(88)	(912)
Administration expenses	29	(10,532)	(6,642)
Operating profit	30	13,405	4,807
Interest receivable	31	9	1
Profit before tax		13,414	4,808
Taxation	32	(1,966)	(34)
Profit for the year		**11,448**	**4,774**
Other comprehensive income		–	33
Total comprehensive income		**11,448**	**4,807**

The notes on pages 118 to 123 form an integral part of these Company financial statements.

Company Balance Sheet
as at 31 March 2019

	Note	31-Mar-19 £'000	31-Mar-18 £'000
Assets			
Non current assets			
Property, plant and equipment	34	617	207
Investment in subsidiary undertakings	35	42,893	42,893
Deferred tax assets	33	–	930
Loan to Employee Benefit Trust	28	3,570	2,694
Total non current assets		**47,080**	**46,724**
Current assets			
Trade and other receivables	36	16,170	7,644
Financial assets	37	383	261
Cash and cash equivalents		2,398	2,444
Total current assets		**18,951**	**10,349**
Liabilities			
Non current liabilities			
DBVAP liability	38	(1,166)	(838)
Acquisition related contingent liability	38	–	(2,912)
Total non current liabilities		**(1,166)**	**(3,750)**
Current liabilities			
Trade and other payables	38	(18,401)	(7,931)
Total current liabilities		**(18,401)**	**(7,931)**
Net current assets		**550**	**2,418**
Net assets		**46,464**	**45,392**
Shareholders' equity			
Ordinary shares	39	507	495
Share premium		20,879	15,796
Capital redemption reserve		19	19
Deferred consideration		–	3,959
Retained earnings		25,059	25,123
Total equity		**46,464**	**45,392**

The notes on pages 118 to 123 form an integral part of these Company financial statements.

The financial statements on pages 114 to 123 were approved and authorised for issue by the Board of Directors on *26 June 2019* and signed on its behalf by V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

Company Number 2954692

Company Cash Flow Statement

for the year ended 31 March 2019

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Cash flows from operating activities		
Cash inflow from operations	12,671	17,879
Cash outflow from operations	(18,828)	(7,010)
Net cash used in operations	(6,157)	10,869
Interest received	9	1
Tax paid	(5,909)	(2,774)
Net cash used in operating activities	(12,057)	8,096
Cash flows from investing activities		
Purchase of property and equipment	(609)	(159)
Investment in subsidiary	–	(9,629)
Loan to the EBT	(1,629)	(1,002)
Loan repaid by the EBT	753	–
Purchase of seeding investments	(520)	–
Sale of seeding investments	422	54
Net cash used in investing activities	(1,583)	(10,736)
Cash flows from financing activities		
Shares issued	1,136	–
Dividends received	4,000	12,500
Dividends refunded to subsidiaries	–	(889)
Distributions received from subsidiaries	20,000	–
Dividend paid	(11,542)	(7,867)
Net cash used in financing activities	13,594	3,744
Net decrease in cash and cash equivalents	(46)	1,104
Effect of exchange rate changes	–	–
Opening cash and cash equivalents*	2,444	1,340
Closing cash and cash equivalents	2,398	2,444

* Cash and cash equivalents consist only of cash balances.

The notes on pages 118 to 123 form an integral part of these Company financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2019

	Note	Ordinary shares £'000	Share premium £'000	Deferred Consideration £'000	Capital redemption £'000	Retained earnings £'000	Total Equity £'000
Balance at 01 April 2018 brought forward		**495**	**15,796**	**3,959**	**19**	**25,123**	**45,392**
Profit for the year		–	–	–	–	11,448	11,448
Amounts recycled through the Statement of Comprehensive Income		–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	11,448	11,448
Dividends paid		–	–	–	–	(11,542)	(11,542)
Shares issued		2	1,134	–	–	–	1,136
Purchase of own shares		–	–	–	–	–	–
Deferred consideration ATI acquisition		10	3,949	(3,959)	–	–	–
Share option settlement						(1,561)	(1,561)
Equity share options issued		–	–	–	–	1,591	1,591
Balance at 31 March 2019		**507**	**20,879**	**–**	**19**	**25,059**	**46,464**

Company Statement of Changes in Equity
for the year ended 31 March 2018

	Note	Ordinary shares £'000	Share premium £'000	Deferred Consideration £'000	Capital redemption £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2017 brought forward		**454**	**–**	**–**	**19**	**26,642**	**27,115**
Profit for the year		–	–	–	–	4,774	4,774
Amounts recycled through the Statement of Comprehensive Income		–	–	–	–	33	33
Total comprehensive income for the year		–	–	–	–	4,807	4,807
Dividends paid		–	–	–	–	(7,867)	(7,867)
Shares issued		41	15,796	–	–	–	15,837
Purchase of own shares		–	–	–	–	–	–
Deferred consideration ATI acquisition		–	–	3,959	–	–	3,959
Equity share options issued		–	–	–	–	1,541	1,541
Balance at 31 March 2018		**495**	**15,796**	**3,959**	**19**	**25,123**	**45,392**

The notes on pages 118 to 123 form an integral part of these Company financial statements.

26 Significant Accounting policies

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations issued by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors as adopted by the European Union ('IFRS'), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial information has been prepared based on the IFRS standards effective as at 31 March 2019.

The financial statements have been prepared on the going concern basis under the historical cost convention. The principle accounting policies are the same as those set out in note 1.

Investment in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Notes 27 to 42 reflect the information for the Company.

27 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk, capital risk and liquidity risk. The Company is covered by the Group's overall risk management programme. The risk management policies are the same as those set out in note 2 and elsewhere in the report and financial statements.

The specific risks affecting the Company are as follows:

Market risk
The investments in the sub-funds of Liontrust Global Funds PLC are valued on a daily basis at bid price. The investments are held fair value through profit or loss financial assets and are held at fair value and any permanent impairment in the value of the shares held would be taken to revenue.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £19,000 (2018 : £20,000).

Cash flow interest rate risk
The Company holds cash on deposit. The interest on these balances is based on floating rates and fixed rates. The Company monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £36,000 increase or decrease in interest receivable (2018 : £20,000).

In addition to the risks covered by the Group risk management Policies. The Company is subject to some specific risks relating to its interaction with other Group companies. The company reviews its balances due to and from other Group companies on a regular basis.

Prudent liquidity risk management required the maintenance of sufficient cash and marketable securities. The Company monitors rolling forecasts of the it's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flow.

The Company has analysed its financial liabilities into maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

As at 31 March 2019	within 3 months £'000	Between 3 months £'000	Over one year £'000
Payables	18,401	–	1,166

As at 31 March 2018	within 3 months £'000	Between 3 months £'000	Over one year £'000
Payables	7,931	–	3,750

28 Loan to the Employee Benefit Trust

The company is the sponsor of Liontrust Asset Management Employee Trust (the 'Trust'). An annual impairment review was carried out under the appropriate accounting standards and the value of the loan to the EBT was calculated at £3,570,000 (2018 : £3,218,000). The current value of the shares in the trust are disclosed in Note 20.

29 Administration expenses

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Employee costs		
- Director, member and employee costs	1,320	904
- Pension costs	75	9
- Share incentivisation expense	3,881	2,230
- DBVAP expense	3,091	698
- Severance compensation	70	376
	8,437	4,217
Non employee costs		
Other administration expenses	2,095	2,425
	10,532	6,642

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Share incentivisation expense		
- Share option expense	3,321	1,543
- Share option NIC expense	217	309
- Share incentive plan expense	190	221
- Share option related administration expenses	153	157
	3,881	2,230

The average number of members and employees engaged in business for the Company excluding non-executive directors, was 6 (2018 : 7). All members and employees are involved in the investment management business of the Group. The costs incurred in respect of the directors, members and employees was:

	Year ended 31-Mar-19			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	3	482	93	575
Finance, Operations and IT	3	169	32	201
Non-executive Directors	3	456	88	544
	9	1,107	213	1,320

	Year ended 31-Mar-18			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	4	298	58	356
Finance, Operations and IT	3	111	21	132
Non-executive Directors	3	348	68	416
	10	757	147	904

30 Operating profit

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
The following items have been included in arriving at operating profit:		
Depreciation	199	147
Amortisation of intangible asset	–	102
Staff costs (note 29)	8,437	4,217
Services provided by the Company's auditors:		
Fees payable to the company's auditors for the audit of the company's annual financial statements	84	124

Fees paid to PricewaterhouseCoopers LLP for non-audit services to the Company are not disclosed in the financial statements because the Group's consolidated financial statements are required to disclose such fees on a consolidated basis.

31 Interest receivable

The Company follows the same risk management policies as detailed for the Group in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2018 : 0.0%).

32 Taxation

		Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
(a)	Analysis of charge in year		
	Current tax:		
	UK corporation tax at 19% (2018 : 19%) *	1,021	–
	Adjustments in respect of prior year	15	–
		1,036	–
	Total current tax (note (b))	1,036	–
	Deferred tax		
	Deferred tax originated from timing differences	930	34
	Deferred tax charged in respect of future rate change to 17%	–	–
	Total charge in period	1,966	34
(b)	Factors affecting current tax		
	Profit on ordinary activities before tax	13,414	4,808
	Profit on ordinary activities at UK corporation tax rate of 19%	2,549	913
	Effects of:		
	Group dividends not deductible for tax purposes	(760)	(2,375)
	Expenses not deductible for tax purposes	418	1,121
	Depreciation in excess of capital allowances	(2)	(2)
	Effect of LLP profit allocated to Company	805	–
	Tax relief on exercise of unapproved options	(830)	–
	Taxation relief given to other Group companies	–	342
	Deferred taxation	(229)	34
	Adjustments in respect of prior year	15	–
	Total Taxation	1,966	34

* The standard rate of corporation tax in the UK changed from 19% to 19% with effect from 1 April 2018. Accordingly, the Group's profits for this financial year are taxed at an effective rate of 20%. The terms of the 2014 Finance Act that will reduce the standard rate of corporation tax to 19% with effect from 1 April 2018.

33 Deferred tax

Deferred tax assets	31-Mar-19 £'000	31-Mar-18 £'000
Balance as at 1 April	930	964
Deferred tax reversed on timing differences	(930)	(34)
Deferred tax on current year losses	–	–
Movement in deferred tax on change in tax rate to 19% (2018: 19%)	–	–
Balance as at 31 March	–	930

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £1,052,000 (2018 : £930,000).

34 Property, plant and equipment

Year to 31 March 2019	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2018	406	369	430	1,205
Additions	482	48	79	609
At 31 March 2019	888	417	509	1,814
Accumulated depreciation				
At 1 April 2018	330	304	364	998
Charge for the year	112	36	51	199
At 31 March 2019	442	340	415	1,197
Net Book Value				
At 31 March 2019	446	77	94	617
At 31 March 2018	76	65	66	207

Year to 31 March 2018	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2017	313	342	391	1,046
Additions	93	27	39	159
At 1 April 2018	406	369	430	1,205
Accumulated depreciation				
At 1 April 2017	263	271	317	851
Charge for the year	67	33	47	147
At 1 April 2018	330	304	364	998
Net Book Value				
At 31 March 2018	76	65	66	207
At 31 March 2017	50	71	74	195

Depreciation has been included in the Statement of Comprehensive Income within administration expenses.

35 Investment in subsidiary undertakings

The Company's investment in subsidiary undertakings represents 100% interests (unless otherwise stated) in the ordinary shares, capital, voting rights (unless stated otherwise) of Liontrust Investment Funds Limited and Liontrust Investment Services Limited, both registered in England whose principal activity is as operating companies for the Group's investment management LLP's; Liontrust Investment Solutions Limited, whose principal activity is investment management. all subsidiary undertakings have the same accounting date as the parent company. Full details of the Company's subsidiary undertakings can be found on page 111.

	2019 £'000	2018 £'000
Balance at 1 April	42,893	15,071
Additions during the year	–	31,425
Reductions during the year	–	(3,603)
Balance at 31 March	42,893	42,893

36 Trade and other receivables

	31-Mar-19 £'000	31-Mar-18 £'000
Receivables due from subsidiary undertakings	12,646	7,359
Prepayments and accrued income	3,524	285
	16,170	7,644

All financial assets listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

37 Financial assets

Assets held as FTVL:

The Company's financial assets held as FTVL represent shares in the sub funds of the Liontrust Global Fund PLC and units in Liontrust UK authorised Unit Trusts and are valued at bid price. The assets are all categorized as Level 1 in line with the categorization detailed in note 16.

	31-Mar-19			31-Mar-18		
Financial assets	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
UK Authorised unit trusts	–	–	–	–	–	–
Ireland Open Ended Investment Company	383	–	383	–	261	261
	383	–	383	–	261	261

38 Trade and other payables

Current payables	2019 £'000	2018 £'000
Other payables including taxation and social security	220	199
Payables due to subsidiary undertakings	12,956	2,719
Other payables	5,225	5,013
	18,401	7,931

38 Trade and other payables (continued)

Non current payables	2019 £'000	2018 £'000
DBVAP liability	1,166	838
Contingent liability	–	2,912
	1,166	3,750

All financial liabilities listed above are non-interest bearing. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

39 Ordinary Shares

	2019 Shares	2019 £'000	2018 Shares	2018 £'000
Authorised shares of 1 pence				
As at 1 April	60,000,000	600	60,000,000	600
As at 31 March	60,000,000	600	60,000,000	600
Allotted, called up and fully paid shares of 1 pence				
As at 1 April	49,532,347	495	45,741,555	454
Issued during the year	1,196,334	12	4,060,792	41
As at 31 March	50,728,681	507	49,532,347	495

40 Operating lease commitments

The Company is committed to making the total of future minimum lease payments on office properties under non-cancellable operating leases in each of the following periods:

	Year ended 31-Mar-19 £'000	Year ended 31-Mar-18 £'000
Amounts due		
within one year	770	740
Between one year and five years	1,522	2,044
Later than five years	–	–
	2,292	2,784

There are no special terms for renewal or purchase options for the Group's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

41 Related Party Transactions

As at 31 March 2019 the Company owed the following intercompany balances to:
Liontrust Investments Limited - £12,217,000 (2018 : £nil), this amount arose from Group operations.
Liontrust Investment Solutions Limited - £739,000 (2018 : £nil), this amount arose from Group operations.
Liontrust Investment Funds Limited - £nil (2018 : £1,172,000), this amount arose from Group operations.
Liontrust Investment Partners LLP - £nil (2018 : £1,547,000), this amount arose from Group operations.

As at 31 March 2019 the Company was owed the following intercompany balances by:
Liontrust Fund Partners LLP - £3,088,000 (2018 : £3,887,0000);
Liontrust Investment Partners LLP - £8,194,000 (2018 : £nil);
Liontrust Investment Funds Limited - £302,000 (2018 : £nil);
Liontrust Investment Solutions Limited - £nil (2018 : £1,000);
Liontrust Investment Services Limited - £1,063,000 (2018 : £2,302,000); and
Liontrust Investments Limited - £nil (2018 : £1,169,000), these amounts arose from Group operations.

The Liontrust Asset Management Employee Trust - £980,000 (2018 : £980,000).

42 Post balance sheet event

On the 13 May 2019 the Group paid £3 million to Alliance Trust Plc in settlement of the contingent consideration for the acquisition of Alliance Trust Investments Limited which was completed on 1 April 2017.

Independent auditors' report to the members of Liontrust Asset Management PLC

Report on the audit of the financial statements

Opinion

In our opinion, Liontrust Asset Management PLC's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2019 and of the Group's and the Company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report & Financial Statements 2019 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2019; the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Cash Flow Statements and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

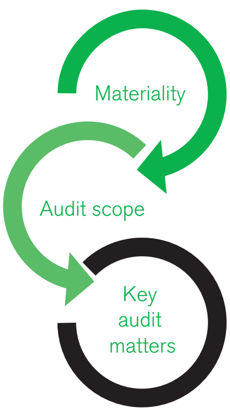
Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 April 2018 to 31 March 2019.

Our audit approach

Context

Liontrust Asset Management PLC ('Liontrust') is a FTSE Small Cap listed fund manager that was launched in 1995 and listed in 1999. Liontrust has a large presence in the UK covering both retail and institutional clients. Liontrust offers a range of products such as unit trusts, offshore funds, sustainable funds, segregated mandates and discretionary portfolio management services.

Overview



- Overall Group materiality: £951,000 (2018: £661,000), based on 5% of profit before tax. (2018: 5% profit before tax adjusted for contingent consideration expense).
- Overall Company materiality: £660,000 (2018: £571,000), based on 1% of total assets.

- Full scope audits were performed for of Liontrust Asset Management PLC, Liontrust Investment Partners LLP, Liontrust Investments Limited and Liontrust Fund Partners LLP because these are the financially significant entities and, together, represent 100% of the profit before tax of the Group.

- Revenue recognition (Group)
- Impairment of goodwill (Group)
- Share based payments (Group and Company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority (see page 34 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries with management, compliance and risk, and internal audit including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Audit & Risk Committee;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to share based payments and impairment of goodwill (see related key audit matters below); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions and entries containing unusual amounts, where any such journal entries were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Revenue recognition (Group) *Refer to page 57 (Audit & Risk Committee Report), page 100 (note 4: Revenue) and page 95 (note 1 (m): Principal accounting policies).* **Management and administration fees** In 2019 management fees and administration fees made up the majority of revenue (approximately 87%; £85m). The recognition of management and administration fees is dependent on the terms of the underlying investment management contracts ('IMCs') between the Group and its clients and/or the funds it manages. It is calculated as a percentage of Assets Under Management ('AUM') and the percentage applied varies across different funds and products. Administration fees are charged only on the Unit Trusts and Sustainable fund ranges from September 2018. The risk relates to incorrect calculation or risk of recording fees in the incorrect period.	For all revenue streams we understood and evaluated the design and implementation of key controls, including relevant Information Technology systems and controls, in place. This included both in-house and outsourced activities at the outsourced providers. To obtain audit evidence over the key controls in-house and at the outsourced providers supporting the calculation and recognition of revenue, we: • Performed testing of key in-house controls to obtain evidence of operational effectiveness of those key controls, such as controls over approval of fee invoices and bank reconciliations; and • Assessed the control environment in place at outsourced service providers to the extent that it was relevant to our audit. This assessment of the operating and accounting structure in place involved obtaining and reading the report issued by the independent service auditor of the outsourced providers in accordance with generally accepted assurance standards for such work. We then identified those key controls on which we could place reliance to provide audit evidence. Where the controls reports had not been prepared for year ended 31 March 2019, we assessed the gap period and obtained bridging letters where necessary.

Independent auditors' report to the members of Liontrust Asset Management PLC continued

Key audit matter	*How our audit addressed the key audit matter*
Box profits Box profits vary from day to day and result from the daily creations and cancellations of fund units. The risk relates to incorrect calculation given its complexity with significant number of transactions each day which increases the risk of error.	We obtained substantive audit evidence as set out below: **Management fees and administration fees** • We recalculated management fees and administration fees based on AUM data obtained from outsourced providers and management and administration fee rates from prospectuses and IMCs, and reconciled these back to the Group accounts. • To test completeness in respect of Unit Trusts, Sustainable and Offshore funds, we checked that management fees were recognised for all funds. For segregated funds, we tested whether revenue was recognised for all new funds and discontinued for any closed funds. • To test cut-off, we have tested management fees for all months in the period and confirmed that no fees were recorded for any period outside the financial year. **Box profits** • In respect of box profits, we reconciled the revenue recognised in the accounting records to supporting values obtained independently from the transfer agent. Using daily box units and prices for all funds we performed data auditing to re-calculate the box profits and compared the results to the financial statements. • To test for completeness we checked that box profits were recognised for all unit trusts. • To test cut-off, we have tested box profits for all months in the period and confirmed that no profits were recorded for any period outside the financial year. No material issues were identified.
Share based payments (Group and Company) *Refer to page 65 (Remuneration Report), page 57 (Audit & Risk Committee Report), pages 111 and 112 (note 21: Own shares), pages 93 and 94 (note 1 (d)), page 95 (note 1 (k)) and page 96 (note 1 (q)).* Due to the complex and judgemental nature of share schemes and incentive plans, there is an increased risk of error. The likelihood of an error occurring is driven by a number of factors such as the complexity of the schemes, the required record keeping and manual calculations.	We understood and evaluated the design and implementation of the control environment in place over the share based payment expense and performed the following to address the risks identified for a sample of share based payment transactions: • We obtained and read the deed of grant for the new awards issued during the year. For these new awards, we verified that they were appropriately authorised, consistent with scheme plans, classified correctly as equity or cash settled and used the appropriate share price. • We obtained and read the external valuation reports issued by the Company's external advisor for new awards which used a Monte Carlo model to compute the grant date fair value. Using our valuation experts we recalculated the fair value and also assessed the reasonableness of the inputs used within these external valuation reports. • We tested the reasonableness of the estimates in relation to performance and/or service conditions for the existing awards. We tested the reasonableness of management's estimates by reference to historical data (i.e. schemes that have already vested). • We tested a sample of options exercised during the year to ensure they were exercised in accordance with the terms of the grant, recorded at the correct value and appropriately authorised. • We obtained details of outstanding awards and checked that the charge was spread over the period of the award. No material issues were identified.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of goodwill (Group) *Refer to page 57 (Audit and Risk Committee Report), pages 105 to 107 (note 13: Goodwill) and pages 93 to 94 (note 1 (d): Principal accounting policies).* Goodwill of approximately £12m arose on the acquisition of Alliance Trust Investments Limited on 1 April 2017 and was assessed for impairment by management as at 31 March 2019. Management's expert prepared an impairment assessment paper where they compared the carrying value to its value in use using a discounted cash flow model. Due to the complex and judgemental nature of the model and the assumptions used there is inherently a significant risk in relation to error and judgement.	We obtained management's expert's impairment assessment paper where they compared the carrying value to its fair value using a discounted cash flow model. Management determined there was reasonable headroom and therefore concluded there was no impairment. Using our valuation experts, we evaluated management's models checking the relevant inputs to supporting documentation, such as projected AUM. This included challenging management on key assumptions such as AUM growth rate and discount rate. We performed sensitivity analysis over the key assumptions and considered the likely impacts of such changes. No material issues were identified.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at 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.

The Group is structured along a single business line being investment management. The Group financial statements are a consolidation of the Company and six subsidiary entities all of which are based in the United Kingdom. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed over the Company and each of the subsidiaries by us, as the Group engagement team, and also as auditors for each of the subsidiaries to be able to conclude whether sufficient appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole had been obtained. We therefore performed full scope audits on the complete financial information of Liontrust Asset Management PLC, Liontrust Investment Partners LLP, Liontrust Fund Partners LLP and Liontrust Investments Limited because they are financially significant components, together representing approximately 100% of Group profit before tax.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Company financial statements*
Overall materiality	£951,000 (2018: £661,000)	£660,000 (2018: £571,000)
How we determined it	5% of profit before tax	1% of total assets
Rationale for benchmark applied	We have applied this benchmark because it is a benchmark against which the Group's performance is commonly measured, a recognised statutory measure and most stakeholders also utilise this measure for performance assessment. This represents a consistent benchmark for determining materiality for previous years other than for the prior year. For the prior year we adjusted the profit before tax for the contingent consideration expense recorded through the statement of comprehensive income as it was considered a one-off expense which stakeholders would typically adjust to measure performance.	In arriving at this judgement we have had regard to the carrying value of the Company's assets, acknowledging that the primary measurement attribute of the Company is the carrying value of its investment in subsidiaries.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £428,000 and £951,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit & Risk Committee that we would report to them misstatements identified during our audit above £47,000 (Group audit) (2018: £33,000) and £33,000 (Company audit) (2018: £28,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	*Outcome*
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's and Company's trade, customers, suppliers and the wider economy.
We are required to report if the Directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 53 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 30 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the Directors, on page 48, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and the Company obtained in the course of performing our audit.
- The section of the Annual Report on page describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee.
- The Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 48, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 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; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the Directors on 1 February 2000 to audit the financial statements for the year ended 31 March 2000 and subsequent financial periods. The period of total uninterrupted engagement is 20 years, covering the years ended 31 March 2000 to 31 March 2019.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2019

Shareholder information

Directors and Advisers

Registered Office and Company number
2 Savoy Court, London WC2R 0EZ
Registered in England with Company Number 02954692

Company Secretary
Mark Jackson
2 Savoy Court
London
WC2R 0EZ

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London, Riverside
London, SE1 2RT

Legal Advisers
Macfarlanes LLP
20 Cursitor Street
London EC4A ILT

Simmons & Simmons LLP
City Point, 1 Ropemaker Street
London EC2Y 9SS

Bankers
Royal Bank of Scotland Plc
280 Bishopsgate
London EC2M 4RB

Financial Adviser and Corporate Broker
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Macquarie Capital (Europe) Ltd
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD

Nplus1 Singer Capital Markets Limited
1 Bartholomew Lane
London EC2N 2AX

Financial Calendar

Year End	31 March
Half Year End	30 September
Results announced:	Full year: June, half year: November
Interim report available:	December
Annual Report available:	June
Annual General Meeting:	September

Share price information:
The Company's shares are quoted on the London Stock Exchange and the price appears daily in The Financial Times, (listed under 'General Financial').

UK authorised unit trusts:
- Liontrust UK Growth Fund
- Liontrust Global Income Fund
- Liontrust UK Smaller Companies Fund
- Liontrust UK Micro Cap Fund
- Liontrust Special Situations Fund
- Liontrust European Growth Fund
- Liontrust European Income Fund
- Liontrust European Enhanced Income Fund
- Liontrust Asia Income Fund
- Liontrust Macro Equity Income Fund
- Liontrust Macro UK Growth Fund

Liontrust Investment Funds ICVC, comprising 2 sub funds
- Liontrust Monthly Income Bond Fund
- Liontrust Strategic Bond Fund

Liontrust Sustainable Future ICVC, comprising 9 sub funds
- Liontrust Sustainable Future Absolute Growth Fund
- Liontrust Sustainable Future Cautious Managed Fund
- Liontrust Sustainable Future Corporate Bond Fund
- Liontrust Sustainable Future Defensive Managed Fund
- Liontrust Sustainable Future European Growth Fund
- Liontrust Sustainable Future Global Growth Fund
- Liontrust Sustainable Future Managed Fund
- Liontrust Sustainable Future UK Growth Fund
- Liontrust UK Ethical Fund

Ireland domiciled open-ended investment company
Liontrust Global Funds PLC, comprising ten sub funds:
- Liontrust GF European Strategic Equity
- Liontrust GF European Smaller Companies Fund
- Liontrust GF Special Situations Fund
- Liontrust GF UK Growth Fund
- Liontrust GF Asia Income Fund
- Liontrust GF Absolute Return Bond Fund
- Liontrust GF High Yield Bond Fund
- Liontrust GF Strategic Bond Fund
- Liontrust GF Sustainable Future Pan European Growth Fund
- Liontrust GF Sustainable Future European Corporate Bond Fund

Fund prices:

The prices of Liontrust's range of authorised unit trusts are listed on our website www.liontrust.co.uk.

Further information:

For further information on the Company's range of funds and services please contact our Broker Services Department at:
Liontrust Fund Partners LLP

2 Savoy Court
London WC2R 0EZ

Telephone: 020 7412 1700
Facsimile: 020 7412 1779
e-mail: info@liontrust.co.uk
or visit: www.liontrust.co.uk

Group subsidiary entities – board members:

Liontrust Investment Funds Limited

V.K. Abrol
J.S. Ions

Liontrust Fund Partners LLP

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

Liontrust Investment Services Limited

V.K. Abrol
J.S. Ions

Liontrust Investment Partners LLP

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

Investment companies – board members:

Liontrust Global Funds Plc

E.J.F. Catton
D.J. Hammond
S. O'Sullivan

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