PRIDE IN OUR PERFORMANCE

LIONTRUST ASSET MANAGEMENT PLC
ANNUAL REPORT & FINANCIAL STATEMENTS 2020

LIONTRUST
PRIDE IN OUR PERFORMANCE

LIONTRUST

A specialist asset manager whose purpose is to have a positive impact on our clients, stakeholders and society. Our values are:

COURAGE

We do not follow the herd and have the courage to have independence of thought. Our fund managers have the courage of their convictions and have differentiated and robust investment processes. The business has the courage to do the right thing, make decisions and to be innovative and nimble.

EXCELLENCE

We strive for excellence in our products, service and people so we can have a positive impact on clients and stakeholders. We pride ourselves on the quality of our fund management teams and the knowledge and ability of our staff across the business. We provide first-class service and are transparent about the management of our funds, portfolios and the business, communicating clearly and frequently.

GOOD CITIZENSHIP

We seek to be a responsible company and investor. We uphold the highest standards of integrity in all of our actions, treating staff, clients and stakeholders fairly and with respect. We are committed to contributing to and benefiting the wider society, including through sustainability, financial education, diversity and equality.

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 £12,655 million to £16,078 million demonstrates the substantial progress made in this year. To have recorded **10 consecutive years of net inflows** shows the progress the business has made.

31 March
2020
£16,078 million

31 March
2019
£12,655 million

2017

2016

2015

2014

2013

	2020	2019		
Assets under management	£16.1 billion	£12.7 billion	27% increase	↑
Net flows	£2,695 million	£1,775 million	52% increase	↑
Gross profit	£106.6 million	£84.6 million	26% increase	↑
Profit before tax	£16.5 million	£22.2 million*	26% decrease	↓
Adjusted profit before tax	£38.1 million	£30.1 million	26% increase	↑
Adjusted diluted earnings per share	56.7 pence	46.9 pence	21% increase	↑
Total Dividend per share	33.0 pence	27.0 pence	22% increase	↑

* 2019 restated see note 1(v) on page 106

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

This is my first Statement on Liontrust's Full Year Results as your Chairman and I would never have anticipated just a few long months ago that it would be written under such circumstances. While the successful momentum of Liontrust has continued since I became Chairman last September and, more significantly, through the COVID-19 pandemic, the world is confronting issues that will have a long-term impact on asset managers, along with other industries. This affects us both as investors and as a company.

Before I address some of the issues, I want to welcome Mandy Donald, who joined the Board in September. She has already made a significant contribution as a non-executive Director and will continue to do so into the future.

I also want to congratulate John Ions and Vinay Abrol as CEO and CFO/COO on their leadership and achievements over the past decade. This has culminated in Liontrust joining the FTSE250 in June and successfully navigating COVID-19.

The pandemic and subsequent lockdown have created challenges for all businesses in every industry. I and the rest of the Board have been impressed by how well our business moved to remote working and everyone at Liontrust has risen to the challenge with professionalism while maintaining productivity levels. The Directors would like to thank everyone at Liontrust for their dedication and energy especially as lockdown followed just five months after our acquisition of Neptune.

This achievement reflects well on the development of Liontrust over the past few years, the processes that have been in place and the quality of our fund managers, partners and employees.

I am pleased to be able to report that it has been another successful year for your company. The continued positive net inflows, the growth in assets under management and the profitability of the business are testament to the strong position the company is in.

The fact that Liontrust is in such good shape, along with the quality of the investment teams and their processes, gives me confidence about the resilience of the business as we head into a particularly uncertain economic environment.

While everyone's attention has been focused on COVID-19 for the past few months, the climate crisis still threatens the long-term health of the planet and therefore of our well-being. We all expect and hope for a greater focus on our relationship with nature and biodiversity going forward; and we were pleased Liontrust was able to provide enhanced support for the Zoological Society of London ('ZSL') during lockdown at a time when the organisation had no income.

Sustainability is an important issue for the Board. John Ions sets out the targets the Board wants the company to achieve in Liontrust's first Sustainability Report to be published in July 2020. These targets cover being a responsible investor, climate change, having a diverse and talented staff, and being a good corporate citizen.

Diversity and equality of opportunity is another key issue that the Board is addressing. The world is being confronted by the reality that the black community still faces inequality and discrimination. Society has a great deal more to do, as does the asset management industry, in enabling black men and women to realise their full potential. At Liontrust, we seek to promote career progression and eradicate any hurdles that anyone feels they face; in particular, we seek to eliminate unconscious bias whether in recruitment or any other aspect of the business.

Liontrust is also committed to having a positive impact on society such as through charitable initiatives to provide education and employment opportunities across ethnic and social groups, including the black community, to promote greater equality.

Liontrust continues to make significant progress. This success puts us in a good position to have a positive impact on investors, stakeholders and society over the next few years.

Results

Profit before tax is £16.508 million (2019: £22.172 million), a decrease of 26%. The profit before tax for the financial year ended 31 March 2020 includes £9.7 million of acquisition and reorganisation related costs incurred as a result of the acquisition of Neptune Investment Management Limited ('Neptune') which completed on 1 October 2019.

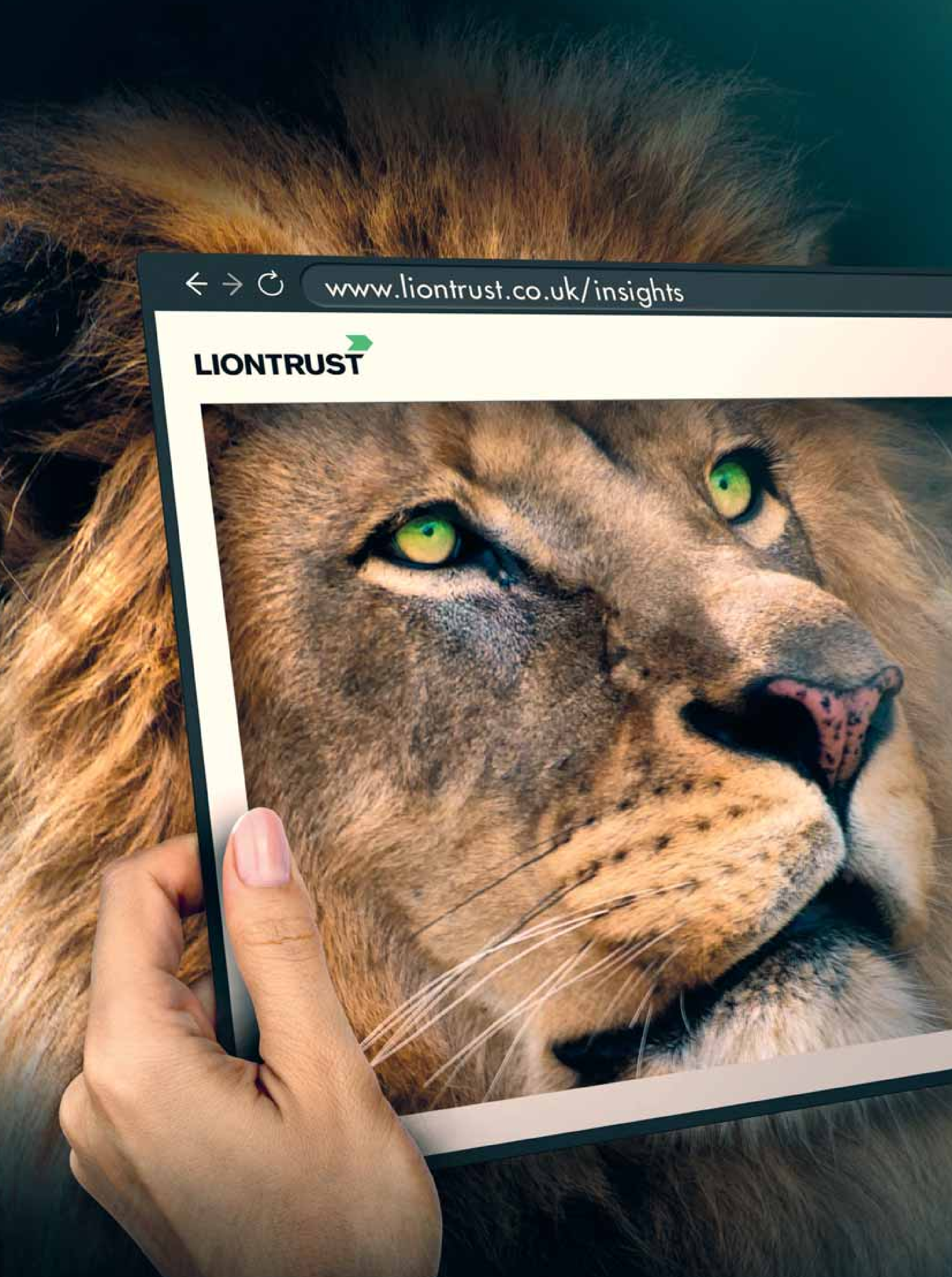
Adjusted profit before tax was £38.054 million (2019: £30.093 million). Adjusted profit before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash (depreciation, intangible asset amortisation and share incentivisation related) expenses and non-recurring (professional fees relating to acquisition, cost reduction, restructuring and severance compensation related) expenses, see note 7 of the financial statements for a reconciliation of adjusted profit before tax.

Dividend

The success in fund performance and distribution has resulted in a 52% increase in net inflows, a 27% increase in assets under management and a 26% increase in revenues excluding performance fees when compared to last year. This has enabled the Board to declare a second interim dividend of 24.0 pence per share (2019: 20.0 pence), which will be payable on 21 August 2020 to shareholders who are on the register as at 17 July 2020, the shares going ex-dividend on 16 July 2020. The total dividend for the financial year ending 31 March 2020 is 33.0 pence per share (2019: 27.0 pence per share), an increase of 22% 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 31 July 2020. 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).

Alastair Barbour
Chairman
7 July 2020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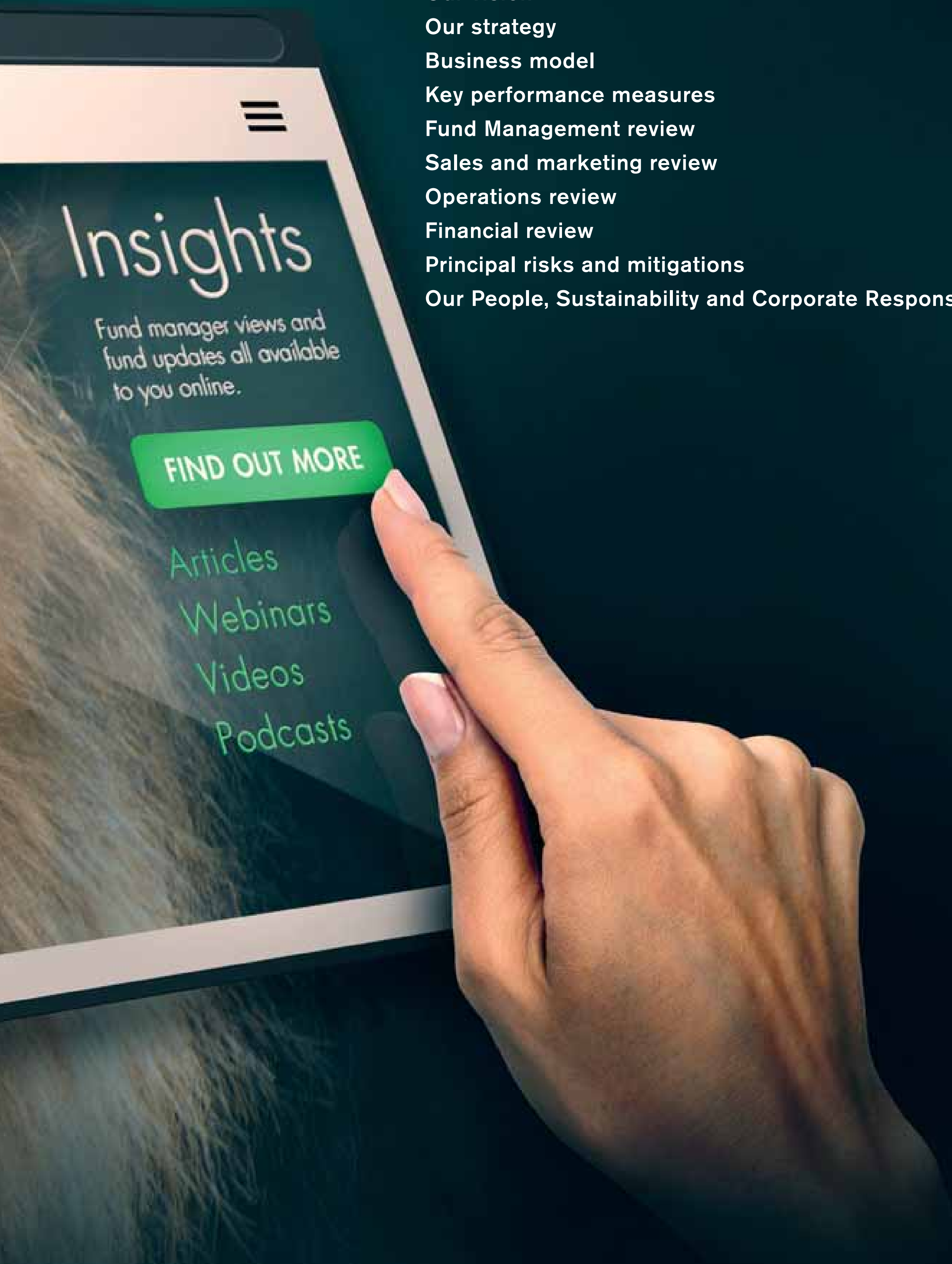
Strategic report



Chief Executive's Report

Introduction
It has been another successful year for Liontrust, with the business making further significant progress.

Liontrust delivered record net positive inflows of £2.69 billion for the 12 months to 31 March 2020, taking our assets under management and advice (AuMA) to £16.1 billion. We generated strong net positive inflows of £492 million during the first three months of 2020 despite the spread of COVID-19 and lockdowns being imposed around the world.

This success led to Liontrust having the 6th highest net retail sales in the UK in 2019 and we had the 5th highest in the first quarter of 2020, according to the Pridham Report.

These sales are testament to the excellence of our investment teams and processes, the loyalty of our clients, the power of our brand and the strength of our sales and marketing capability.

There is increasing focus on environmental, social and governance (ESG) in people's lives, society and companies, and Liontrust is committed to integrating sustainability throughout our business. The first-ever Liontrust Sustainable Report is being published in July 2020, which provides detailed information about how we are managing the company to ensure we have a positive impact on clients, stakeholders and society. In the Report, we have set out our priorities and targets for being a responsible investor, climate change, having diverse and talented staff, and being a good corporate citizen.

These priorities and targets include providing the tools, training and resources for all our investment managers to consider ESG in their decision-making processes, including material ESG factors in our risk framework and to engage and push for positive change where we have concerns.

Liontrust disclose our scope 1 and 2 emissions as well as some scope 3 emissions including travel. We are working to be in a position to disclose those of our key outsourced providers and our investments next year. We are developing an absolute reduction target by the end of this year that is to be met by 2025.

We are also committed to diversity across the Company as we believe this enhances the performance of businesses and leads to better decision-making.

The Sustainable Investment team has demonstrated for nearly 20 years that its investment process can deliver superior returns over conventional funds. All eight of the UK-domiciled equity and managed funds run by the team are in the 1st quartile of their respective IA sectors over one, three and five years to 31 March 2020.

The benefits of active managers applying rigorous investment processes is also shown in the long-term performance of our other teams. The Economic Advantage team's UK Growth, Special Situations and UK Smaller Companies funds are in the 1st quartile of their respective IA sectors over one, three, five years and since launch or they took over to 31 March 2020.

The team's other fund, UK Micro Cap, was launched in March 2016 and is in the 1st quartile of the IA UK Smaller Companies sector over one, three years and since launch. The team of Anthony Cross, Julian Fosh, Victoria Stevens and Matt Tonge was strengthened in March by Alex Wedge joining from N+1 Singer, where he was a senior member of the equity sales team.

We have successfully integrated Neptune Investment Management and rebranded the fund managers as the Liontrust Global Equity team. They have strengthened our equity income capability and added global equity and emerging markets funds. We have seen growing demand for a number of the team's funds over recent months, including Income, Global Dividend and Global Equity, and are confident that we will be growing their assets over the next year.

Despite the challenges and headwinds of the past few months facing all companies, everyone at Liontrust has reacted quickly and efficiently, showing the robustness of our business processes.

Communication with our clients and stakeholders has been key to maintaining momentum. Our investment teams held eight webinars between 19 March and 3 April alone. By mid-June, we had hosted a total of 45 webinars, for which we had had 5,855 viewings.

The Sales and Marketing teams have been communicating regularly with our clients, including through written updates and articles, which have been emailed directly and distributed through our partners and platforms. The success of this engagement has been shown by a 70% increase in visits to the Liontrust website compared to this time last year.

The pandemic and other recent events have also highlighted our responsibility to society, whether it is the need to ensure diversity and tackle inequality which has been so well articulated by the Black community or helping the vulnerable and less fortunate. We were proud to work with our community partners to provide extra support during lockdown, including to children of vulnerable families, food banks, the homeless and ZSL London Zoo.

Our numeracy project with Newcastle United Foundation, called Financial Football, has also progressed. By February, the project, which involves interactive games around football, had worked with 14 schools and 700 pupils. These games empower children to feel more confident about money and it is wonderful to see their increased engagement with numeracy.

Outlook
Liontrust is well positioned regardless of how long it takes for the world to navigate and recover from the pandemic, both health wise and economically.

We have assembled a strong range of funds and portfolios across equities, fixed income, multi-asset and sustainable, and we focus on robust and repeatable investment processes to enable us to meet investor expectations. Performance is never predictable but process should always be.

The excellent fund performance and increasing profile of our team means we can continue to benefit from the growing demand for sustainable investing over the next few years.

The expansion of our investment solutions is continuing through our Multi-Asset target risk portfolios, Sustainable Managed and our equity income funds. This is another part of the market where we expect increasing growth in demand among financial advisers.

We are also benefiting from the loyalty of clients because of the power of our brand, excellent service and communications, and robust administration.

This all gives me confidence that Liontrust will maintain our positive momentum.

John Ions
Chief Executive
7 July 2020

Assets under management

On 31 March 2020, our AuMA stood at £16,078 million (2019 : £12,655 million) an increase of 27% over the financial year. A reconciliation of AuMA as at 31 March 2020 is as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi Asset (£m)	Offshore Funds (£m)
Economic Advantage	**6,316**	190	5,956	–	170
Sustainable Investments	**5,060**	33	4,643	–	384
Global Equity	**2,099**	229	1,870	–	–
Cashflow Solution	**815**	536	209	–	70
Multi-Asset	**840**	–	–	840	–
Global Fixed Income	**668**	–	330	–	338
Macro Thematic	**88**	–	88	–	–
European Income	**107**	–	107	–	–
Asia	**85**	–	72	–	13
Total	**16,078**	**988**	**13,275**	**840**	**975**

Fund flows

Liontrust recorded net inflows of £2,695 million in the financial year to 31 March 2020 (2019 : £1,775 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)
Closing AuMA - 1 April 2019	**12,655**	845	10,317	844	649
Net flows	**2,695**	74	2,129	102	390
Acquisitions*	**2,733**	339	2,394	–	–
Market and Investment performance	**(2,005)**	(270)	(1,565)	(106)	(64)
Closing AuMA - 31 March 2020	**16,078**	**988**	**13,275**	**840**	**975**

* Relates to the acquisition of Neptune Investment Management which completed on 1 October 2019

31 March
2020

£16,078 million

31 March
2019

£12,655 million

Increase of

27%

over the financial year

31 March
2020

£2,695 million

31 March
2019

£1,775 million

Increase of

52%

over the financial year

Our vision

Our vision is to have a positive impact on our investors, stakeholders and society. We aim to achieve this by providing the environment which enables our fund managers and employees to flourish, helping our investors achieve their financial goals, supporting companies in generating sustainable growth, and empowering and inspiring the wider community

Our strategy

Our strategy has six pillars:

1 Be a responsible company and investor
We take seriously our role as custodians of client assets and are committed to managing Liontrust responsibly. Liontrust is focused on treating all clients fairly, meeting investors' expectations and ensuring the Group's objectives are aligned with those of our stakeholders.

Liontrust is committed to environmental, social and governance (ESG) initiatives, has been providing the tools to empower all our investment managers to consider ESG in their decision-making processes, and has been developing the risk framework to capture and evaluate environmental and social controversies.

The Liontrust Sustainability Report 2020, which is available on our website, shows how we are building sustainability into our business and our plan for being a responsible and transparent investor, employer and good corporate citizen.

We are continuing to develop our community engagement programme that is focused on financial education, helping the homeless and wildlife conservation. During the COVID-19 lockdown, Liontrust gave extra support to our existing partners.

2 Deliver strong long-term investment performance
Liontrust focuses only on managing funds and portfolios in which we have particular expertise and by teams with rigorous and repeatable investment processes. We believe these processes are key to delivering strong long-term performance and effective risk control. Our funds strive to outperform their relevant benchmarks and the average returns of their respective peer groups over the medium to long term.

3 Expand our distribution and products
We are seeking to 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. We add to our product range when we have the fund management expertise and there is investor demand.

4 Acquire and develop talent
We will continue to recruit fund managers who have excellent track records, expertise in their respective asset classes and who use rigorous and repeatable investment processes. We will make acquisitions that enhance and grow our business.

Liontrust is proud of the people who work at the company and we are investing in their training, qualifications and development as part of our strategy to retain talented fund managers, partners and employees. We are seeking greater diversity across the company as we believe this enhances the performance of businesses and leads to better decision making.

5 Enhance the investor experience
We aim to provide our investors with exceptional service and support, striving to be as transparent as possible. We communicate clearly and frequently with our investors, 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. Liontrust is investing in developing our online services and digital communications to enhance client services.

6 Ensure strong operations and infrastructure
We aspire for excellence in administration, risk management and corporate governance to ensure we can deliver a first-class service as the business expands further. We have been moving all our funds to one administrator to secure a solid foundation from which to support our future expansion and to ensure we and our investors benefit from efficiencies.

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 nine 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.

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 print 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 and promotions. 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 sales and marketing teams 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 sales 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.

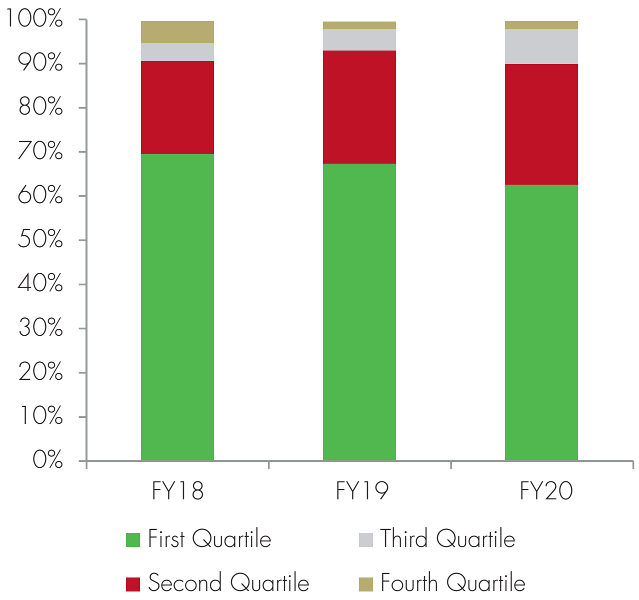
* Neptune operations fully transferred to BNYM in June 2020.

/LiontrustHeroes
@LiontrustHeroes
@LiontrustFuture
@LiontrustViews
Liontrust

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 AuMA weighted basis, we have consistently had over 60% of our actively managed UK retail AuMA in first quartile funds# (see Figure 1).

Figure 1 - AuMA* weighted quartile ranking since launch or manager inception

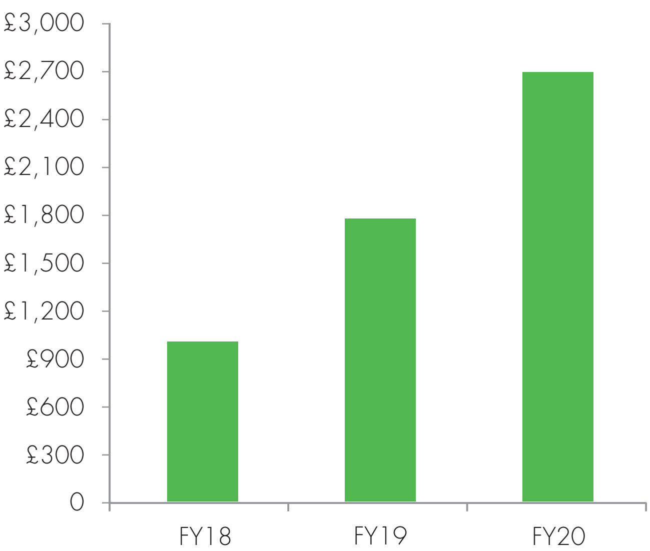


* This is an alternative performance measure ('APM'). See page 33 for further details.
\# net of fees and income reinvested.

See UK Retail fund Performance on page 25.

Fund management ability and investment performance
Net inflows in the year have increased from £1,775 million to £2,695 million.

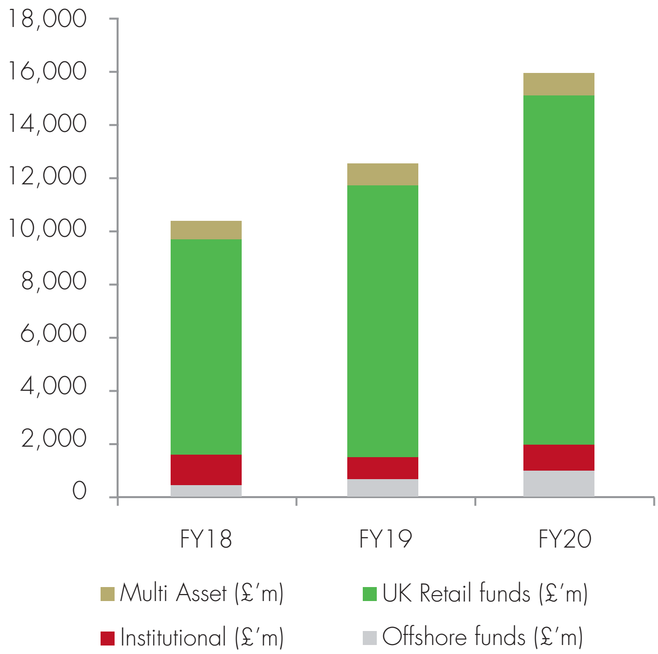
Figure 2 – Net flows £' million



* This is an alternative performance measure ('APM'). See page 33 for further details.

A Profitable and Growing business
Our AuMA has increased by 53% from 31 March 2018 to 31 March 2020 and by 27% from 31 March 2019 to 31 March 2020, reflecting acquisitions, market performance and net flows (see figure 3).

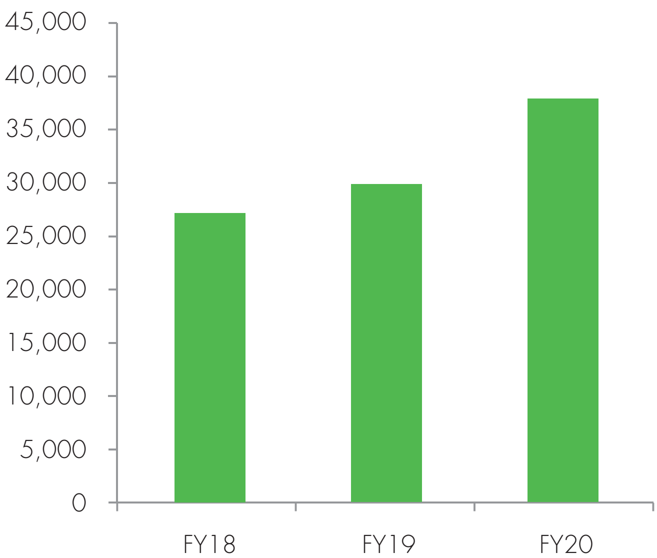
Figure 3 – AuMA* by investor type £'million



* This is an alternative performance measure ('APM'). See page 33 for further details.

Our adjusted profit before tax has increased by 39% from 31 March 2018 to 31 March 2020 and by 26% from 31 March 2019 to 31 March 2020.

Figure 4 – Adjusted profit before tax* £'000



* This is an alternative performance measure ('APM'). See page 33 for further details.


BRINGING INCOME HOME
liontrust.co.uk/income
LIONTRUST INCOME FUND
ZSL
LET'S WORK FOR WILDLIFE
Proud supporters of ZSL's Asiatic lion campaign
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Fund Management review

> “Performance is not predictable, process is.”

John Ions, Chief Executive

Liontrust has nine fund management teams. Six 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 ninth team manages target risk Multi-Asset portfolios.

Economic Advantage team

Anthony Cross, Julian Fosh, Victoria Stevens, Matt Tonge and Alex Wedge manage the Liontrust Economic Advantage Process. 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.

Alex Wedge joined the team in March 2020 from N+1 Singer, one of the largest dedicated small cap brokers in London. Alex spent over seven years at N+1 Singer, latterly as a senior member of the equity sales team. His role included developing and communicating investment ideas to buy side clients, as well as advising corporate clients on shaping their investment case and raising equity capital.

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 aims to deliver capital growth over the long term (5 years or more) through using the Economic Advantage investment process. The process seeks to identify companies with a durable competitive advantage that allows them to defy industry competition and sustain a higher than average level of profitability for longer than expected.

UK MICRO CAP FUND

The Fund, which aims to deliver capital growth over the long term (5 years or more), has been managed since launch in March 2016 by Anthony Cross, Julian Fosh, Victoria Stevens and Matt Tonge. The Fund 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, which aims to deliver capital growth over the long term (5 years or more), has been managed since March 2009 by Anthony Cross and Julian Fosh. The Fund predominantly invests in UK large and mid-cap stocks using the Economic Advantage investment process.

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. The Fund aims to deliver capital growth over the long term (5 years or more) through using the Economic Advantage investment process. All smaller companies in the Fund must have a minimum 3% senior managers' equity ownership, which the fund managers believe motivates key employees, helps to secure a company's competitive edge and leads to better corporate performance.

“It is important to understand the business model of the company you are investing in. As long as you get the business model and the compounding right, then the valuation will take care of itself.”

Anthony Cross

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.

Sustainable Equity team

Peter Michaelis and Simon Clements are the lead managers of the Liontrust Sustainable Future Equities Process. The team 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 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.

EQUITY FUNDS

The 13-strong team has been managing the Sustainable Future funds since 2001. They manage a broad range of equity and managed funds to meet different risk profiles, return objectives and geographical preferences of investors.

- SF Managed 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 starts with a thematic approach in identifying the key structural growth trends that will shape the global economy of the future. The team looks at the world through the prism of three mega trends – *Better resource efficiency* (cleaner), *Improved health* (healthier) and *Greater safety and resilience* (safer) – and 20 themes within these trends.

- **Cleaner:** Using our resources more efficiently (water, increasing recycling of waste, lower carbon energy sources and energy efficiency).
- **Healthier:** Improving our quality of life through better education, healthier lifestyles and diet or better healthcare.
- **Safer:** Making the systems we rely on safer or more resilient. This includes car safety, keeping our online data safe with cybersecurity and spreading risk through appropriate insurance mechanisms.

The team invests in well-run companies whose products and operations capitalise on these transformative changes and, therefore, may benefit financially. The fund managers have four stages in identifying superior stocks:

- **Thematic analysis:** identifies companies with strong and dependable growth prospects due to alignment with the 20 themes.
- **Sustainability analysis:** focuses on those companies with excellent management and core products or services that contribute to society or the environment.
- **Analysis of business fundamentals:** selects only those companies positioned to deliver high returns on equity.
- **Valuation analysis:** determining that the shares of the company will be worth significantly more in the future.

Sustainable Fixed Income team

Stuart Steven, Kenny Watson and Aitken Ross manage the Liontrust Sustainable Future Fixed Income Process. They transferred to Liontrust from 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 deliver income with capital growth over the long term (5 years or more) through using the Sustainable Future investment process. At least 80% of the Fund is invested in investment grade corporate bonds that are sterling denominated or hedged back to sterling. The Fund can also invest in government bonds and other fixed income securities.

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 aim of the Fund is to produce monthly income payments together with capital growth by investing at least 80% of the portfolio in investment grade corporate bonds that are sterling denominated or hedged back to sterling. The Fund targets a net total return of at least the IBOXX GBP Corporates (5-15Y) Index over the long term (rolling 5-year periods). 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 aims to maximise total returns (a combination of income and capital growth) over the long term (5 years or more). The Fund seeks to achieve this objective predominantly through investing in euro denominated investment grade corporate bonds or non-euro denominated corporate bonds hedged back into euros.

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.

> "Focusing on the more sustainable parts of the market and avoiding companies and sectors challenged by environmental and societal considerations can drive performance. Not only do sustainable companies typically have better growth potential, they are also more resilient than the market thinks."
>
> **Aitken Ross**

Global Equity team

Led by Robin Geffen, who is the architect of the investment process, supported by James Dowey, the Global Equity team manages a range of global, regional and emerging markets funds. The funds are all managed according to the same investment process, which is founded on collaborative idea generation, a culture of investing with conviction and three silo portfolio construction. The team transferred to Liontrust in October 2019 as part of the acquisition of Neptune Investment Management.

GLOBAL EQUITY FUNDS

The Liontrust Global Equity team manages 19 funds. The range comprises Global, Income, Regional and Emerging Markets funds.

- Balanced
- China
- Global Alpha
- Global Equity
- Global Dividend
- Global Smaller Companies
- Income
- India
- Japan Equity
- Japan Opportunities
- Russia
- UK Mid Cap
- UK Opportunities
- US Income
- US Opportunities
- Global Technology
- European Opportunities
- Emerging Markets
- Latin America

INVESTMENT PROCESS

The fund managers believe the key to generating long-term outperformance is through high conviction, long-term, research-led company selection. When combined with the team's portfolio construction, this approach can drive returns that are largely uncorrelated to the successes and failures of popular investment styles such as growth (investing in growing companies) and value (holding relatively cheap companies). There are three key elements to the investment process:

1. Collaborative Idea Generation: each member of the Liontrust Global Equity team has a research responsibility covering an industry sector of the global economy, a particular economic trend or a theme such as industries adopting new technology and changing consumer tastes. This clear division of responsibility ensures that the fund managers do not overlook "unfavoured" companies and allow structured peer challenge for the generation of validated, independent and sometimes atypical investment ideas that underpin the collaborative original research required.

2. Culture of Conviction: to enable ideas to drive investment returns rather than providing market returns, each one must be given sufficient weight in the portfolio and time to work. This results in concentrated portfolios with long holding periods.

3. "Three Silo" Portfolio Construction: portfolios are constructed to be "style-free" with the aim of providing more consistent returns over the economic cycle by ensuring that ideas drive returns rather than style bias.

The process is implemented through four stages: idea generation, stock selection, portfolio construction, and monitoring and exiting.

Cashflow Solution team

James Inglis-Jones and Samantha Gleave manage the Liontrust Cashflow Solution Process. They 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, and he was joined by Samantha Gleave in 2012. The Fund aims to deliver capital growth over the long term (5 years or more) by using the Cashflow Solution process to identify and invest in companies incorporated, domiciled, listed or which conduct significant business in the EEA (European Economic Area) and Switzerland. The Fund has an equally weighted 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 aims to achieve long-term capital growth (at least 5 years) by investing primarily in European smaller companies, with the majority having a market capitalisation of less than €5 billion at inception, and through having an equally weighted portfolio.

GLOBAL INCOME FUND

The Fund has been managed since March 2009 by James Inglis-Jones, and he was joined by Samantha Gleave in 2012. The Fund seeks to deliver a high level of income with the potential for capital growth over the long term (5 years or more) by using the Cashflow Solution process to identify and invest in companies globally. The aim of the Fund is to deliver a net target yield of at least the net yield of the MSCI World Index each year. The managers seek to achieve this by investing in high-yielding stocks with unusually strong cash flows where investors have low profit expectations.

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.

“We know that when investor anxiety is very high, 12-month forward returns for our investment process have historically been strong.”

James Inglis-Jones

Multi-Asset team

John Husselbee and Paul Kim are two of the most high-profile multi-asset managers and manage the Liontrust Multi-Asset Process. 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 higher the risk of the portfolio, the greater the potential for volatility, positive returns on the upside and losses in down markets. 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. A key objective of the Multi-Asset portfolios is to strive to "win over the long term by not losing". John Husselbee and Paul Kim achieve this by seeking to manage risk and limit losses in falling markets to enhance long-term returns within each risk target.

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.

"A central theme of our multi-asset proposition is that there is no 'best' investment for everyone at any point in time: when it comes to personal finance, the operative word is personal. Someone's best investment will always depend on their financial goals and attitude to risk. Asset allocation should be determined as much by how much someone is prepared to lose as by how much they want to gain."

John Husselbee

Global Fixed Income team

David Roberts, Phil Milburn and Donald Phillips manage the Liontrust Global Fixed Income Process. Before joining Liontrust in early 2018, 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 aim of the Fund is to maximise its total return over the long term (5 years or more) through a combination of income and capital growth by investing in government bond and credit securities globally. The Fund may invest up to 40% of its net assets in emerging markets. The fund 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. The managers only commit cash to the market when they believe investors will receive a return that justifies the risk they are taking.

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 aim of the Fund is to maximise the total return over a long-term horizon (at least 5 years) through a combination of income and capital. The Fund invests predominantly in high yield and selected investment grade bond and credit markets worldwide (including developed 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 positive absolute returns over a rolling 12-month period irrespective of market conditions through a combination of capital growth and income. The fund managers seek to achieve this objective by investing in bond and credit markets worldwide (including developed and 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. In judging whether a company is attractive long-term investment, the managers analyse the following factors, which they call PRISM:

- Protections: operational and contractual, such as structure and covenants
- Risks: credit, business and market
- Interest cover: leverage and other key ratios
- Sustainability: of cash flows and environmental, social and governance (ESG) factors
- Motivations: of management and shareholders

Asia team

Mark Williams, Carolyn Chan and Shashank Savla manage the Liontrust Asia Income Process. Mark has been managing money since 1993 and has previously run funds at F&C and Occam. While managing the F&C Far East Fund, it was awarded first place in the Equity Asia Pacific (ex-Japan) sector over five years (out of 52 funds) by the S&P European awards in 2007. Carolyn started her career in 1992 and was previously at Hampton Investment Management before joining Liontrust. Shashank began his career in financial markets in 2004 and has also previously worked in the Consumer Goods and Telecoms industries.

ASIA INCOME FUND

The Fund, which has been managed since launch in March 2012 by Mark Williams, Carolyn Chan and Shashank Savla, invests in Asia Pacific ex-Japan companies and aims to deliver a high level of income with the potential for capital growth over the long term (5 years or more). The Fund seeks to deliver an annual net target yield of at least 110% of the yield of the MSCI All Countries Asia Pacific Excluding Japan Index.

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.

European Income team

Olly Russ and Oisin O'Leary manage the Liontrust European Income Process. 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 and he was joined by Oisin O'Leary in June 2017. The aim of the Fund is to deliver a high level of income with the potential for capital growth over the long term (5 years or more) by investing in mainly European listed companies. The Fund seeks to deliver a net target yield of at least the net yield of the MSCI Europe ex UK Index each year.

EUROPEAN ENHANCED INCOME FUND

The Fund has been managed by Olly Russ since launch in April 2010, and he was joined by Oisin O'Leary in June 2017. The aim of the Fund is to deliver a high level of income and capital growth over the long term (5 years or more) by investing in mainly European listed companies. The Fund seeks to deliver a net target yield of at least 125% of the net yield of the MSCI Europe ex UK Index each year. The managers have the ability to use a covered call strategy to boost income and to implement hedging on hedged share classes.

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.

Macro-Thematic team

Stephen Bailey and Jamie Clark manage the Liontrust Macro-Thematic Process. 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 Clark 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 aim of the Fund is to deliver a high level of income with the potential for capital growth over the long term (5 years or more) by investing at least 80% of the portfolio in companies incorporated, domiciled, listed or which conduct significant business in the United Kingdom (UK). The Fund seeks to deliver a net yield of at least 110% of the net yield of the FTSE All-Share Index each year.

MACRO UK GROWTH FUND

The Fund has been managed since August 2002 by Stephen Bailey, with Jamie Clark becoming co-manager in 2007. The aim of the Fund is to deliver income and capital growth over the long term (5 years or more) by investing at least 80% of the portfolio in companies incorporated, domiciled, listed or which conduct significant business in the United Kingdom (UK). The fund managers' conviction is shown by the fact they may have 0% weightings in major sectors.

INVESTMENT PROCESS

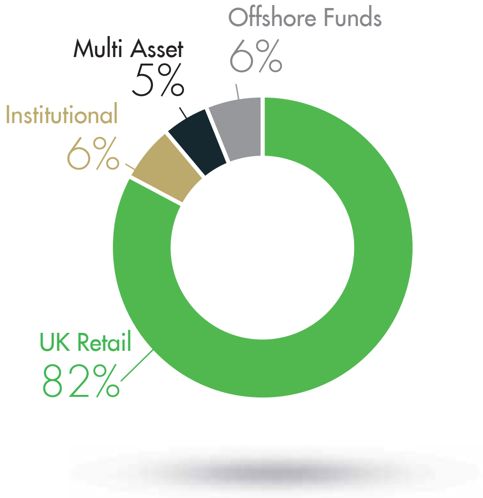
The process is based on the analysis of economic, political, social and cultural developments to identify Macro-Themes. The fund managers define a Macro-Theme as an undiscounted, structural change in the process of realisation; and the related passage to theme maturity as the macro-trend. The fund managers 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.

"I never cease to be surprised by investors' love of story-telling and the extent to which this impacts asset prices and ultimately distorts valuations. But I won't complain because this provides opportunities for the rest of us."

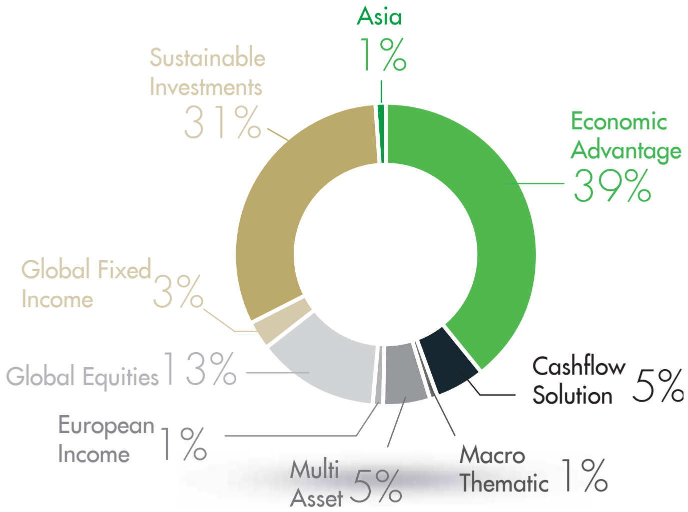
Jamie Clark

Split of AuMA

By product type



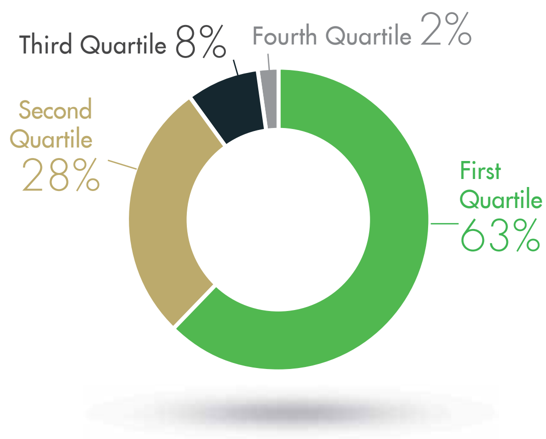
By investment process



UK Retail fund performance

The strength of Liontrust's fund management capability is shown by the weighted average AuMA 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 – AuMA 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:

	Quartile ranking – Since Launch/ Manager Appointed	Quartile ranking - 5 year	Quartile ranking - 3 year	Quartile ranking - 1 year	Launch Date/ Manager Appointed
Economic Advantage funds					
Liontrust UK Growth Fund	1	1	1	1	25/03/2009
Liontrust Special Situations Fund	1	1	1	1	10/11/2005
Liontrust UK Smaller Companies Fund	1	1	1	1	08/01/1998
Liontrust UK Micro Cap Fund	1	-	1	1	09/03/2016
Sustainable Future funds					
Liontrust Monthly Income Bond Fund	3	2	4	4	12/07/2010
Liontrust SF Managed Growth Fund	2	1	1	1	19/02/2001
Liontrust SF Corporate Bond Fund	2	2	4	4	20/08/2012
Liontrust SF Cautious Managed Fund	1	1	1	1	23/07/2014
Liontrust SF Defensive Managed Fund	1	1	1	1	23/07/2014
Liontrust SF European Growth Fund	1	1	1	1	19/02/2001
Liontrust SF Global Growth Fund	3	1	1	1	19/02/2001
Liontrust SF Managed Fund	2	1	1	1	19/02/2001
Liontrust UK Ethical Fund	2	1	1	1	01/12/2000
Liontrust SF UK Growth Fund	2	1	1	1	19/02/2001

Source: Financial Express to 31 March 2020 as at 6 April 2020, bid-bid, total return, net of fees, based on primary share classes. Past performance is not a guide to future performance, investments can result in total loss of capital. The above funds are all UK authorised unit trusts or UK authorised ICVCs (primary share class).

	Quartile ranking – Since Launch/ Manager Appointed	Quartile ranking - 5 year	Quartile ranking - 3 year	Quartile ranking - 1 year	Launch Date/ Manager Appointed
Global Equity funds[1]					
Liontrust Balanced Fund	1	1	1	1	31/12/1998
Liontrust China Fund	3	3	3	2	31/12/2004
Liontrust Emerging Market Fund	2	2	3	3	30/09/2008
Liontrust European Opportunities Fund	2	4	4	4	29/11/2002
Liontrust Global Smaller Companies Fund	1	2	1	3	01/07/2016
Liontrust Global Alpha Fund	1	1	1	1	31/12/2001
Liontrust Global Dividend Fund	2	2	1	1	20/12/2012
Liontrust Global Equity Fund	1	2	1	1	31/12/2001
Liontrust Global Technology Fund	2	1	1	3	15/12/2015
Liontrust Income Fund	1	1	1	2	31/12/2002
Liontrust Japan Equity Fund	3	1	4	3	22/06/2015
Liontrust Japan Opportunities Fund	1	4	4	4	30/09/2002
Liontrust UK Mid Cap Fund	1	4	4	4	15/12/2008
Liontrust UK Opportunities Fund	2	4	4	3	29/12/2006
Liontrust US Income Fund	3	3	3	3	30/09/2010
Liontrust US Opportunities Fund	1	3	1	2	31/12/2002
Macro Thematic, Cashflow, Asia Income and European Income funds					
Liontrust Macro Equity Income Fund	1	4	3	3	31/10/2003
Liontrust Macro UK Growth Fund	2	4	4	4	01/08/2002
Liontrust European Growth Fund	1	1	3	2	15/11/2006
Liontrust Global Income Fund	4	4	4	4	03/07/2013
Liontrust Asia Income Fund	2	3	4	3	05/03/2012
Liontrust European Income Fund	4	4	4	3	15/12/2005
Liontrust European Enhanced Income Fund (Hedged)	4	4	4	3	30/04/2010

Source: Financial Express to 31 March 2020 as at 6 April 2020, bid-bid, total return, net of fees, based on primary share classes. Past performance is not a guide to future performance, investments can result in total loss of capital. The above funds are all UK authorised unit trusts or UK authorised ICVCs (primary share class).

[1] Liontrust Latin America Fund, Liontrust Russia Fund and Liontrust India Fund are not included as they are in IA sectors that are not rankable (e.g. Specialist and Unclassified) as it would not be a fair comparison to make.

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 2020:

FT Adviser 100 Club Awards 2019
Mixed Asset Fund of the Year
Liontrust Sustainable Future Absolute Growth Fund

FT Adviser 100 Club Awards 2019
UK Smaller Companies fund of the year
Liontrust UK Smaller Companies Fund

FT Adviser 100 Club Awards 2019
Small to Mid Investment Group of the year
Liontrust Asset Management PLC

Portfolio Adviser Fund Awards 2020
Best ESG Fund
Liontrust SF Global Growth Fund

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Sales and Marketing review

Liontrust generated net inflows of £2.7 billion in the financial year to 31 March 2020, which was an increase of 52% over the previous year. This helped to raise assets under management and advice (AuMA) to £16.1 billion.

Key to this success has been the outstanding performance of many of our funds, the belief of our clients in Liontrust and the funds, the power of our brand and the strength of sales and marketing.

This was reflected in the fact that Liontrust had the 6th highest net retail sales in the UK for the calendar year 2019, according to The Pridham Report, which analyses flows for the asset management industry. This momentum continued into the 1st quarter of 2020, when Liontrust had the 5th highest net retail sales and the 8th highest gross retail sales in the UK.

This success is epitomised by the Sustainable Investment team. Since joining Liontrust on 1 April 2017, the AuMA of the team has more than doubled from £2.3 billion to £5.0 billion on 31 March 2020.

Research has shown that the Liontrust Sustainable Investment team is regarded as the best for sustainable investment among professional intermediaries (25% of those asked) and private investors (23%) (source: Research in Finance).

When advisers were asked recently by consultants and rating agency Square Mile which asset manager has the best messaging for their ESG strategy, Liontrust came top with 36%. The second placed asset manager had 16% of the votes.

Such is the growing interest in sustainable investing that we held our first dedicated conference in London in September 2019. Presenters included institutional fund buyers, companies which our Sustainable Investment team invest in, Jonathon Porritt and Leo Johnson.

While the retail market has primarily driven sales of our sustainable funds, there is growing interest from institutional investors and we are optimistic about increasing flows from non-UK investors. Liontrust has exclusive distribution deals with ABN Amro and SEB in continental Europe for the GF Sustainable Future Pan-European Growth Fund.

The acquisition of Neptune Investment Management on 1 October 2019 increased our European sales team to six, enabling them to cover the wholesale market across the continent.

Following the successful integration of Neptune, we have been promoting a number of the team's funds, including Income, Global Dividend and Global Equity.

We have expanded and enhanced the way in which we communicate with investors. This has included fund manager webinars for clients, podcasts, videos and promoting our views and insights via social media and other digital platforms, along with advertising, PR and events.

The awareness that Liontrust has generated has been shown by the fact that we are ranked 5th out of all asset managers for most recalled advertising among private investors.

The success of our digital marketing is shown by the fact that traffic to the Liontrust website was 60% higher in the 1st quarter of 2020 than the first three months of 2019 while LinkedIn drove 58% more traffic to the website over the past year.

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 ensuing that they deliver value to all our stakeholders.

Our three key operations teams (together, the "**Operations Team**") are:

- Operational Oversight team which is responsible for the oversight of our custody, middle office (transaction matching, corporate action management, derivatives management and reconciliations), fund accounting/valuation/pricing service providers and our transfer agency outsourced provider;
- Technology team, which focuses on the development and implementation of a cloud-based server infrastructure, IT support, delivery of IT hardware upgrades, the maintenance of a higher quality technology environment that supports the business and data governance, quality and management systems and services;
- 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, and maintain consultant databases.

The Operations Team have, in the last 12 Months, achieved the following:

- Worked with Alpha Financial Markets PLC ("**Alpha**"), external consultants, to produce the Operations & IT Due Diligence Report on Neptune Investment Management Limited ("**Neptune**") prior to entering into the Sale & Purchase Agreement ("**SPA**") in relation to the acquisition of Neptune.
- Successfully integrated the internal operational and technology aspects of the Global Equity funds following the acquisition of Neptune Investment Management Limited, which completed on 1 October 2019, including moving all Neptune staff from their Hammersmith office to our 2 Savoy Court office in February 2020; (The Hammersmith office is currently available as additional overflow office space that may be used given potential social distancing requirements in any return to work programme post COVID-19 pandemic)
- Successfully transferred the Depositary, Custody, Fund Accounting and Valuation services for the Global Equity funds from State Street to BNY Mellon in January 2020;
- Transferred the Investment Book of Records ("**IBOR**") from in-house systems to BNY Mellon, including cash and stock reconciliations, corporate action management and derivatives management services;
- Started the project to transfer the Transfer Agency services our Global Equity funds from SS&C Technologies to BNY Mellon, which completed in June 2020;
- Appointed Ross Carmichael as the Group's Chief Technology Officer on 2 January 2020, with responsibility for designing, developing and implementing technology and data strategies for the Liontrust group, operational delivery of the Technology function, managing the Technology team and managing relevant supplier relationships. Ross Carmichael reports to Vinay Abrol, Chief Operating & Chief Financial Officer;
- Worked with Alpha, to implement CuriumEDM (enterprise data management) and CuriumDQM (data quality management), and to complete a project reviewing the target operating model for our Data Governance, Quality and Management team;
- Appointed ThirdSpace, an IT Security company as our virtual Chief Information Security Officer to the Group. They have supported Liontrust in identifying and implementing improvements through a review of IT Security practices in 2019, leading to a series of recommendations around security and compliance. During the period we have also renewed our Cyber Security Essentials accreditation and had no data breaches;
- Enhanced our Microsoft integration with the use of Skype for Business for Telephony, an upgrade of all PC's to Windows 10 Operating system and the migration of all hosted servers to Microsoft Azure, including a data centre failover test;
- Increased governance, data quality awareness and data transference capability by integration of Alteryx, Tableau and Python by the Portfolio & Data Insights team;
- GIPS verification for Liontrust funds for 2018 and combined Group verification, and transitioning from tactical spreadsheets to FactSet tools;
- Enhanced use of FactSet/UBS Delta/Morningstar/Style Analytics tools by the Portfolio & Data Insights team;
- Revamped the Factsheet process to cut production times, facilitate the use of Tableau as a strategic solution, and enhanced content provision to the Portfolio Risk Committee; and
- Successfully managed the technology and operational challenges (including oversight of administrators) of moving all employees and members to working from home in March 2020.

Financial review

Financial performance

Profit before tax decreased to £16.508 million (2019: £22.172 million as restated). The profit before tax for the year includes £9.7 million of acquisition and reorganisation costs incurred as a result of the acquisition of Neptune.

Adjusted profit before tax*, which adjusts for share incentive costs, depreciation and amortisation costs and other costs relating to the acquisition and reorganisation of Neptune Investment Management Limited increased to £38.054 million from £30.093 million last year, reflecting the increased fund flows and growth in AuMA.

Table (a) Analysis of financial performance

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 (restated)# £'000	Year on Year Change
Gross profit ex performance fees	105,628	84,600	25%
Performance fees	1,004	32	3038%
Realised & unrealised gains or losses	(283)	25	-1232%
Contingent consideration	-	(88)	-100%
Administration expenses	(89,711)	(62,407)	44%
Profit before tax	**16,638**	**22,162**	-25%
Adjustments - see note 7 on page 112	21,546	9,421	129%
Finance cost	(148)	-	
Adjusted operating profit	**38,036**	**30,083**	26%
Interest receivable	**18**	**10**	80%
Adjusted profit before tax	**38,054**	**30,093**	26%

See note 7 on page 112 for reconciliation of adjusted profit before tax to profit for the year.

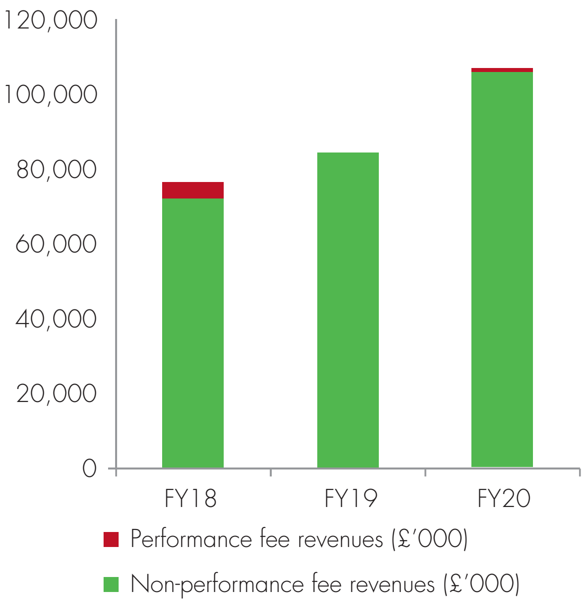
* This is an alternative performance measure ('APM'). See page 33 for further details.

Restated see Note 1(v) on page 106

Gross Profit

Gross Profit excluding performance fees increased by 25% compared to last year and by 46% compared to two years ago. (see Figure 2 below).

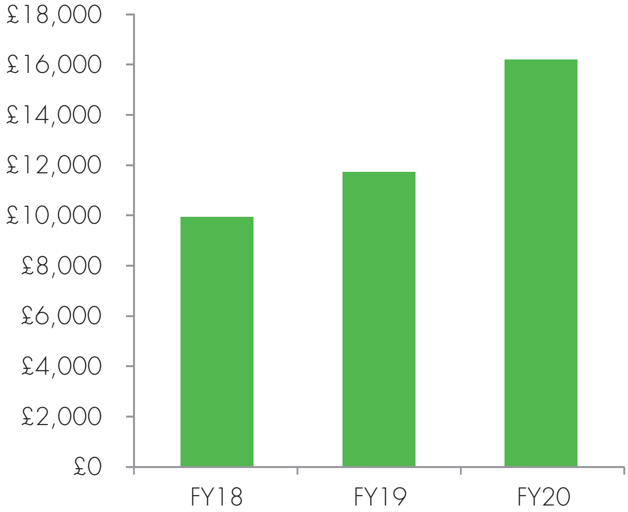
Figure 2 – Gross profit £'000



Average AuMA*

Average AuMA increased by 38% compared to last year and by 63% over two years (see Figure 1 below), reflecting acquisition, net flows and market performance.

Figure 1 – Average AuMA* £'million

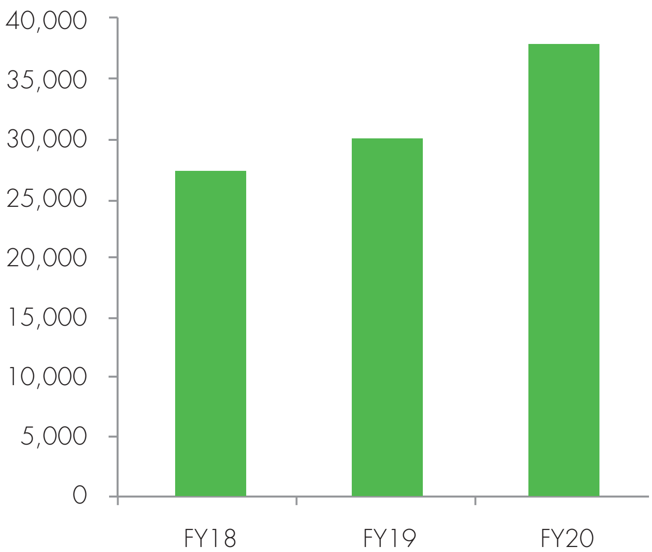


* This is an alternative performance measure ('APM'). See page 33 for further details.

Profit and operating margin

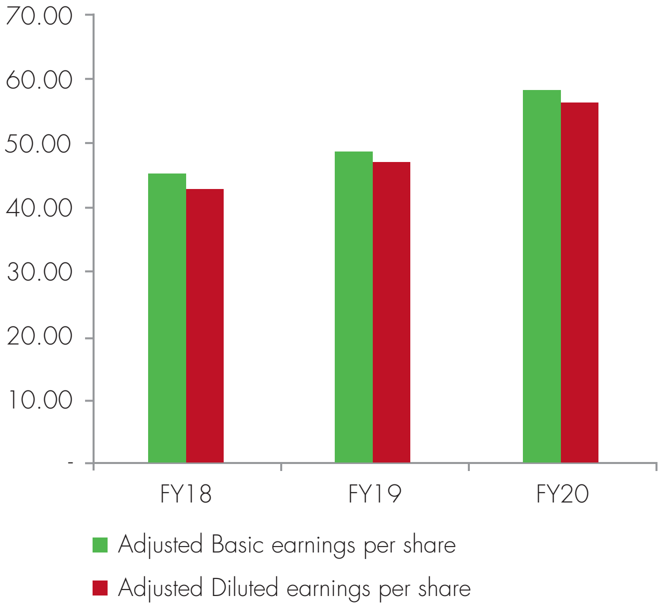
Adjusted operating profit* increased to £38.036 million from £30.083 million last year and from £27.375 million two years ago reflecting the increase in average AuMA, this in turn is reflected in strong growth in basic and diluted earnings per share (see Figures 3 and 4).

Figure 3 – Adjusted profit before tax* £'000



* This is an alternative performance measure ('APM'). See page 33 for further details.

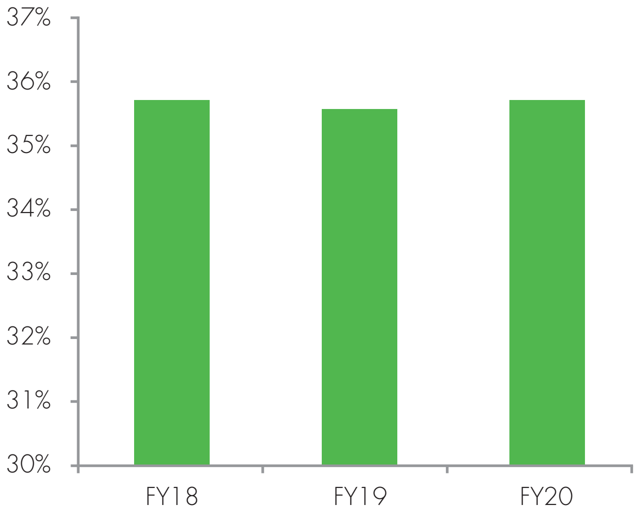
Figure 4 – Adjusted basic and diluted earnings per share* (pence)



* This is an alternative performance measure ('APM'). See page 33 for further details.

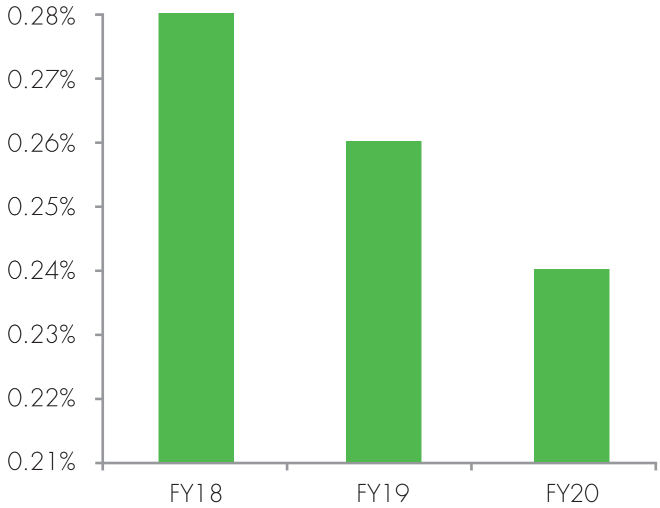
Adjusted operating margin (calculated as Adjusted operating profit divided by Gross profit) reflects the strong operating gearing in the business (see Figure 5 below).

Figure 5 – Adjusted operating margin*



* This is an alternative performance measure ('APM'). See page 33 for further details.

Figure 6 – Adjusted operating profit before tax* as % of Average - AuMA



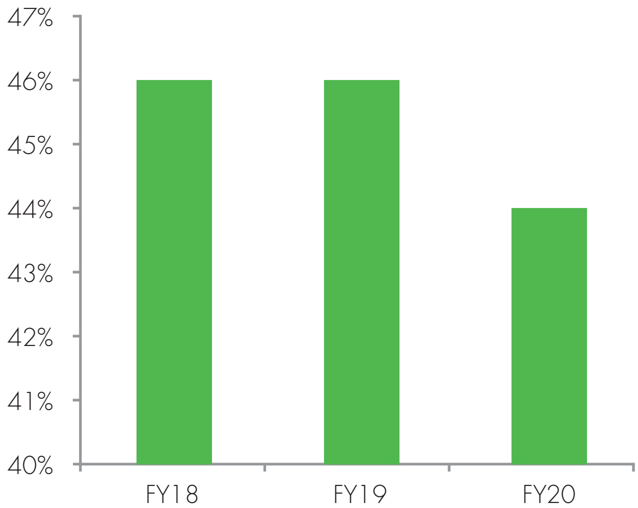
Adjusted for expenses for share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

* This is an alternative performance measure ('APM'). See page 33 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 reflecting increased revenues and cost controls. (see Figure 7 below).

Figure 7 – Director, employee and member related expenses as a percentage of Gross profit (including performance fees)*

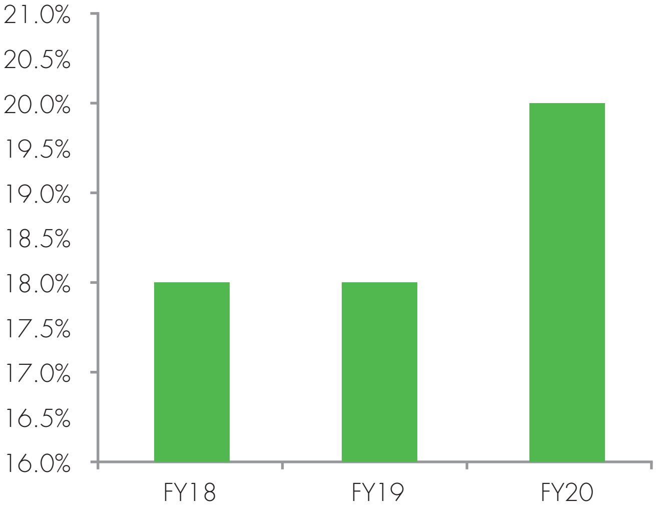


Member and employee related costs are the sum of Director and employee costs, pensions, members drawings charged as an expense, and members' advance drawings (where applicable).

* This is an alternative performance measure ('APM'). See page 33 for further details.

Other administration expenses as a percentage of Gross Profit is at 20% (2019: 18%), (see Figure 8 below).

Figure 8 – Other administration expenses* as a percentage of Gross profit including performance fees



* This is an alternative performance measure ('APM'). See page 33 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 24.0 pence per share (2019: 20.0 pence) which will result in total dividends for the financial year ending 31 March 2020 of 33.0 pence per share (2019: 27.0 pence) (See Figure 9 below). This reflects a dividend margin (dividend per share divided by Adjusted diluted earnings per share excluding performance fees) of 59% (See Figures 9 and 10 below).

Figure 9 – Dividend per share (pence)

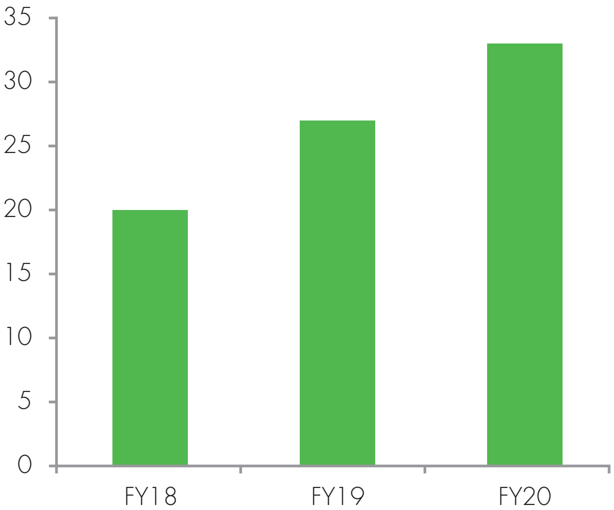
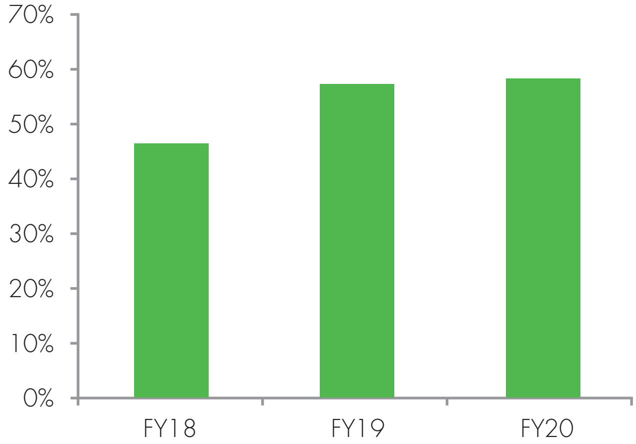


Figure 10 – Dividend margin*



* This is an alternative performance measure ('APM'). See page 33 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 2018 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 2023. 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. Given the market volatility and economic uncertainty due to the COVID-19 pandemic, management produced additional sensitivity scenario analysis for the strategic forecast and has considered mitigating actions should any of these scenarios occur. 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 (which include: professional fees relating to acquisitions cost reduction; restructuring and severance compensation related costs).

Reconciliation: Note 7 on page 112.

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 112.

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 112.

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 109.

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 significantly 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 113.

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 113.

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 113.

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 110 and 111.

Dividend margin

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

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 and Advice ('AuMA')

Definition: the total assets managed or advised by the Group.

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

Reason for use: AuMA 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 and Advice

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

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

Reason for use: Average AuMA shows AuMA 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 49, 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/Examples
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	Discrimination, workers' compensation, employee and Workplace Safety health and safety
Clients, Products, & Business practice	Market manipulation, antitrust, improper trade, product
Damage to Physical Assets	Natural disasters, terrorism, vandalism
Business Disruption & System failures	Utility disruptions, software failures, hardware failures and disruption due to external events such as war or pandemic
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 worked on integrating the Neptune business over the last six months with most activities now fully transferred. The remaining work relates to the change of Authorised Corporate Director and transfer agency. There has been a higher risk of operational failures over this period due to the change of systems, controls and procedures as well as changing staff responsibilities. The Group made a significant investment in project oversight and appropriate resourcing, which has mitigated the risks and Liontrust has devoted considerable management time to minimise operational risk arising from the integration.

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 this year have appointed a virtual Chief Information Security Officer to ensure we have the right infrastructure and defences in place. Liontrust also 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.

Climate Change
There are multiple impacts of climate change on companies. Liontrust may be impacted directly, via our outsource partners or through our investments in companies on our clients behalf. The impacts may come from physical risks (extreme weather events, or supply shortages) or from exposure to transition risks which arise from society's response to climate change (technological change, social upheaval or regulation). These can change business costs, alter the viability of products or services, or alter asset values. There are also legal costs and potential liabilities for climate-related actions. Further information on our efforts to manage this risk and integrate sustainability throughout our business is in the section "Our People, Sustainability and Our Corporate Responsibilities on page 37.

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. This is mitigated by the Group's variable cost base as described in the Market risk section above.

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. Our governance and leadership help to ensure that the Group remains competitive and does not lose focus.

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 and Liquidity risk
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. Over the last year we worked on meeting the new requirements that came out of the Asset Management Market Study including the new governance requirements as well as implementing the senior managers regime. We continue to work on our value assessment project and will publish later this year.

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.

Other Principal risks:

Listed below are other emerging key risks that cut accross our risk categories.

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. The majority of these are complete, but we remain vigilant as the negotiations on the future trade agreement continue in case we need to act further, although at present 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.

In the last year we set up a MiFID licenced subsidiary in Luxembourg (Liontrust International Luxembourg SA) to replace our existing branch to ensure we can continue to market our funds and services into the EU. We also completed a number of changes to our offshore fund range for European clients' needs and to ensure we meet the regulations once the UK is a third country.

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.

COVID-19

As well as serious implications for health, COVID-19 (coronavirus) is significantly impacting businesses and the economy and may result in once in a generational change to people's lives.

The recent pandemic has caused significant changes to our working practices and operations. Liontrust moved from the initial stage of setting up/testing working from home ("WFH") capabilities for all departments, to 50% or more of departments WFH, and then to full WFH for all members of staff, other than a small technology group located at our London office. We are now in the position where it is business as usual other than having the physical presence in the office. Our operational resilience and continuity planning were based around the technology for working from outside of our main office and we continue to strengthen our systems and infrastructure to support this.

WFH does bring additional risks and challenges: a reliance on individual's internet connectivity, more digital controls, changes in sales techniques, more digital marketing, video client meetings and webinars. There are also the medium-term challenges of working digitally including reinforcing our culture remotely, developing and delivering online projects and improving productivity, recruiting talent and managing successful teams outside of the office.

Liontrust is also at risk from the potential medium to long term impact on the economy, further falls in the markets or possible mass unemployment reducing people's ability to save or invest.

We continue to consider the impact of these scenarios and any other emerging risks in our business decisions as well as in our capital planning, Liontrust is well capitalised and positioned to weather these changes and take advantage of the opportunities arising.

Our People, Sustainability and 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.

Liontrust produced its inaugural sustainability report which complements and expands on the information summarized in this section.

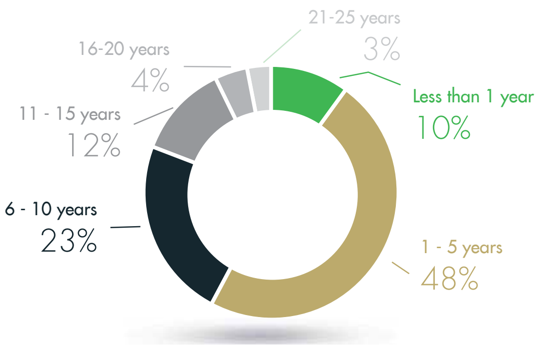
Our People

Liontrust's assets are our people. We are proud of the people who work at the company and we are investing in their training, qualifications and development as part of our strategy to retain talented fund managers, partners and employees. We are seeking greater diversity across the company as we believe this enhances the performance of businesses and leads to better decision making.

Staff engagement and development

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 rises with seniority.

Average Years' Service



We engage with our staff at regular intervals, encourage active Liontrust equity participation and promote ownership, accountability and responsibility for their contribution to Liontrust's success.

In February, we undertook our inaugural workforce engagement survey. The overall response rate was 69%, compared to an industry average of around 60%. Our engagement index was 81%, sitting 5% above the norm (The Group has been compared against a general normative databse of survey responses from over 150 organisations, across a variety of sectors. All surveys have been conducted within the last 3 years). The survey was benchmarked against the 5 pillars of engagement: Engaging Managers; Employee Voice; Realising Potential; Organisational Integrity and Compelling Leadership - we scored above the norm for each and every pillar.

During the year, Liontrust established a Workforce Advisory Committee with representatives from across the business including two members of the Management Committee. The purpose of this Committee is to advise the Management Committee and the Board on issues relating to the workforce, ensuring all colleagues have the skills, motivation and opportunity to develop and grow.

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

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. In the last year we have switched to a new learning management system to enhance our internal 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.

Liontrust recognises the importance of an appropriate work-life balance, both to the health and welfare of employees and to the business. The recent move to working from home and all the associated challenges of home schooling has increased our focus on supporting employees and overcoming the challenge of maintaining our culture with additional training and communication initiatives.

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

We have continued to embed our succession planning framework for directors and key executives; systematically identifying and reviewing potential successors and focusing on providing them with appropriate managerial and leadership training.

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 committed to greater diversity, including gender, and the benefits that this will bring to the business.

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. The Group now has a diversity policy and Senior Management and the Board believe greater diversity will enhance the performance of the business.

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. We now have a formal diversity policy, and senior management and the Board believe that greater diversity across the Group will enhance the performance of the business.

As at 31 March 2020, Liontrust's total of 163 employees/ partners was broken down as follows. (incl. the Board)

2020	Male	Female
Employees	76	46
Directors	5	2
Members of LLP's	31	3

To achieve greater diversity, we have set up graduate and intern schemes which aim to attract more young women into the industry and offer employment to younger people from diverse backgrounds, where they may not have otherwise had the opportunity to start their career in the industry. We are active members of the 30% club investor group and have included support for similar levels of diversity in our voting policies for the companies we invest in.

We ensure there is 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.

Liontrust's current gender balance is broadly 70:30/male:female with men predominating in more senior positions. This reflects the history of the asset management industry and is typical of the financial industry as a whole. The Board and senior management are actively seeking to address this. Senior management have been working to implement our aspirations and putting in place the strategies; the policy changes; and the culture changes that are required to address the gender balance and gap at Liontrust.

We have explicit gender diversity targets in the remuneration and performance targets of the executive directors to help ensure that change happens.

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. Although the gender pay and bonus gaps between female and male employees could be expected to gradually decline as we continue to recruit and develop senior female talent across the business both the Board and senior management are seeking to transition the business more quickly.

Opportunities for training and career development are made equally available to all. Promotion within the Company is based on personal merit and the reasonable requirements of the job.

In order to further develop the existing staff and as part of a wider learning strategy, Liontrust encourages coaching and mentoring opportunities. The development of a pipeline of talented and diverse employees through both the internship programme and through coaching and mentoring will be fundamental to increasing diversity.

Remuneration

We maintain a remuneration approach that promotes a strong customer centric culture, as well as risk awareness and performance with a good alignment of staff, investor and shareholder interests.

Liontrust has a remuneration policy that aims to reward staff equally for doing equivalent jobs, at an identical level of performance and experience.

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.

Sustainability and corporate responsibility

Liontrust takes seriously our role as custodians of client assets and are committed to environmental, social and governance (ESG) initiatives. The Liontrust Sustainability Report 2020 shows in detail how we are building sustainability into our business and our plan for being a responsible and transparent investor, employer and good corporate citizen.

Stewardship for our investments

Liontrust recognises that good governance & stewardship, sustainability and social impact are important considerations in choosing and monitoring investments and longer-term performance. In particular, we have committed to integrate sustainability appropriately throughout the business in order to:

- enhance returns and risk management;
- demonstrate effective consideration of ESG exposures;
- exercise responsible stewardship of investee companies; and
- show the positive impact our investment management activities have on our clients and wider society.

In 2020, Liontrust established a Sustainability and Stewardship Committee "SSC" chaired by the Chief Executive Officer. The SSC is supported by a Working Group with representatives from the firm to facilitate the development and implementation of our Sustainability strategy.

We are working on achieving the following:

- Enhancing our ESG data & analytics for all our strategies;
- Continuing to train our investment staff;
- Investing in our company engagement capacity and resourcing;
- Disclosing how we integrate sustainability in each strategy and across the group;
- Increasing our reporting for portfolios with their ESG and climate characteristics; and
- Improving our aggregated group reporting.

Our Governance and Stewardship team co-ordinate the Group's overarching approach: producing ESG reporting; climate and emissions analysis; drawing up and implementing our voting policies; and engaging with companies. The team support our fund managers, helping to integrate and enhance sustainability for all our clients.

Liontrust's proprietary investment processes integrate stewardship and sustainability into the stock selection and portfolio construction process to different extents. Just under 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 fully integrated sustainable investment approach.

As part of our commitment, we are signatories to a number of industry initiatives in this area.

- 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.

  Liontrust's wider approach to the PRI's six responsible investment principles were assessed in 2019 by the UN PRI for the year ending 31 December 2018 and a summary of the results are:

  A+ for Strategy & Governance

  A Listed Equity - Incorporation

  A Listed Equity - Active Ownership

  A Fixed Income

  The 2019 assessment transparency report is available on our website.

- The *Financial Reporting Council's Stewardship Code*, 12 principles for stewardship including the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. Liontrust will report against the 12 principles of the revised code in March 2021. For further details on Liontrust's response to the former Stewardship code and how Liontrust complies with the responsibilities laid out in the code, please visit our website.

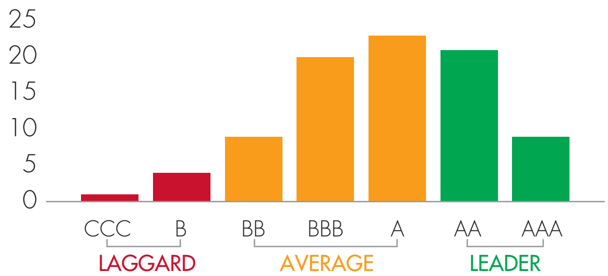
- The *Financial Stability Board's Task Force on Climate-related Financial Disclosures*, voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. Please see the section on Climate-related Financial Disclosure below for further details.

Liontrust has continued to invest in additional, specialist resources to increase our commitment to integrating ESG throughout the business, including into our investment processes and risk analysis with dedicated governance and stewardship staff.

During the year, Liontrust engaged MSCI ESG manager for all investment teams providing ESG ratings, ESG controversy monitoring and carbon analytics of all portfolios, which empowers our investment managers to consider ESG issues in their decision-making processes for each strategy as well as providing group wide analysis and action.

The chart below shows the distribution of the MSCI ESG ratings of our holdings as at 31 March 2020 and a slight increase in the **leading rated AA and AAA** companies in the portfolios scores from last year (2020:30% 2019: 29%), and a very slight decrease in the **average rated BB,BBB, A** companies in the portfolios (2020:52% 2019: 53%), and a slight decrease in the **laggard rated B, CCC** companies in the portfolios score from last year (2020: 5% 2019: 3%):

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.

Environment and Climate

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. We are signatories to the Taskforce on Climate-related Financial Disclosures, please see below for our disclosures. Liontrust is not a significant producer of emissions, or consumer of water and we consider our direct climate-related impact to be limited.

Liontrust are committed to understanding and reducing our operational greenhouse gas (GHG) emissions and this year we have worked with Carbon Intelligence to calculate our Scope 1 and 2 emissions for the period ending 31 March 2020. We plan to analyse and understand our indirect scope 3 emissions and identify where the material emissions are. We have started to engage with our key suppliers as part of this process. We disclose more detail on this along with a revised target to reduce emissions in the Liontrust Sustainability Report 2020 which is available on our website.

Green House Gas Emissions performance

The following information summarises our direct environmental performance over the reporting year ending 31 March 2020. This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

During the reporting period our measured Scope 1 and 2 emissions (location-based) totalled **2,683** tCO2e. This comprised:

Greenhouse Gas Emissions Scope (tCO_2e)	FY 2020		
	UK	Luxembourg	Total
Scope 1	255	0	255
Scope 2 – location-based	2,428.1	0.7	2,428.8
Scope 2 – market-based	31.6	0	31.6
Total Scope 1 & 2 (location-based)	2,682.9	0.7	2,683.6
Total Scope 1 & 2 (market-based)	286.4	0	286.4
Scope 1 & 2 intensity per FTE* – location-based	17.1	0	17.1
Scope 1 & 2 intensity per FTE* – market-based	1.8	0	1.8

* *The emissions intensity calculation is based on a figure of 157 employees in 2020.*

Overall, our emissions intensity for Scope 1 and 2 emissions (market-based) were 1.8 tCO2e/FTE.

During the year, our electricity consumption totalled **9,504** MWh, of which **99.9%** was consumed in the UK. The split between fuel and electricity consumption is displayed below.

Energy consumption (MWh)	FY 2020		
	UK	Luxembourg	Total
Electricity	9,500	4	9,504

Our London office replaced the lighting on all our floors to move to LED bulbs with improved energy efficiency. We will look to assess further opportunities to reduce energy consumption in the future, but this may be limited due to the age of our office space. In our London and Luxembourg offices, which account for over 98.8% of our overall electricity consumption, we purchase all our electricity from 100% renewable sources.

Indirect emissions (Scope 3)

We identified the air, rail travel and mileage components of our indirect scope 3 emissions from business travel, which emitted 108.65 tCO2e, as a material source of GHG emissions and committed to offset this for the period. More detail on business travel emissions as well as the offset projects will be disclosed in the Liontrust Sustainability Report 2020.

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. We have an emissions target, which is to reduce our Scope 1 and 2 emissions intensity per member of staff each year.

Liontrust has previously disclosed its scope 1 & 2 emission intensity by utilising landlord estimated data which identified an emissions intensity per member of staff (employees and members) in 2019 as 0.67 tC02 per annum. Following our work with Carbon Intelligence, we have identified that previous years' data was significantly understating our actual emissions and means that direct comparisons are not valid. We will continue to work on improving our data and reducing our emissions to meet our target in the future.

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.

Carbon Offsetting

Liontrust will purchase 364 tonnes of carbon offsets against our scope 3 business travel and scope 1 emissions incurred during the year, supporting two projects via the Gold Standard offsetting scheme to include safe water access in Rwanda and solar cooking for refugee families in Chad.

Environmental KPIs 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 2020, Liontrust recycled on average 11,000kg*of materials saving 16,000kg of CO2 (year to 31 March 2019: 9,500kg*, 13,700kg CO2).

The Sustainability and Stewardship working group monitors the KPIs as part of their review of the ESG policy.

Climate-related Financial Disclosure

We believe that climate change will be a defining driver of the global economy, society and financial markets in the future, and that investors will be unable to avoid the impacts of this. We have been a supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) since September 2018. TCFD seeks to provide investors with increased awareness of climate-related risks and opportunities, and we support this objective. We support the TCFD through our operational activities, engagement with investee companies and work with partner organisations.

We have been signatories to the Carbon Disclosure Project (CDP) since 2017. Throughout the year, we endorsed the 2019 Global Investor Statement to Governments on Climate Change and a member of the Sustainable Investment team joined the PRI Investor Working Group on the Just Transition.

We have structured this update in accordance to TCFD recommendations, providing insight into governance, strategy, risk management, and metrics and targets related to climate change. In order to best describe our efforts, we will report on Liontrust as a corporate on how we address climate change risks in our operations and business within the environmental section of this report and separately describe how we manage climate change risks in our investment portfolio on behalf of our clients under the TCFD recommendations.

Governance

The Group Board is responsible for Liontrust's corporate obligations, including our obligations as a PRI signatory and under the various other commitments we have made on ESG issues such as the TCFD. This includes reviewing executive actions and ensuring that the report and accounts and other reporting provides a full and fair account of our activities. The Board ensures that climate related issues are included in strategy discussions. Overall responsibility for climate-related risks and opportunities lies with the Chief Executive Officer.

The Board keeps these reporting obligations under review and receives a regular report on the Group's Governance and Stewardship activities at each meeting and holds the management team to account at these meetings.

In 2020, Liontrust updated the governance framework and established a Sustainability & Stewardship Committee chaired by the Chief Executive Officer. Part of the remit is oversight and accountability of climate-related issues. This committee is supported by a Working Group chaired by the Chief Risk Officer who have implementation responsibilities.

Strategy

Liontrust are not legally obliged to report on the TCFD recommendations, however we endeavour to be transparent by reporting on our trajectory. The TCFD recognises that climate-related disclosure is a journey for many companies that will evolve over time organisations, investors, and others contribute to the quality and consistency of the information disclosed.

In 2019, Liontrust have become familiar with the TCFD recommendations, established board-level oversight and an internal climate-risk management process, developed an implementation plan and aligned the governance structures around delivery of this plan, provided appropriate training and guidance to the Board, conducted portfolio analysis and identified the highest carbon emitting companies held across portfolios.

Liontrust engaged MSCI Carbon Analytics for all investment teams to provide detailed carbon emissions analysis across all portfolios. Analysis of these portfolios has been conducted and identifying the highest carbon emitting companies held across portfolios, we will endeavour to engage with these companies throughout 2020. This analysis however does not identify transitional and physical climate related risks and opportunities. We are currently in talks with service providers to procure data that captures the effects of these risks on a systematic basis.

* *information only available for 2 Savoy Court.*

In the absence of a formal process currently in place, we expect our fund managers to perform due diligence by using a common sense approach in implementing these climate related risks into their investment decision making, such as consideration of the effects of carbon pricing, substitution of existing products and services with lower emissions options, changing customer behaviour, stranded assets etc. Our fund managers access third party research from a number of providers which often contain this analysis on a company or sectoral basis.

Following our analysis and work throughout the year, we are now in a position to take the following steps in 2020:

- Approve our strategy and approach towards climate risk at Board level.
- Finalise the integration of climate risks in the Group's investment risk management.
- Expand our coverage of climate risk in our risk framework.
- Continue to support the fund managers with tools and appropriate training.
- Implement our monitoring plans.
- Start to engage with those companies with significant emissions across all portfolios.

We endeavour to have the following steps fully integrated by the end of 2021:

- Full integration of Climate Change risk within the risk management framework.
- Full integration of Climate Change risk within investment risk and portfolio analysis.
- Disclose how the organisation is integrating scenarios within its investment management.
- Ensure all appropriate staff are trained on new policies and processes.
- Full engagement programme in place.
- Target full disclosure in the 2021 PRI's climate risk indicators and 2020 / 2021 annual report.

We recognise the challenges highlighted by TCFD, including the variability of climate-related impacts across and within different sectors and markets. As long-term active investors, helping to develop thought-leadership that advances the understanding of risks and opportunities related to climate change aligns with the commitment to investor stewardship we have made to our clients.

Risk Management

The Board regularly discusses the potential 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. 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.

Over the last year, we have been working to integrate climate risk into our group risk frameworks. We have introduced various scenarios into our internal capital adequacy assessment program to simulate the impact of climate change into our prudential modelling. The investment risk team are working with MSCI to automate the analysis of climate risk on our portfolios and report these into the fund management teams and into the governance committees in a consistent manner. We are also looking to improve our long-term risk planning for the Group, which will also incorporate climate change into our group wide risk framework as we try and understand how climate change will impact us and our investments.

Metrics and Targets

As at 31 March 2020, 8.4 % of the Liontrust equity and 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 that account for between 70 and 90% of energy-related. The outputs provided in this report provide an analysis of the portfolio relative to an economic transition consistent with limiting global warming to 2°C above pre-industrial levels. The analysis provides answers to the following:

1. What is the current exposure in the portfolio to economic activities affected by the transition to a low carbon economy?

2. Does the portfolio increase or decrease its alignment with a Sustainable Development Scenario transition over the next 5 years?

3. What is the expected future exposure to high- and low carbon economic activities? This report considers an SDS transition.

The analysis covers two asset classes: listed equity and corporate bonds. These are compared to either a portfolio or market, as if they would transition aligned to the SDS. The equity market is represented by all securities from publicly listed companies and the corporate bond market by all companies with outstanding debt from Bloomberg at the end of 2018.

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 75 per cent less carbon dioxide than the markets in which they are invested, have 25 per cent exposure to companies whose products help to reduce emissions and hold 0 per cent 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 at www.liontrust.co.uk/sustainable

We recognise the climate emergency and are committed to developing our analysis and response to climate-related risks and opportunities in order to mitigate the risks and safeguard our client's investments.

In January 2020, the Liontrust Sustainable Investment team who manage over 30% of the company's assets under management launched a 1.5 degree energy transition challenge in which they commit to engaging with companies within their portfolios to ensure that they reduce their absolute carbon emissions to zero and will be report on their findings at the end of 2020.

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.

We have continued to invest in our technology and Cybersecurity remains a key focus for us, especially with the change to working from home. We have appointed a specialist third party to provide the Board with a virtual Chief Information Security Officer (vCISO) to ensure we have the knowledge and skillset to challenge our IT security team. A governance structure overseeing information security with a nominated responsible Board member is in place. The Board has received further training 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 rolled out specialist training following the shift to working from home to ensure staff were aware of the security ramifications for this shift. Further work on improving the technology resilience and capacity is being performed. 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.

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.

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.

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**

Financial Education

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

The six-week programme has helped 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.

From September 2020, we will be expanding Financial Football to reach more primary school children – 500 a year – and will introduce a new maths education programme to increase primary school children's confidence and understanding of this subject.

Phillip Cowler, Literacy and Numeracy Coordinator at Newcastle United Foundation, says: "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."

ZSL
LET'S WORK FOR WILDLIFE

Wildlife Conservation

We have supported the Zoological Society of London (ZSL) for the past eight 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.

Liontrust has also been 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.

ZSL | LET'S WORK FOR WILDLIFE

Enhanced Support During COVID-19
Liontrust has given extra support to existing partners during the COVID-19 lockdown in the following ways:

Newcastle United Foundation
Liontrust funded a range of activities in the community:

- 320 activity packs were distributed to the children of vulnerable families across the region, offering engaging activities to help with their physical and mental wellbeing. The packages were delivered to families identified by the Foundation's partner schools who were in need of support during this challenging time.
- Further parcels were sent to young people engaged with the Foundation's YOLO project, which aims to reduce reoffending and create positive behaviour change.
- Support for job seekers in finding career opportunities during lockdown, providing self-employed participants with financial support and encouraging regular communication between Walking Footballers during the period of self-isolation.
- A donation to the NUFC Fans Food Bank, which has close links with Newcastle West End Foodbank, the largest foodbank in England.

Help for the Homeless
1) Donation to The Connection at St Martin's for supplies for the homeless in accommodation
2) Liontrust took out a subscription to *The Big Issue* for each partner and employee at the Company. This is to help provide an income for street vendors who were unable to sell *The Big Issue* during the COVID-19 lockdown.

ZSL
Liontrust paid for the feed and equipment for the lions at ZSL London Zoo. While ZSL London Zoo was closed it was unable to generate income.

Approval
The strategic Report was approved by the Board on 7 July 2020 and signed on its behalf by:

John Ions
Chief Executive
7 July 2020

Governance

Board of Directors

Alastair Barbour, 67, (Non-executive Director appointed Non-executive Chairman 20th September 2019). 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 and The Bank of N.T. Butterfield & Son Limited.

Mike Bishop, 69, (Senior Independent Director). Joined the Board in May 2011. Mike started in fund management in 1972, working at an in-house pension fund and then a merchant bank before joining Gartmore in 1984. Over 14 years at Gartmore he ran pension funds, served on a number of boards from 1984 including the main board for 9 years. Assets under management grew from £1.5bn to over £45bn. In his executive role he was heavily involved in corporate governance and shareholder activism from the early 1990s. Following 6 years at Morley Fund Management, he joined Hermes as an adviser and non-executive director of its activist funds, chairing the advisory boards of both the UK and European Funds. These funds were transferred to RWC Partners in 2012 where Mike continues to chair the European Fund's advisory board and sits on a number of fund boards.

John Ions, 54, (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.

Mandy Donald, 47, (Non-executive Director). Joined the Board on the 1st October 2019. Mandy is a chartered accountant and spent 18 years with Ernst & Young before steering her focus towards the growth of new companies, serving on the boards of a diverse range of start- up businesses. Mandy is a Trustee of The Institute of Cancer Research, where she is also the Chair of the Audit Committee, she is also a Non-executive Director and Chair of the Audit Committee of Punter Southhall Group.

Vinay Abrol, 55, (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 59 (Non-executive Director) Joined the board in October 2017. Sophia has over twenty years' experience of working with asset managers and corporate executives to in multi-stakeholder dialogues designed to enhance understanding of societal expectations and environmental constraints. As a Founding Partner of Meteos Ltd, Sophia designed and collaboratively ran the PharmaFutures, EnergyFutures and BankingFutures dialogues. She was Chair and co-Executive Director of SustainAbility Ltd from 2004-2009 and prior to that worked for ten years at Oxfam. Sophia has served on a number of commercial, financial, charitable and academic boards and advisory committees and is currently Strategic Advisor to Financing a Just Transition, at the Grantham Research Institute on Climate Change and the Environment, at the LSE.

George Yeandle, 62, (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.

Adrian Collins, 66, (Former Non-executive Chairman – resigned 20th September 2019). 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.

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.

Edward Catton, Chief Risk Officer, 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 34 to 36.

Committee structure and delegation of powers

The Corporate Governance report on page 57 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.

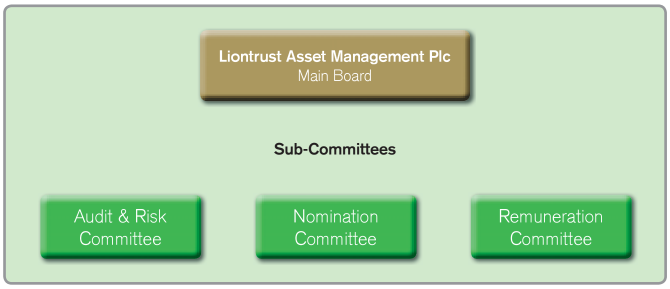


Fig 1: Board and Sub-Committees

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

b) **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).

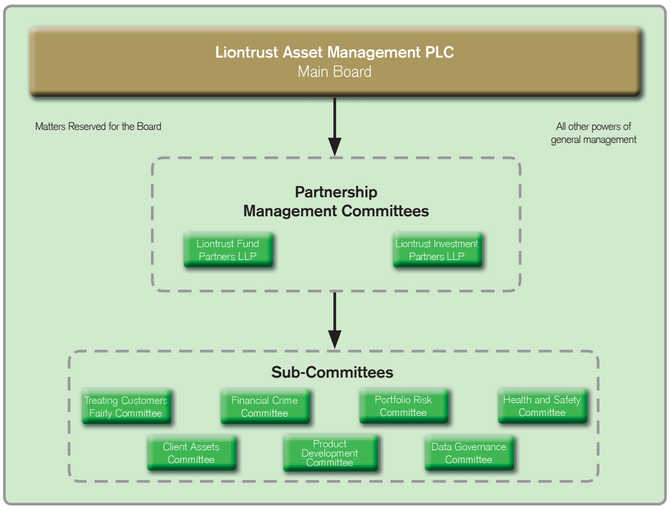


Fig 2: Board and Management committees and sub-committees

Partnership Management Committee Meetings are held regularly over the course of a financial year.

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.

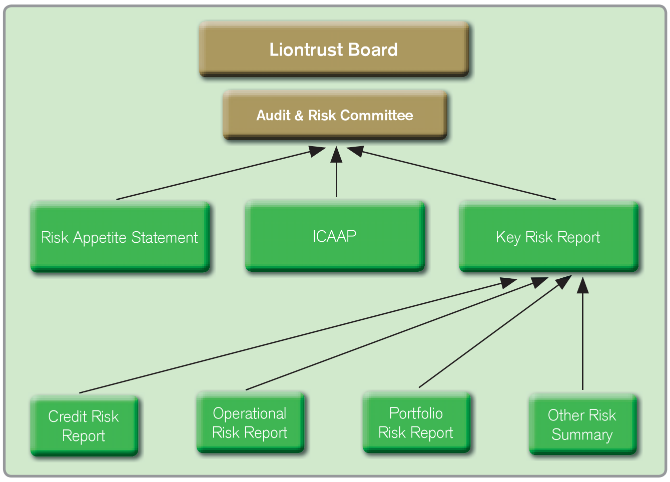
Health and Safety Committee
The Health and Safety Committee ("HSC") is responsible for all health and safety matters for the Group including the health and safety policy statement, any required health and safety related risk assessments for the Group, the first aid requirements, all fire safety and emergency 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, including emerging risks 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.



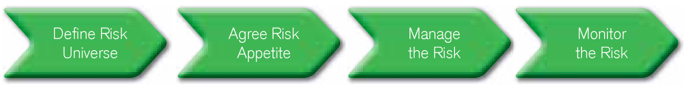
There are three main elements to capturing and reviewing risk within the Group; the Risk Appetite Statement ("RAS"), the Internal Capital Adequacy Assessment Process ("ICAAP") and the regular risk reporting.

- 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 pandemics, 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 8 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

Further details of the risks are listed in the principal risks and mitigations section of the Strategic Report on pages 34 to 36.

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 focused, 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'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 Group 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 Chief Risk Officer highlighting the Principal risks faced by the Group detailing the exposures, controls and mitigations in place;
- reports from the Chief Compliance Officer 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 the virtual Chief Information Security Officer (vCISO) on cybersecurity and data protection measures;
- 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 indicators 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, the Audit & Risk Committee and our institutional clients.

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 integral to the future success of the business, detailed below is a summary of why they are important and how we engage with them:

- 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. Regular meetings and reviews helps to 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 compliant 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 to show the positive impact our investment management and corporate activities can have on our clients and wider society

Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management PLC for the year ended 31 March 2020.

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 four 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	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.
Liontrust Investment Management Ltd	100%	A financial services organisation managing unit trusts and ICVCs, authorised and regulated by the Financial Conduct Authority
Liontrust International Luxembourg S.A.	100%	A Distribution business authorised and regulated by the CSSF

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 £16.508 million (2019: £22.172 million as restated)

Adjusted profit before tax was £38.1 million (2019: £30.1 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 24 pence per share (2019: 20 pence per share). This results in total dividends of 33 pence per share for the financial year ending 31 March 2020 (2019: 27 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 46 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 2020 are set out in the Remuneration report on page 86.

Alastair Barbour
Mike Bishop
John Ions
Vinay Abrol
Sophia Tickell
George Yeandle
Mandy Donald (appointed 1st October 2019)
Adrian Collins (resigned 20th September 2019)

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 22 page 123
Shareholder waiver of future dividends	Note 22 page 123
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	Allotment of 4,485,123 fully paid ordinary shares of 1p each to Shareholders or Neptune Investment Management Limited Allotment of 298,257 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

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 2020, there were 55,512,061 fully paid ordinary shares of 1p amounting to £555,121. As at 7 July 2020 there were 55,512,061 fully paid ordinary shares of 1p amounting to £551,120. 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 22 September 2020 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 2019, 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 5,091,515 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 18 December 2020 (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 57 to 60.

Risks and uncertainties

A report on principal risks appears in the Strategic Report on pages 34 to 36 and a report on the risk management and internal controls appear on pages 49 to 52.

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, Sustainability and Our Corporate Responsibilities can be found on Pages 37 to 43.

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 38.

Financial instruments

The Group's financial instruments at 31 March 2020 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 ICVCs 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 106 to 108.

Post Balance Sheet date event

On 1 July 2020 the Company announced that it had entered into a conditional sale and purchase agreement (**"SPA"**) with Architas Limited, a wholly owned subsidiary of AXA S.A., to purchase the entire issued share capital of Architas-Multi Manager Limited and Architas Advisory Services Limited (the **"Proposed Acquisition")** for a total consideration of up to £75 million (the **"Consideration"**).

The Consideration, acquisition related costs, and re-organisation costs will be satisfied by the net proceeds of a non-pre-emptive placing of 5.09 million new ordinary shares of 1 pence in the capital of the Company (**"New Ordinary Shares"**), which was completed on 1 July 2020 with New Ordinary Shares admitted to trading on the main market for listed securities of the London Stock Exchange on 6 July 2020 (**"Issue Date"**), and existing Company cash resources.

The New Ordinary Shares as issued, are credited as fully paid and will rank pari passu in all respects with the existing issued ordinary shares in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares by reference to a record date falling after their Issue Date.

Completion of the proposed acquisition is expected to take place on 30 October 2020, subject to regulatory and shareholder approval.

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 22 September 2020 at 2.00 p.m. A notice convening this meeting will be sent to shareholders in August 2020.

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 54.
- Details of the most substantial shareholders in the Company are listed on page 58.
- The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 57.
- 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 2020.

By order of the Board
Vinay Abrol
Chief Operating Officer & Chief Financial Officer
7 July 2020

Directors' Responsibility Statement

Basis of financial statements

Having given consideration to the uncertainties and contingencies disclosed in the financial statements, and also considered the COVID-19 pandemic, 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.

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 2020 Annual General Meeting.

Political donations

The Group made no political donations or contributions during the year. (2019: £nil).

By order of the Board
Mark Jackson
Company Secretary
7 July 2020

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 48 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 46 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
7 July 2020

Compliance with the provisions of the Code

The Company is committed to the principles of the UK Corporate Governance Code (July 2018) (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 Alastair Barbour, 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 49.

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. 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 thirteen 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 48.

The Board has decided to adopt the revised UK Corporate Governance code issued in July 2018 and to implement its provision on consideration of independence. Adrian Collins retired as Chairman of the Company at the 2019 AGM and was replaced by Alastair Barbour who immediately stood down from his position as Chairman of the Audit and Risk Committee. Alastair, as Chairman, is overseeing succession planning and will bring directors' tenure into compliance with the Code over a period of years.

During the year a search was conducted in order to fill the position of Chair of the Audit & Risk Committee in succession to Alastair Barbour and after regulatory approval Mandy Donald was appointed to the position of non-executive director and Chair of the Audit and Risk Committee with effect from 1 October 2019.

At all times during the year there have been at least four 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, including their length of service, 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 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 2020 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2020 has been reviewed by the Chairman. The review has confirmed that the performance of the Non-executive Directors 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 Chief Executive and Chief Operating Officer & Chief Financial Officer also have regular meetings with existing and potential new shareholders.

Each year, in advance of the Company's AGM we engage an investor relations company to contact our key shareholders to seek their voting intentions and to offer further engagement with our executive and non-executive directors. In addition, we further engage with the major proxy advisor organisations in order to ensure their voting recommendations are fair and reasonable and take full account of the published information available to them through our published financial report and accounts and our website.

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 2020

Name	Number of voting rights	Percentage of voting rights
BlackRock	5,240,448	9.44%
Schroders	4,980,939	8.97%
Canaccord Genuity Group Inc.	4,379,632	7.89%
Standard Life Aberdeen PLC	3,758,331	6.77%
Merian Global Investors (UK) Limited	2,779,979	5.01%
Slater Investments Limited	2,731,714	4.92%
Castlefield Fund Partners Limited	2,700,000	4.86%
JO Hambro Capital Management Limited	2,539,164	4.57%
Legal & General Group Plc	2,015,097	3.63%

As at 6 July 2020

Name	Number of voting rights	Percentage of voting rights
Blackrock	5,240,448	8.65%
Schroders	4,980,939	8.22%
Canaccord Genuity Group Inc.	4,379,632	7.23%
Jupiter Fund Management Plc	4,073,752	6.72%
Standard Life Aberdeen PLC	3,758,331	6.20%
Slater Investments Limited	2,731,714	4.51%
Castlefield Fund Partners Limited	2,700,000	4.46%
JO Hambro Capital Management Limited	2,539,164	4.19%
Legal & General Group Plc	2,015,097	3.33%

Section 172 (1) statement

The Directors act in good faith to promote the success of the Liontrust Group (the “Group”) for the benefit of its members’ as a whole and in doing so, have regard (amongst other matters) to the following factors;

the likely consequences of any decision in the long term	The Board has set a clear strategic objective for the Group and ensures objectives are implemented by establishing effective governance and practices. The Board and its executives engage with a wide set of stakeholders, and the Chairman, Chief Executive and Chief Operating Officer & Chief Financial Officer attend meetings with major shareholders on a regular basis. Shareholder interaction allows the Board to discuss shareholder views on the Group performance against its strategic objectives. The Board is supported by several key Committees, including Board Committees covering Audit & Risk, Remuneration and Nomination and business operational and regulatory matters including Compliance, Portfolio Risk and Treating Customers Fairly The Board and Board Committees ensure ongoing robust governance, oversight and implementation of the Groups long-term strategy for the benefit of all stakeholders. Please see the Directors’ Report for further details on shareholder and governance process.
the interests of the Group's employees,	The Board recognises the importance of ensuring the Group attracts and retains engaged, committed and talented employees. The Board seeks to continually inform and engage with employees and is committed to their development and encourages employees to take on responsibility and be accountable for their own decisions, actions and behaviour. A workforce engagement survey was carried out in February 2020 and the results are detailed on page 37. Employees’ within the Group also have the facility to interact with the Board through a Workforce Advisory Committee which was also established in 2020 and who’s members range from departments throughout the Group. The Group also has a Social Committee who organises events of interest for all employees and also provides feedback and information to senior management and the Board. The Board understands the importance of ensuring employees feel part of the success of the Group and employees are encouraged to participate in the Group’s Share Incentive Plan.
the need to foster the Group's business relationships with suppliers, customers and others	The Board recognises the Group’s impact on wider stakeholders, including its customers and the community in which it operates. The Group is committed to the highest standards of business conduct and the Board’s work with stakeholders is critical to the long-term sustainable success of the Group. The Board acknowledges the important role that relationships with 3rd parties play for the Group to achieve its strategic objectives. The Group is committed to procuring work and services from suppliers in an ethically, sustainable and environmentally sensitive way and seeks to ensure that suppliers follow similar practices. The Group encourages competition amongst suppliers whilst purchasing is undertaken in a fair an objective manner. Please see the Directors Report and Sustainability Report for further information.
the impact of the Group's operations on the community and the environment	The Board is committed to contributing to and benefiting wider society. Details of the various programmes can be found in the Community engagement section of the Strategic Report on page 44. The Group remains firmly committed to supporting community and environmental projects and the Board recognises the increasing importance attached to environmental, social and governance (ESG) issues. The Group is committed to minimising the environmental impact of the Group and improving the Group’s environmental performance as an integral and fundamental part of the Board’s strategy and operating methods. The Group is always striving to reduce its commercial waste and to recycle as much of its commercial waste as possible, with any non-recyclable items being incinerated to produce energy. Please see the Group’s Corporate Social Responsibility Statement and Environmental, Social and Governance policy for further details.
the desirability of the Group maintaining a reputation for high standards of business conduct, and	The Group is committed to the highest standards of business conduct and ensures robust governance is in place throughout the Group. The Group has a number of policies in place to ensure good governance is embedded within the Group. The Group is a participant in many external bodies and associations to ensure governance and stewardship is a focus throughout the business, these include being a signatory to the United Nations Principles of Responsible Investing , a voluntary set of guidelines that helps a company to address social, ethical, environmental and corporate governance issues, Carbon Disclosure Project, an independent organisation that measures corporate climate change, adhering to the Financial Reporting Council’s Stewardship Code and Modern Slavery Act, amongst others. For further details please see the Group’s Social Responsibility Statement.

the need to act fairly between members of the Group.	The Board recognise the need to provide a transparent, positive, and collaborative working environment for all employees and stakeholder groups who interact and work within the Group. The Board seeks to ensure all employees within the Group have access and the opportunity to continue their ongoing career and personal development within their roles. The Group has established a working culture of collaboration and inclusion which supports a talented and diverse workforce. The Group ensures this is delivered through the Equal Opportunities and Dignity at Work policy, Recruitment policy and by delivering Equality and Diversity training to raise awareness. The Group also offers an Internship Programme, offering employment to younger people from diverse backgrounds, where they may not have otherwise had the opportunity to start their career in the industry. These policies reinforce the Board's commitment to form an inclusive culture where the principle of diversity are embedded at all levels, creating a working environment which promotes inclusion and is free from all forms of discrimination. Further information, please see the Group's Annual Report under "Equal Opportunities, Diversity and Inclusion in Our People, Our Impact and Our Corporate Responsibilities" section.

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 61 together with details of attendance at meetings.

Share buy backs

At the 2019 Annual General Meeting shareholders gave approval for the Company to buy back up to 5,091,515 Ordinary shares. Shareholders have also renewed the Directors' authority to issue ordinary shares up to an aggregate nominal value of £50,915. 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.

Directors Board Attendance Report

Board & Committee Attendance 2019-2020

Director	14.05	26.06	15.07 **	30.07 ***	12.08	20.09 ****	26.09	26.09	19.11 *****	23.01	23.01	23.03 ******	26.03	Total
Board														
Adrian Collins	✓	✓	✓	✓	✓	NA	NA	NA	NA	NA	NA	NA	N/A	5/5
John Ions	✓	✓	Absent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/13
Alastair Barbour	✓	✓	Absent	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/13
George Yeandle	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Mike Bishop	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Vinay Abrol	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Sophia Tickell	✓	✓	Absent	Absent	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/13
Mandy Donald	NA	NA	NA	NA	NA	NA	NA	NA	✓	✓	✓	Absent	✓	4/5
Audit & Risk														
Alastair Barbour	✓	✓	-	-	-	✓	-	-	NA	NA	-	-	-	3/3
George Yeandle	✓	✓	-	-	-	✓	-	-	✓	✓	-	-	-	5/5
Mike Bishop	✓	✓	-	-	-	✓	-	-	✓	✓	-	-	-	5/5
Sophia Tickell	✓	✓	-	-	-	✓	-	-	✓	✓	-	-	-	5/5
Mandy Donald	NA	NA	-	-	-	NA	-	-	✓	✓	-	-	-	2/2
Remuneration														
George Yeandle	✓	✓	-	-	✓	✓	-	-	✓	✓	-	-	✓	7/7
Alastair Barbour	✓	✓	-	-	✓	✓	-	-	NA	NA	-	-	NA	4/4
Mike Bishop	✓	✓	-	-	✓	✓	-	-	✓	✓	-	-	✓	7/7
Sophia Tickell	✓	✓	-	-	✓	✓	-	-	✓	✓	-	-	✓	7/7
Mandy Donald	NA	NA	-	-	NA	NA	-	-	✓	✓	-	-	✓	3/3
Nomination														
Mike Bishop	✓	✓	-	-	-	-	-	-	-	✓	-	-	✓	4/4
Adrian Collins	✓	✓	-	-	-	-	-	-	-	NA	-	-	NA	2/2
John Ions *	✓	NA	-	-	-	-	-	-	-	NA	-	-	NA	1/1
Alastair Barbour	✓	✓	-	-	-	-	-	-	-	✓	-	-	✓	4/4
George Yeandle	✓	✓	-	-	-	-	-	-	-	✓	-	-	✓	4/4
Sophia Tickell	✓	✓	-	-	-	-	-	-	-	✓	-	-	✓	4/4
Mandy Donald	NA	NA	-	-	-	-	-	-	-	✓	-	-	✓	2/2

* John Ions resigned from the Nomination Committee on the 14 May 2019 in line with PIRC guidelines that a CEO should not be a member of the Nomination Committee.

** John Ions, Sophia Tickell and Alastair Barbour were unable to attend this Board meeting due to the fact the meeting was held at short notice. The meeting was held to approve the appointment of Mandy Donald and each of the Board members who were absent from this meeting were either present or in attendance at the Nomination Committee meeting held on the 26 June 2019 where it was agreed to recommend the appointment of Mandy Donald to the Board.

*** Sophia Tickell was unable to attend the 30 July 2019 Board meeting due to the fact it was held at short notice and she was unable to re-schedule her travel arrangements.

**** Adrian Collins resigned as Chairman of the Company at the AGM held on the 20 September 2019 and did not attend the Board and Committee meetings held later on that day.

***** Mandy Donald was appointed as a Non-Executive director with effect from 1 October 2019.

****** Mandy Donald was unable to attend the 23 March 2020 Board meeting as this was held at short notice and coincided with another meeting scheduled for the same time.

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 2020.

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;
- to 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 Senior Managers certification regime ("**SMCR**"), and to ensure the individuals continue to be fit and proper, competent and capable;
- to consider and approve recommendations from the management committees of Liontrust Investment Partners LLP ("LIP") and Liontrust Fund Partners LLP ("LFP") for new SMCR employees or members, including details of the SMCR role that they will perform and consider; and
- to approve recommendations from the management committees of LIP and LFP for amendments to the SMCR roles carried out by existing SMCR 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 2020 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 2020. During the year Adrian Collins stepped down as Non-executive Chairman, and we are delighted that Alastair Barbour stepped up to Non-executive Chairman in his place. We are also delighted that Mandy Donald joined the Board as a Non-executive Director and Chairman of the Audit & Risk Committee. The recruitment of Mandy was supported by Nurole, an independent specialist executive search firm.

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
7 July 2020

Composition and attendance

During the year, the Committee comprised of independent Non-executive Directors and Executive Directors:
- Mike Bishop (Chairman)
- Alastair Barbour
- Adrian Collins (retired from the Committee 20 September 2019)
- Mandy Donald (appointed to the Committee 1 October 2019)
- 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 61

Activities during the year

In the financial year ended 31 March 2020, the Committee met four times and its activities included, amongst other things:

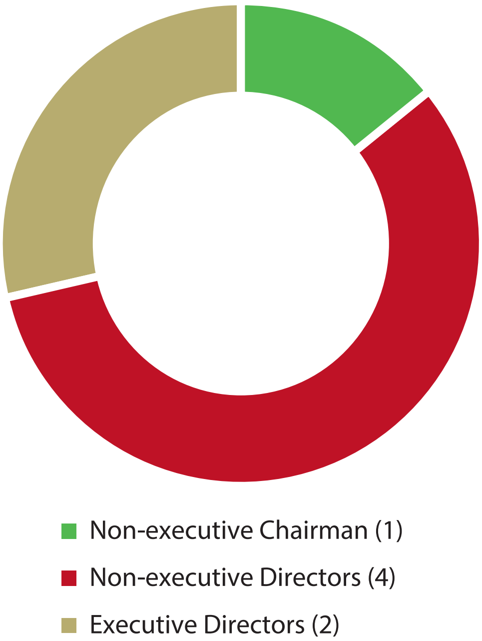
- reviewed reports on succession planning and organisational capability;
- recruitment of a new Non-executive Director and Chairman of the Audit & Risk Committee, supported by Nurole;
- a review of controlled function changes and consider recommendations from the management committees of LIP and LFP for new Significant Influence Function employees and members, including details of the controlled functions that they will perform;
- review of the PIRC Corporate Governance Policy Changes for 2019. It was particularly noted that PIRC are now stating that they will oppose the re-election of any CEO to the Nomination Committee. The Committee considered the newly stated position from PIRC and it was agreed that Mr Ions would step down from being a member of the Committee;
- review of the Stakeholder Identification paper;
- review of structure, size and composition of the board and leadership needs of the Group;
- appointment of Constal Limited to perform an independent evaluation of the Board and its committees;
- decision to initiate a search for the replacement Non-executive Director for the Mike Bishop, who has indicated that he intends to retire from the Board at the 2021 AGM. It was agreed that in the first instance the Committee members and Executive Directors be invited to put forward the names of any person whom they felt would be a suitable candidate to fill the role. In June 2020 Ridgeway Partners an independent executive search firm have been appointed to assist the search;
- consideration of further training for the Non-executive Directors;
- a review of the SMCR report recording those employees and members now registered with the FCA as holding Senior Management roles and those other employees recorded as holding Certification roles; and
- Non-executive Director time commitments.

The Committee received information and support from the Chief Executive, and 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.

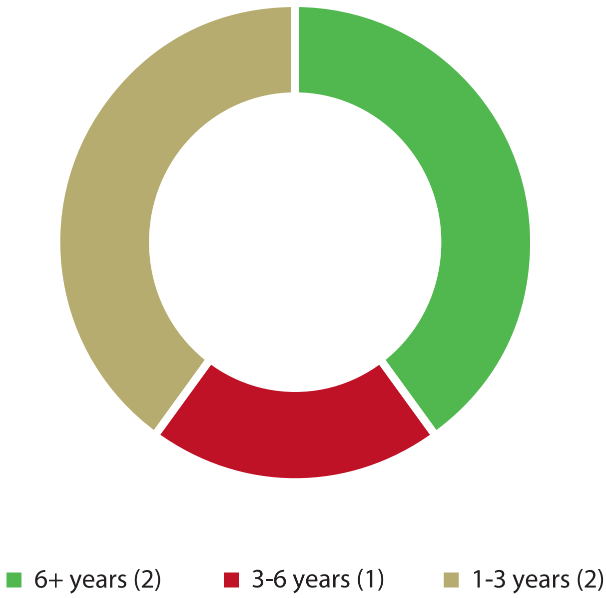
Board split and Tenure

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

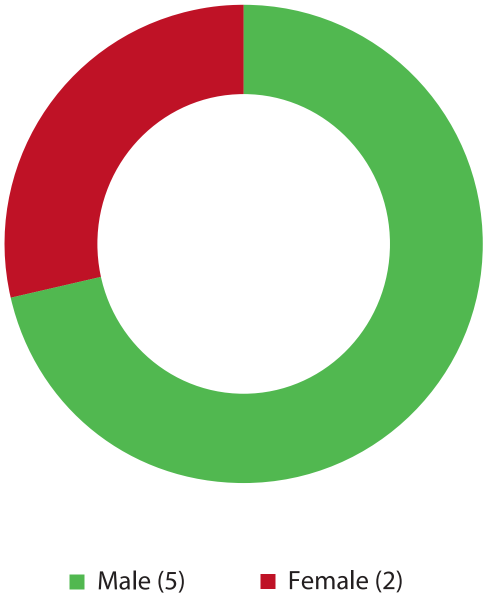
Board Split between Executive and Non-executive Directors:



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



Gender diversity of the Board improved to female directors representing 29% of the Board (2019: 14%):



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 three other public companies and chairing the Audit and Risk Committee for three them, 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. The Committee confirms its satisfaction with the time and overall commitment given to Liontrust by Alastair Barbour and his time availability to act as Non-executive Chairman.

Independent Board and Committee Evaluation

Constal Limited ("Constal") carried out an independent evaluation of the Board and its committees, to take stock following the appointment of Alastair Barbour as Non-executive Chairman and consider how the Board and its committees can develop to best help drive long-term sustainable success.

Constal's approach was is to focus on the future and what do the Board members think the Board and its committees could and/or should do to be better? The development plan was based on confidential interviews with all the members of the Board and the Company Secretary. Through interviews Constal asked participants to reflect on various aspects of the Board and its committees, including the quality of debate and decision-making, the information they receive, how well Board discussion time is spent, how the committees are working, how to achieve and manage the aims for Group and how the Board might have to adapt to make sure it is best prepared to meet those challenges.

The key recommendations from the development plan, which have been adopted by the Board, are:

- Board agenda: refocus on timing and agenda items with more to periodic deep dives operational matters those relating to strategy/long-term sustainable success;
- Information flows: enhanced structure to papers including executive summaries, purpose, required actions and metrics ;
- Scheduling: holding Board and Committee meetings over two days: and
- Effectiveness of committees: reconsideration of terms of reference, agendas, frequency and presentations with aim of expanding time for discussion and debate

Diversity and inclusion

The Committee considers diversity, including gender and ethnic 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 Group 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 Group currently has two female Directors 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 Group 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
7 July 2020

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 2020.

The Committee's key responsibilities remain unchanged during the year and included: assisting the Board in its presentation of the Group's financial results; continuing to review the effectiveness the Group's system of internal controls and risk management systems; monitor and periodically review the Company's procedures for ensuring compliance with regulatory and financial reporting requirements; monitor the effectiveness of internal audit and keep under review the independence and objectivity 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 and are available upon request from the Company Secretary.

I hope that you find this report a useful insight into the work of the Committee and I look forward to meeting with shareholders at our AGM on 22 September 2020.

Mandy Donald
Chair of the Audit & Risk Committee
7 July 2020

Key responsibilities
The Committee's key responsibilities remain unchanged during the year and continue to be to:

- assist the Board in its presentation of the Group's financial results and position through review of the interim and full year financial statements before they are approved by the Board. The Committee focuses 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. This includes 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 Group. Such procedures are designed to provide reasonable, but not absolute, assurance against material misstatement or loss;
- as part of the suite of risk management procedures, the Committee reviews and recommends to the Board for approval, the Group'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;
- monitor and periodically review the Group's procedures for ensuring compliance with regulatory and financial reporting requirements, including relationship with the relevant regulatory authorities;
- review the Group's arrangements for the deterrence, detection, prevention and investigation of financial crime, including whistle blowing arrangements;
- monitor and review the effectiveness of the Group's internal audit function and agree the scope of the internal audit plan; and
- oversee the appointment, performance, remuneration and independence of the external auditors.

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

- Mandy Donald (Chair from 1 October 2019)
- Alastair Barbour (Chair until 1 October 2019)
- Mike Bishop
- Sophia Tickell
- George Yeandle

The attendance record of members of the Committee during the year is shown in the table on page 61.

All 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 both Mandy Donald and 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.

Key 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 Chair 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.

During the financial year to 31 March 2020 and up to the date of this report, 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 2020 and half year financial statements for the six months to 30 September 2019 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;
- Consideration of the Group's taxation requirements;
- Review of the Group's governance, risk framework, risk management, risk management processes and related policies;
- 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 external auditors' report on the financial year ending 31 March 2020 audit and discussion of their findings with them; and
- Review of the internal audit plan in the context of the Company's overall risk management programme
- In reviewing the annual financial statements for the year ended 31 March 2020, the committee considered the impact of COVID-19 Pandemic when considering judgements and significant accounting items. In particular the Committee considered the impact on the valuation of assets and liabilities and the suitability of disclosures in relation to the impact of COVID-19.
- Review of the prior year adjustment to the 2019 financial statements.
- Reviewed and discussed the findings of 5 internal audit reports, ensuring appropriate follow up by management of points raised. These internal audit areas included: CASS - Client assets; SYSC - Systems and controls; front office and trading teams; Governance of the back office transition project; and Governance of the Neptune integration project.
- Consideration and approval of the external audit plan for 2020
- 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, including matters of 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 105. 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 ('ISAs') 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.

Acquisition of Neptune Investment Management Limited
The Committee reviewed and challenged the determination of fair value of goodwill and intangible assets (management contracts) arising on the acquisition of Neptune Investment Management Limited ('Neptune') as described in note 13 and considered the allocation of the purchase consideration to the recognised assets and liabilities, taking into account the report and findings of the external auditors.

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. This also included reviewing the prior year adjustment in respect of share based payments. The Committee receives information and explanations from management which is discussed with them and with 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 scope of the internal audit plan and the performance 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. Richard McGuire has been the lead audit partner since 2018 for the year ended 31 March 2019. In accordance with Competition and Markets Authority Order 2014, the Group intends to retender the external audit contract no later than 2025.

Each year the auditors present to the Committee the proposed scope of their full year audit plan, including their assessment of the material risks to the Group's audit and their proposed materiality levels. The audit partner attends the committee meetings at which the half yearly and annual reports are reviewed. In addition, the Committee met twice with the external auditors without management present.

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 2020 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 not permitted under any circumstances ("Prohibited Services") whilst others allowed ("Allowed 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. 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.

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 112. The non-audit services as identified in Note 6 have all complied with the policy as detailed above.

Remuneration Report

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 2020. 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.

<u>Directors' Remuneration Policy</u>

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. A full explanation of our response to the votes against the policy was included in last year's Remuneration Report. The conclusion last year was that no new policy is required and that concerns can be addressed through the implementation of the current policy. Once again, this year no changes are being proposed to the DRP as I believe it continues to provide a proper framework within which the Committee can operate and we should be held accountable for how in practice we have implemented that Policy. The Annual Report on Remuneration and this statement will be subject to an advisory vote at our 2020 Annual General Meeting, to be held on 22 September 2020.

<u>Implementation of the DRP in 2020</u>

I remain committed to openness and consultation on remuneration matters with transparency of performance metrics and their associated weighted outcomes and how in turn this affects annual bonus/variable allocation. We have also set out full disclosure of the performance conditions on granted LTIP awards.

It is impossible, however, at the time of writing this report not to make reference to the impact of COVID-19 and how the impact of the virus has influenced our decisions on the remuneration outturn for the year.

COVID-19 has been declared a pandemic by the World Health Organisation, and as the virus continues to spread extensively, it's presenting unprecedented disruption and uncertainty for businesses in the UK and globally. While workforce health and wellbeing is of paramount focus, the Committee has considered the impact of business performance on reward. However, noting:

- the relevant resilience of the Company's share price fell by around 30% from its peak but has, more recently recovered strongly;
- our AuMA which fell from a peak of over £19 billion to around £16 billion;
- that the Group has not furloughed any employees or sought financial support from Government sponsored schemes;
- is increasing its total dividend for the year by over 20%; and
- has a strong and resilient balance sheet with no debt.

I have decided that limited change is required. However, the Committee wants to ensure that its decisions are appropriate in the context of wider business and social environment, and are properly prudent especially in conserving cash so has decided to require the Executive Directors to defer 80% of their annual bonus/variable allocation into Liontrust funds (2019: 50%). Thus, the cash element of the bonus is limited to 100% of base pay for John Ions and 60% for Vinay Abrol. In addition rather than award LTIPs at the maximum allowed (300% for John Ions and 210% for Vinay Abrol) as it intended based on their exceptional performance the Committee has decided to reduce the LTIP awards by 17% (roughly the fall in AuMA since the virus hit) to 250% and 175% respectively.

<u>Fixed remuneration in 2021</u>

Fixed remuneration outcome for the Executive Directors for the year ending 31 March 2021 can be summarised as follows:

- Salary/fixed allocation for the Executive Directors to remain unchanged again for the financial year ending 31 March 2021 since I became Chairman of the Committee in 2015 there has been only one base pay rise of 5% for the Executive Directors;
- 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 2021 (this percentage is the same for all employees and members);

<u>Annual bonus/Variable allocation for 2021</u>

The Committee intend to operate the assessment of annual bonus/variable allocation for 2021 along lines consistent with this year, being conscious that there will be a full review of DRP including appropriate shareholder consultation before bringing a new policy for shareholder approval in 2021.

<u>Variable remuneration for 2020</u>

Annual Bonus/Variable Allocation

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 also consider, the Executive Directors' role in delivering the strategic objectives of the Group and any LTIP awards vesting during the year when assessing Executive Directors' annual bonus/variable allocation for the financial year ended 31 March 2020.

The Committee undertook a review of outcome against all bonus metrics both quantitative and qualitative having also considered the appropriateness of all the metrics following the announcement of the Neptune acquisition in the year. Disclosure of the full weighted outcome for each of the annual bonus metrics is included in the body of the Remuneration Report. Where the overall weighted percentage is above 80% The Committee consider that in the round the Director has had an above target performance for the year.

Although an above target performance could lead under the DRP to a bonus increase for the Directors of 13% being half of the increase in adjusted PBT the Committee have held annual bonuses and/or variable allocations to the Executive Directors for the financial year ending 31 March 2020 at 500% and 300% of base remuneration. In addition this year the cash element for John Ions is capped at 100% of salary/fixed allocation, with 80% of the award deferred into Liontrust funds (2019: 50%), in consideration of EU regulations (including AIFMD and UCITS V) and COVID-19. Further context for annual bonus/variable allocation outcome for the Executive Directors for the year ended 31 March 2020 is provided by the following ratios:

- aggregate annual bonus/variable allocation for all employees and members including the Executive Directors for the financial year ended 31 March 2020, which is capped at 27% of pre-cash bonus/variable allocation Adjusted Profit before tax, has reduced again this this year and is now 15% of pre-cash bonus/variable allocation Adjusted Profit before tax (2019: 22%);
- 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 8.8% for the financial year ended 31 March 2020 (2019: 10%), with 5.6% allocated to John Ions and 3.2% to Vinay Abrol.

LTIP

The LTIP award for the Executive Directors for the year ending 31 March 2021 can be summarised as follows:

- LTIP awards for the financial year ended 31 March 2021 have been reduced to 250% for John Ions and 175% for Vinay Abrol (see COVID-19 section above), even though the exceptional performance of the business this year could have warranted an increase in LTIP awards up to the maximum allowed 300% for John Ions and 210% for Vinay Abrol.

The Group will make these awards as soon as possible after the announcement of the Group'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 of these criteria being in line with business strategy and objectives.

Pay vs. performance at Liontrust - business performance in the financial year ended 31 March 2020

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

Financial measures:

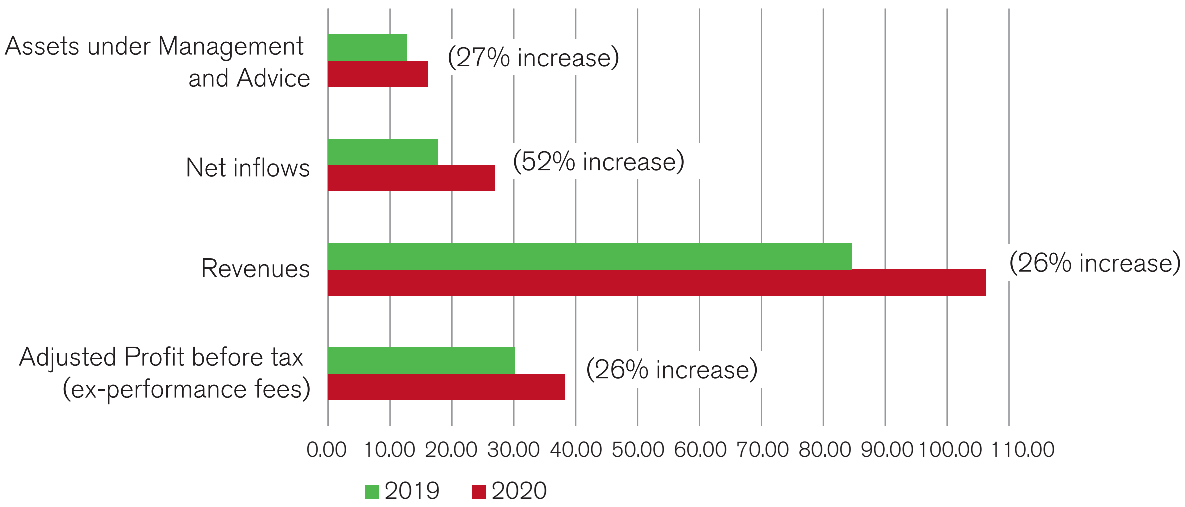
- increasing revenues by 26%;
- increasing profitability (on an adjusted basis excluding performance fees) by 26%; and
- increasing dividends to shareholders by 24% to 33 pence this year.

Strategic measures:

- increasing assets under management by 27% to £16.1 billion
- increasing net inflows by 52% to £2.7 billion;
- successfully completing the final phase of the out-sourced administration project (Middle office move);
- successfully completing the Neptune Investment Management Limited ("**Neptune**") acquisition and successfully integrating Neptune into Liontrust's operations; and
- increasing gender diversity,

whilst, maintaining appropriate risk management controls.

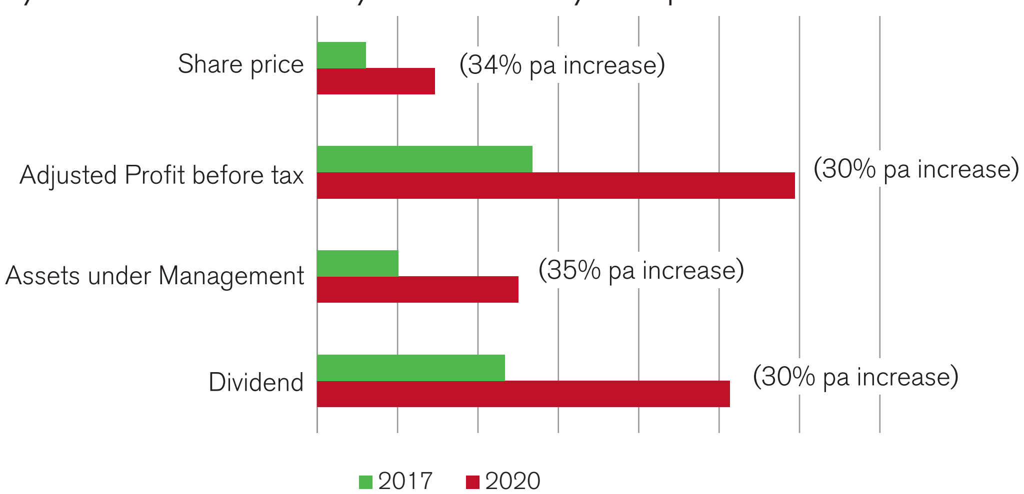
Pay vs. Performance at Liontust - Group's overall performance in the year



During my time as Chairman of the Committee I have consistently stated my philosophy on Executive pay - Our 'Strategic rationale' - at this stage in the growth of Liontrust to be to keep the fixed cost of any base remuneration low and to gear reward for performance linked to the delivery of our strategy and with an increased emphasis on moving pay towards longer term equity incentives which would be subject to performance conditions.

With the second grant of LTIPs vesting in the financial year, I think it is again appropriate to update and once more look at results over the immediate three year vesting performance period and more generally since the LTIP was introduced in 2016 to determine whether my objectives continue to be broadly met.

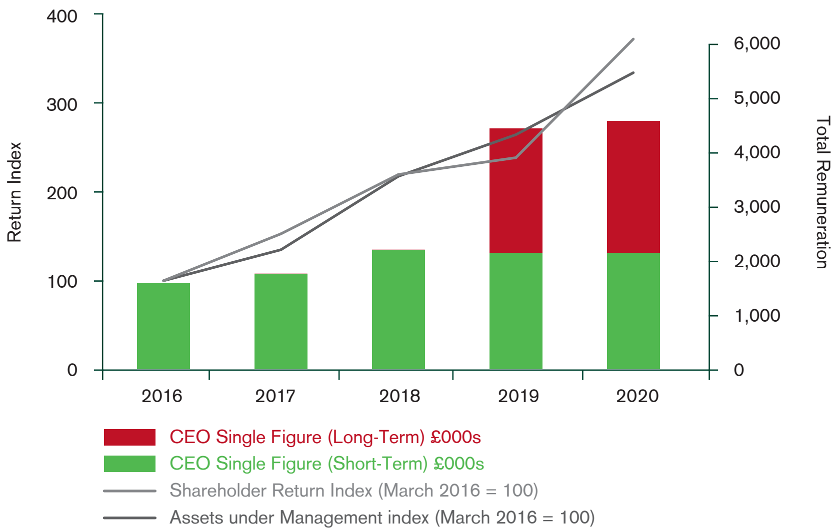
Pay vs. Performance at Liontust - Key Financial Metrics 3 year comparison



Over the period since 2016 the Chief Executive's base remuneration has increased by 5% which is equivalent to less than 1% per annum thus meeting the target of being broadly fixed so as to minimise any ratchet effect on pay. The bonus/variable allocation has not increased over the last 3 years compared with a 30% per annum the increase in Adjusted Profit before Tax, with this year 80% of the annual bonus/variable allocation 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 Directors' interests with those of shareholders and investors in our funds combined with greater weight of total remuneration being given to long term equity awards is demonstrated by the chart. This year over 66% of the value of the LTIP vesting for John Ions has derived from the same TSR as provided to shareholders. Over the last few years I am satisfied that there is a strong link between the total remuneration of the Chief Executive, the returns delivered to shareholders and our growth in assets under management. See the chart below for the link between pay and performance.

Link between pay and performance



* A 10 year chart of pay versus performance is shown in the Report on page 93.

In my opinion one of the strongest ways in which Executive Directors and Shareholders are aligned is through those Directors having a significant personal exposure to the business through its Shares and Funds under management. This is explicit in the DRP 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 20x and 26x salary/fixed allocation in Ordinary shares. In addition, John Ions has over 3x and Vinay Abrol over 3x, invested in Liontrust funds via the DBVAP and personal fund holdings. The Funds into which deferrals are made is across the broad range of Liontrust funds as determined by the Remuneration Committee.

Developments in legislation and governance

The DRP, as approved by shareholders at our 2018 GM, remains appropriate and no changes are proposed this year. The Annual Report on Remuneration is subject to an advisory shareholder vote at our 2020 AGM. The 2019 Annual Report on Remuneration contained publication of the Company's first CEO pay ratio, with the Committee having considered it to be in shareholders' best interests to comply with the new requirement a year in advance of being required to do so. 2020 is therefore our second year of making such a disclosure and corresponding analysis of the year-on-year trend is included with the disclosure later in this report.

Additionally, the Committee has considered the various requirements under the latest Corporate Governance Code in relation to justification of Executive Director pay in the context of strategic rationale, internal and external measures and Company-wide pay policies. I am satisfied that the provisions of paragraph 41 of the code have been met and in particular that the policy has operated this year as intended in terms of the Group's performance and following the decisions of the Committee as to Quantum.

The Committee specifically considered progress across the Company in Gender equality and Climate Change issues when assessing bonus outcomes.

The Committee is using the Workforce Advisory Committee to engage with the wider employee group on generally and specifically on how Executive remuneration aligns with the wider company pay policy.

Shareholder engagement

I would like to thank shareholders for their support in approving our Annual Report on Remuneration at our 2019 AGM with over 89% of votes cast in favour.

We welcome feedback from our shareholders on our DRP and its application. We believe that the remuneration package for Executive Directors reflects the views of shareholders and demonstrates that we are listening to shareholder concerns, and we hope that we will earn your support in respect of our Remuneration Report for 2020 at the forthcoming AGM.

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
7 July 2020

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 AuMA/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

This section sets out remuneration outcomes for the financial year ended 31 March 2020, across Liontrust and specifically for the Executive and Non-executive Directors and compares them to remuneration outcomes for the previous financial year. The Directors' remuneration was managed in line with the current Directors' remuneration policy, approved by shareholders at the 2018 DRP GM.

This section also sets out the context for the Directors' remuneration, including the main performance metrics that the Committee considered when setting the overall annual bonus/variable allocation pool and information on how annual bonus/variable allocation pool awards were allocated across the Group. It details the key performance criteria considered when determining Executive Directors' annual bonus/variable allocation pool awards. Returns to shareholders over the past 10 years are compared with the total remuneration of the Chief Executive over the same period. Directors' rights under the LTIP and DBVAP and the share interests of Directors and their connected persons are also detailed.

Remuneration Committee composition and attendance
During the year, the Committee comprised entirely independent Non-executive Directors:

- George Yeandle (Chairman)
- Alastair Barbour (retired from the Committee on 20 September 2019)
- Mike Bishop
- Mandy Donald (joined the Committee on 1 October 2019)
- Sophia Tickell

The attendance record of members of the Committee during the year is shown in the table on page 61.

Activities during the year
In the financial year to 31 March 2020, the Committee met seven times and discussed, amongst other things, the subjects described below:

- Approval of the 2019 Remuneration Report;
- Review and approval of the bonuses and variable allocations for the Executive Directors for the financial year ended 31 March 2019;
- 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 2020;
- Approval of salary and fixed allocation changes for the senior members of the fund management teams;
- Review and approval of Profit Allocation Plans for certain fund management teams;
- Approval of minor amendments to the LTIP rules in June 2019 in relation clarification on dividend entitlements on vesting;
- Approval of allocations under the Liontrust Company Share Option Plan ("CSOP") in June 2019;
- Approval of the mechanism to implement DBVAP and the approval and granting of DBVAP awards for the financial year ended 31 March 2019;
- Review and approval of the Bonus/Variable Allocation Methodology and Metrics for the financial year ending 31 March 2020;
- Further review of the Bonus/Variable Allocation Methodology and Metrics for the financial year ending 31 March 2020 following the acquisition of Neptune to ensure that they remain appropriate;
- Approval of LTIP allocation for the financial year ending March 2020 for the Executive Directors and key executives;
- Reviewing regular reports from HR;
- Approval of the vesting of the 2017 LTIPs granted in September 2016;
- Review of proxy voting agency and shareholder comments on the DRP;
- Review of bonus/remuneration capping and bonus performance metrics for FY21;
- Review of the bonus methodology, related Executive Director remuneration and market practices on Executive Director remuneration;
- Review of letter from Slater Investments on certain aspects of Executive Director remuneration and drafting a response; and
- Approval of Director, employee and member appraisal process for the financial year ended 31 March 2020.

Wider workforce remuneration and engagement

The Committee is closely involved in considering the remuneration policies and levels of the wider Liontrust workforce. The Committee's work involves debate, discussion and ultimate approval of the Group-wide annual bonus/variable allocation, long-term incentives as well as the salary/fixed allocation increases for all employees and members, with consideration given to the amounts and proportions of total remuneration allocated to different areas of the business. Part of this discussion requires an assessment of the financial performance of the business, including Adjusted PBT (excluding performance fees), net flows and fund performance, all of which are also key metrics under the bonus/variable allocation scorecard for Executive Directors.

One of the recurring exercises undertaken by the Committee on an annual basis is a review of external compensation benchmarking data, giving an overview of fixed and total remuneration levels for all employees and members relative to the wider market. This data allows the Committee to challenge remuneration decisions at a more granular level and make proposals to the Executive Directors in respect of an upcoming remuneration review round. The Committee approves all compensation for Code Staff, including for fund managers. Whilst this process is a regulatory driven requirement, it involves a detailed and robust discussion. The Committee is also provided with data illustrating the mean and median bonus/variable allocation levels and salary/fixed allocation increase percentage split by gender for the current and previous financial year, in order that it can also analyse the outcomes from a gender pay perspective.

During the financial year ended 31 March 2020, Liontrust established a workforce advisory committee ("**WAC**"), whose Chairman will meet with the Committee Chairman on a regular basis to discuss remuneration related matters. This engagement is Liontrust's method for ensuring a formal dialogue exists between employees, members and the Committee. It provides the opportunity for employees and members to engage with the Committee via the WAC on any relevant employee and/or member remuneration matter.

Collectively this work helps demonstrate the Committee's considerations in appropriately balancing the remuneration outcomes for the wider employee and member population with its decisions regarding Executive Director Remuneration.

Single total figure for remuneration

Executive Directors (audited information)

	John Ions Year to 31 March 2020 £'000	John Ions Year to 31 March 2019 £'000	Vinay Abrol Year to 31 March 2020 £'000	Vinay Abrol Year to 31 March 2019 £'000
A. Fixed pay				
Base salary/Fixed allocation	348	348	328	328
Benefits in kind[(1)]	4	4	4	4
Cash in lieu of pension	35	35	33	33
Total Fixed pay	**387**	**387**	**365**	**365**
B. Annual Bonus/Variable Allocation				
Cash bonus/variable allocation	348	870	197	492
DBVAP[(2)]	1,392	870	786	492
Total Annual Bonus/Variable Allocation	**1,740**	**1,740**	**983**	**984**
C. Total pay for the financial year				
Sub-total (A+B)	**2,127**	**2,127**	**1,348**	**1,349**
D. Vesting of LTIP awards[(3)]				
Base value element of vested LTIP awards	829	829	546	546
Share price appreciation and dividend equivalent elements on vested LTIP awards	1,595	1,459	1,051	961
Total LTIP awards vesting	**2,424**	**2,288**	**1,597**	**1,507**
E. Other				
SIP matching shares[(4)]	4	4	4	4
Total Other	**4**	**4**	**4**	**4**
Total remuneration (C+D+E)	**4,555**	**4,419**	**2,949**	**2,860**

(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 2020 to 31 March 2023 for awards for the financial year ended 31 March 2020 (2019: 1 April 2019 to 31 March 2022) and to be linked to the performance of the relevant Group managed funds. For the year ended 31 March 2020, 80% of the annual bonus/variable allocation has been deferred (2019: 50%). 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.

(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.

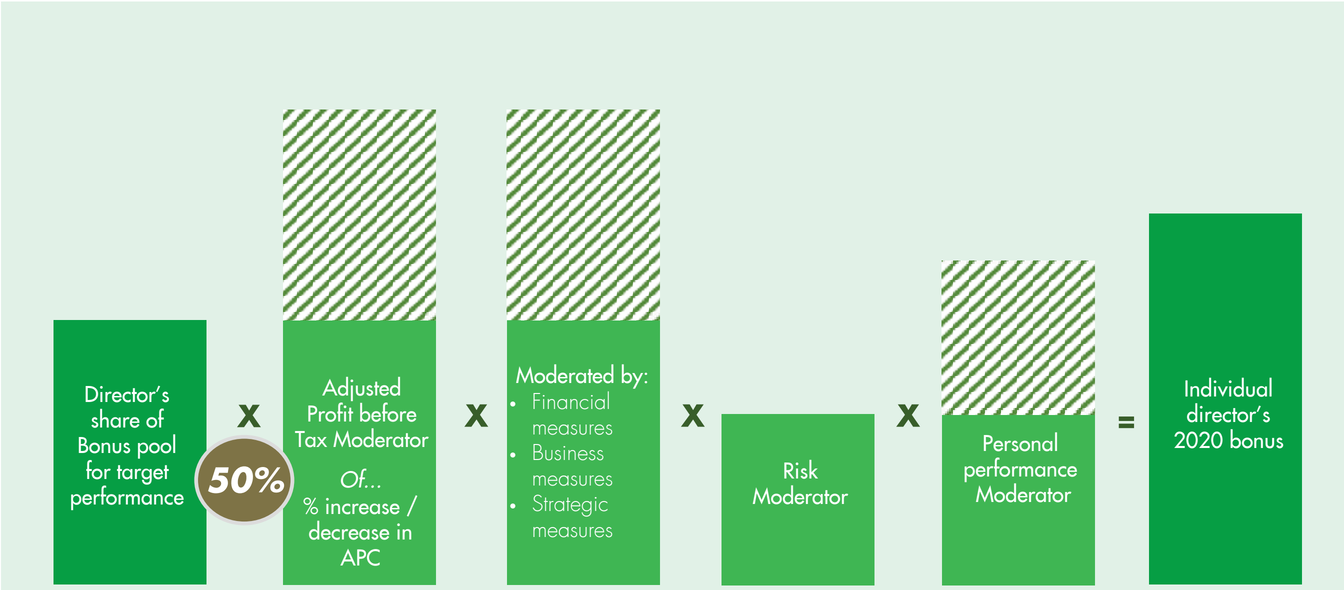
Non-executive Directors (audited information)

	Adrian Collins Year to 31 March 2020 £'000	Adrian Collins Year to 31 March 2019 £'000	Alastair Barbour Year to 31 March 2020 £'000	Alastair Barbour Year to 31 March 2019 £'000	Mike Bishop Year to 31 March 2020 £'000	Mike Bishop Year to 31 March 2019 £'000	Mandy Donald Year to 31 March 2020 £'000	Mandy Donald Year to 31 March 2019 £'000	Sophia Tickell Year to 31 March 2020 £'000	Sophia Tickell Year to 31 March 2019 £'000	George Yeandle Year to 31 March 2020 £'000	George Yeandle Year to 31 March 2019 £'000
Basic fee	56	114	103	72	71	71	31	–	61	61	61	61
Benefits[(1)]	–	7	9	10	–	–	–	–	1	2	–	–
Total	56	**121**	**112**	**82**	**71**	**71**	**31**	**–**	**62**	**63**	**61**	**61**

(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 2020 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	Weighted Result %	Result	Notes
Financial Measures (33.4%)							
Change in Adjusted Profit Before Tax (excluding Performance fees profits)	22.2%	12%	15%	25.6%	22.2%	✓✓✓✓	Over 10% above target in a tough market, so score 100% (top of Above Target).
Operating Margin	11.2%	35.0%	37.0%	35.7%	5.6%	✓✓	Between target and threshold and in the middle of the band, so score 50%
Business Measures (33.3%)							
Distribution effectiveness							
Net flows compared to budget of £1,500 million (percentage of budget)	11.2%	75%	100%	180%	11.2%	✓✓✓✓	Nearly 80% above target so score 100% (top of Above Target).
Broadening International sales (increase in AuMA compared to last year)	5.5%	50%	65%	50%	1.7%	✓	Around threshold, but the middle of the band, so score 30%
Broadening Multi-Asset sales (increase in AuMA compared to last year)	5.5%	20%	35%	0%	0.0%	↓	AuMA marginally down, so well below threshold, so score 0%
Investment performance, (Percentage of AuMA over 1, 3 and 5 years in 1st or 2nd Quartile)	11.1%	50%	75%	91%	11.1%	✓✓✓✓	Well above target, so score 100% (top of Above Target).
Strategic Measures (33.3%)							
Broadening the product range	5.6%	2 Discussions	1 Addition	1 team addition, plus 2+ discussions	5.6%	✓✓✓✓	Global Equity team joined, plus 2+ discussions, so score 100% (top of Above Target).
Talent management (Key Executive turnover)	5.5%	Medium	Low	No loss	5.5%	✓✓✓✓	No losses, team well motivated, so score 100% (top of Above Target).

Performance Metric	Weighting	Threshold	Target	Actual	Weighted Result %	Result	Notes
Improve gender diversity at senior levels and introduction of measures to increase gender diversity in the recruitment process	5.5%	N/a	N/a	See comments	4.1%	✓✓✓	Gender diversity increased from 30% female staff to 32% female staff, including improvement of gender diversity at board level. Gender balanced shortlists introduced. So score 75% (close to top of Around Target).
Gaining momentum amongst the investment teams of greater recognition of climate change and related opportunities	5.5%	N/a	N/a	See comments	4.1%	✓✓✓	Appointment of MSCI as our key ESG (including climate change) provider. The majority of fund management teams have now received the methodology training for the ESG reports (i.e. how the ESG ratings for individual companies work). We are now rolling out training from MSCI on Climate Change and the portfolio carbon analytic reports to ensure that they all understand how their portfolios are aligned with their respective benchmarks, and they are confident in explaining the content of the reports when speaking to clients. At least one person in each of the teams have access to the system. So score 75% (close to top of Around Target).
Risk management, compliance and conduct	5.6%		Strong	Strong	4.5%	✓✓✓	Upper band of around target, so score 80% (top of Around Target)
Personal performance	5.6%		3	4	5.6%	✓✓✓✓	Achieved targets including successful Outsourcing Project and strong flows/ performance. So score 100% (top of Above Target)
Totals	**100.0%**				**81.2%**	✓✓✓✓	

Executive Director	Result	Key performance in the financial year ended 31 March 2020
John Ions	✓✓✓✓	John Ions has led the senior executive team to achieve continued strong investment outperformance, excellent financial results and £2.7 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 (Economic Advantage, Sustainable Investment, Global Fixed Income and Multi Asset 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 excellent positive feedback on strategy and performance from these meetings, and developing a strong relationship with our larger shareholders. Alongside Vinay Abrol, John Ions successfully led project to acquire Neptune, including the negotiation of the Sale & Purchase Agreement and the related due diligence process. Following completion of the acquisition, jointly led the project to integrate Neptune's Global Equity team into Liontrust, which successfully completed in February 2020 when the Global Equity team moved into Savoy Court. Continued the initiative to increase gender diversity at Liontrust, with the number of female staff increasing from 30% to 32% over the year, and Mandy Donald joining the board in October 2019, thereby increase Board level gender diversity. John Ions alongside Vinay Abrol continues the initiative to improve gender diversity at Liontrust by requiring gender balanced short-lists for all new positions and encouraging 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 Chief Risk Officer, Chief Compliance Officer on a regular basis.

Executive Director	Result	Key performance in the financial year ended 31 March 2020
Vinay Abrol	✓✓✓✓	Vinay Abrol has shown strong leadership of the Finance, Operations, Risk, Compliance, Information Technology, Product Development, Portfolio & Data Insights, Human Resources and Trading functions. Delivered budget and cost controls in the financial year and led the Group through the annual and half-year 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 regular meetings and organising the annual Analyst Dinner in October 2019. Alongside John Ions, Vinay Abrol successfully led project to acquire Neptune, including the negotiation of the Sale & Purchase Agreement and the related due diligence process. Following completion of the acquisition, jointly led the project to integrate Neptune's Global Equity team into Liontrust, which successfully completed in February 2020 when the Global Equity team moved into Hammersmith. Vinay is leading the Global Equity team outsourced administrator transfer project, with Fund Accounting/Valuation services successful transferring in January 2020 and the Transfer Agency services in June 2020. Working with John Ions, on the initiative to improve gender diversity at Liontrust, by requiring gender balanced short-lists for all new positions and encouraging the move to increase gender diversity at senior levels. Always ensured that risk and compliance were important factors when making decisions including meeting with the Chief Risk Officer, Chief Compliance Officer 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 13% for the financial year ended 31 March 2020 (based on 50% of a 26% increase in Adjusted Profit before tax (excluding performance fees) from £30.1 million to £37.8 million). However, the Committee has decided to keep the pool the same this year. The Committee also considered that no further adjustments up or down should be made on account of the risk and personal performance moderator.

Maintaining the aggregate bonus/variable allocation pool for the Executive Directors at the same level as last year translates into individual annual bonuses/ variable allocations to the Executive Directors of between 300% and 500% of base remuneration (2019: 300% and 500%). However, the Committee wants to ensure that its decisions are appropriate in the context of wider business and social environment, so has decided to increase the level of deferral to 80% into Group managed funds (2019: 50%) over the period 1 April 2020 to 31 March 2023 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.

The increased level of deferral means that the cash bonus/variable allocation for John Ions and Vinay Abrol is 100% and 60% of base remuneration (2019: 250% and 50%), a reduction in cash bonus/variable allocation of 60% compared to last year.

In determining the Annual bonus/variable allocations for the Executive Directors for the financial year ending 31 March 2020 and allocation of awards under the LTIP for the financial year ending 31 March 2021 (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 2020;
- individual personal performance;
- shareholder returns in terms of share price and dividend performance; and
- shareholder feedback received during the design phase of the 2018 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 8.8% for the financial year ended 31 March 2020 (2019: 10%), with 5.6% allocated to John Ions and 3.2% to Vinay Abrol.

Vested LTIP Awards (audited information)

Background

The LTIPs for the financial year ended 31 March 2017, which were granted on 5 September 2016, and vested on 10 August 2019, to John Ions and Vinay Abrol over 295,353 and 194,648 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: 5 September 2016, Starting share price: 290p, End of the performance period: 21 March 2019	Three-month average share price to end of performance period is 735p, meaning an annualised TSR over the period of 42% 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): 21.50p for the financial year ending 31 March 2016	Adjusted diluted EPS excluding performance fees for the financial year ended 31 March 2019 was 46.9p, which is an annualised return of 29.7% 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 year for net inflows: Year ending 31 March 2017. Ending year for net inflows: Year ending 31 March 2019.	Target net inflows of £2,291 million, actual net inflows of £3,261 million, so 142% 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 2017. Ending year for growth in asset management: Year ending 31 March 2019.	FY17 target of 10% vs actual of 36% FY18 target of 10% vs actual of 61% FY19 target of 14% vs actual of 21% Cumulative excess return of 204% 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	FY17 81% of relevant AuMA in 1st or 2nd quartile; FY18 89% of relevant AuMA in 1st or 2nd quartile; and FY19 58% of relevant AuMA in 1st or 2nd quartile. Average over the period is 85% versus a Target of 75% so 100% vests.	100%
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 a new Chief Technology Officer and Head of Global Equities. 2. Hired the highly rated GFI team launching a range of Global Fixed Income products (Strat Bond, HY Bond and AR Bond), acquired a leading ESG team and Global Equity 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 over 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 177,211 Ordinary shares and for Vinay Abrol 116,788 Ordinary shares were released, the remain LTIP awards will be released in August 2020 (59,071 Ordinary shares for John Ions and 38,930 Ordinary shares for Vinay Abrol) and March 2021 (59,071 shares for John Ions and 38,930 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 payment.

	LTIP awards that vested	Value on grant	Gain result from share price appreciation and dividend equivalent payments on vested LTIP awards over the vesting period	Value on vesting
John Ions	295,353	829,000	1,595,000	2,424,000
Vinay Abrol	194,648	546,000	1,051,000	1,597,000

Option exercise details (audited information)

For John Ions and Vinay Abrol, LTIP awards exercised on 12 August 2019; The market value of:

- John Ions share options on the date of exercise were £1,343,259 (177,211 share options at 758p per share); and
- Vinay Abrol share options on the date of exercise were £885,253 (116,788 share options at 758p 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 and 19 June 2019. 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 2020:

	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%	114,206	£870,000	Monday, August 12, 2019	12 August 2022
Vinay Abrol	175%	75,259	£573,000	Monday, August 12, 2019	12 August 2022

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:

- absolute shareholder return (20%)

  Start of the performance period: on 12 August 2019, with the starting share price being 780.73p, which is the 30-day average to the day before the date of grant. The end of the performance period: 12 August 2022.

  Performance will be assessed against the following targets:

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 FTSE All Share Total Return Index (starting index value 7494.08. which is the 30-day average to the day before the date of grant). The end of the performance period: 12 August 2022.

  Performance will be assessed against the following targets:

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

  There will be straight line vesting between points.

- Diluted adjusted earnings (excluding performance fees) per share (30%)

  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:

  Performance will be assessed against the following targets:

TSR 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, and will be disclosed after vesting;
  2. Fund performance: Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 10% vests and at 75% of funds and above 100% vests; and
  3. Other strategic measures, which are commercially sensitive and will be disclosed after 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 400% 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 (audited information)

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 87% of their variable remuneration.

Director	Type of variable remuneration	Value (£'000)	% deferred
John Ions	Cash bonus/variable allocation	348	n/a
	DBVAP	1,392	53%
	LTIP award[1]	870	33%
	Total	**2,610**	**87%**
Vinay Abrol	Cash bonus/variable allocation	197	n/a
	DBVAP	786	51%
	LTIP award[1]	573	37%
	Total	**1,556**	**87%**

(1) LTIP awards for the financial year ending 31 March 2020 (see LTIP Awards section on page 83 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 2020 the Executive Directors held:

	Ordinary shares held[1]	Value[2] (£'000)	Multiple of salary/fixed allocation
Executive Directors			
John Ions	737,139	6,929	20x
Vinay Abrol	921,788	8,665	26x

(1) Ordinary shares held either directly or via persons closely associated; and
(2) Value calculated using the closing share price on 31 March 2020, which was 940 pence per share.

There have been no changes to this since the year end.

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 2020 (2019: 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 2021

Annual fixed remuneration

The Committee has not changed the base remuneration of the Executive Directors for the financial year ending 31 March 2021.

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 2021.

The base remuneration for each of the Directors (includes component fees for Non-executive Directors) for the financial year ended 31 March 2021. 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 2021 (£)	Increase compared to the previous year (%)
Alastair Barbour	114,000(1)	25%
John Ions	348,100	Nil
Vinay Abrol	327,700	Nil
Mike Bishop	71,000(2)	Nil
Mandy Donald	61,000(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. Note, Alastair Barbour become Non-executive Chairman, having previously been Non-executive Deputy Chairman, on 20 September 2019.

(2) 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.

(3) Non-executive Director base fee plus Audit & Risk Committee Chairman fee, Remuneration Committee Member fee, and Nomination 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 2021 will be determined using the same structure that was used in the financial year ended 31 March 2020. 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 a 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 2020.

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 considering 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 2021 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 2020.

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 shareholder return (20%)

  Start of the performance period: on date of grant, which is expected to be July 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: July 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:

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:

  Performance will be assessed against the following targets:

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

  There will be straight line vesting between points.

- Diluted adjusted earnings (excluding performance fees) per share (30%)

  Starting EPS (Diluted Adjusted EPS excluding performance fees): •p for the financial year ending 31 March 2020. End of the performance period is 31 March 2023. Performance will be assessed against the following targets:

  Performance will be assessed against the following targets:

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

  There will be straight line vesting between points.

- Other strategic objectives (30%) which include
  - Net inflows. Net inflows versus budget for the financial years ending 31 March 2021, 2022 and 2023. The budget targets are commercially sensitive, and will be disclosed after vesting;
  - Fund performance: Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 10% vests and at 75% of funds and above 100% vests; and
  - Other strategic measures, which are commercially sensitive and will be disclosed after vesting.

Cap on total remuneration
Business, Energy and Industrial Strategy (BEIS) Committee report on Executive Pay, released in March last, 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 has considered introducing a cap on total remuneration, and has decided against currently doing so. However, the Committee intends to re-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 further consideration.

Directors' Shareholdings (audited information)
The interests of the Directors and their families in the share capital of the Company at 31 March 2020 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]	734,890	2,249	737,139	183,397	445,885	–	629,282
Vinay Abrol[1]	919,539	2,249	921,788	120,865	293,839	–	414,704
Non-executive Directors							
Adrian Collins	6,249	–	6,249	–	–	–	–
Alastair Barbour[1]	32,000	–	32,000	–	–	–	–
Mike Bishop	25,106	–	25,106	–	–	–	–
Mandy Donald	–	–	–	–	–	–	–
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 2020 and 7 July 2020:
- each of John Ions and Vinay Abrol each purchased 168 additional Ordinary shares and were each allocated 336 unvested Ordinary shares pursuant to their participation in the SIP.

Other than the above, there were no other changes.

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 Apr 2019	Options granted or exercised	Number of options held at 31 March 2020	Exercise Price	Date of grant
John Ions	2016 (in respect of 2016/17/18)	£828,750	254.0p	130,512	(65,256)	65,256	Nil	20 June 2016
	2017 (in respect of 2017/18/19)	£828,750	280.6p	295,353	(177,212)	118,141	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
	2020 (in respect of 2020/21/22)	£870,250	762.0p	–	114,206	114,206	Nil	12 August 2019
Vinay Abrol	2016 (in respect of 2016/17/18)	£546,175	254.0p	86,012	(43,006)	43,006	Nil	20 June 2016
	2017 (in respect of 2017/18/19)	£546,175	280.6p	194,648	(116,789)	77,859	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
	2020 (in respect of 2020/21/22)	£573,475	762.0p	0	75,259	75,259	Nil	12 August 2019

(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.
- financial year ended 31 March 2020 the share price used to determine the awards is the 30 day average closing share price to 9 August 2019, 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, 588.0p on 26 June 2018 and 12 August 2019 750.0p.

(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.
- 12 August 2022 and 12 August 2029 for the LTIP awards granted on 12 August 2019.

(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.
- 12 August 2019 the performance period ends on 12 August 2022.

(5) For the LTIP awards granted on
- 20 June 2016, 60% of vested awards are released on 20 March 2020, 20% released on 20 March 2020 and 20% released on 20 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;
- 12 August 2019, 60% of vested awards are released on 12 August 2022, 20% released on 12 August 2023 and 20% released on 12 August 2024;

(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 March 2018 (in respect of 2018/19/20):

Total Shareholder Return target (40%)

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.

Required outcome: Start of the performance period: 22 June 2017, Starting share price: 454.81p, End of the performance period: 22 June 2020

EPS target (30%)

Performance condition: 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.

Required outcome: Starting EPS (Diluted Adjusted EPS excluding performance fees): 27.45p for the financial year ending 31 March 2017.

Strategic targets (30%)

Performance condition 1 (7.5%): 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.

Required outcome: 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 in the 2021 Annual Report on Remuneration.

Performance condition 2 (7.5%): 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.

Required outcome: 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 in the 2021 Annual Report on Remuneration.

Performance condition 3 (7.5%): 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.

Required outcome: Starting year for investment performance: Year ending 31 March 2018. Ending year for investment performance: Year ending 31 March 2020.

Performance condition 4 (7.5%): Other strategic targets.

Required outcome: Actual target for other strategic objectives are commercially sensitive and will disclosed after initial vesting in the 2021 Annual Report on Remuneration. However, include objectives in relation to personal performance, risk management, compliance behaviour and promoting a compliant culture and improving gender diversity in the business.

Financial year ended 31 March 2019 (in respect of 2019/20/21):

Total Shareholder Return target (40%)

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.

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

EPS target (30%)

Performance condition: 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.

Required outcome: Starting EPS (Diluted Adjusted EPS excluding performance fees): 40.19p for the financial year ending 31 March 2018.

Strategic targets (30%)

Performance condition 1 (7.5%): 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.

Required outcome: 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 in the 2022 Annual Report on Remuneration.

Performance condition 2 (7.5%): 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.

Required outcome: 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 in the 2022 Annual Report on Remuneration.

Performance condition 3 (7.5%): 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.

Required outcome: Starting year for investment performance: Year ending 31 March 2019. Ending year for investment performance: Year ending 31 March 2021.

Performance condition 4 (7.5%): Other strategic targets.

Required outcome: Actual target for other strategic objectives are commercially sensitive and will disclosed after initial vesting in the 2022 Annual Report on Remuneration. However, include objectives in relation to personal performance, risk management, compliance behaviour and promoting a compliant culture and improving gender diversity in the business.

Financial year ended 31 March 2020 (in respect of 2020/21/22):

Absolute Shareholder Return target (20%)

Performance condition: TSR performance (% growth per annum): Below 10% per annum then nil vests, at 10% per annum growth 10% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.

Required outcome: Start of the performance period: on 12 August 2019, with the starting share price being 780.73p, which is the 30-day average to the day before the date of grant. The end of the performance period: 12 August 2022.

Relative Shareholder Return target (20%)

Performance condition: Relative performance vs the FTSE All-Share Index Total Return (% growth per annum in excess of the index return): Below 10% per annum then nil vests, at 10% per annum growth 10% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.

Required outcome: Using the same starting price as above, performance will be assessed against FTSE All Share Total Return Index (starting index value 7494.08. which is the 30-day average to the day before the date of grant). The end of the performance period: 12 August 2022.

EPS target (30%)

Performance condition: 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.

Required outcome: 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.

Strategic targets (30%)

Performance condition 1 (7.5%): 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.

Required outcome: Starting year for net inflows: Year ending 31 March 2020. Ending year for net inflows: Year ending 31 March 2022. Actual target for net inflows are commercially sensitive and will disclosed after initial vesting in the 2023 Annual Report on Remuneration.

Performance condition 2 (7.5%): 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.

Required outcome: Starting year for growth in assets under management: Year ending 31 March 2020. Ending year for growth in asset management: Year ending 31 March 2022. Actual target for growth in assets under management are commercially sensitive and will disclosed after initial vesting in the 2023 Annual Report on Remuneration.

Performance condition 3 (7.5%): 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.

Required outcome: Starting year for investment performance: Year ending

31 March 2020. Ending year for investment performance: Year ending 31 March 2022.

Performance condition 4 (7.5%): Other strategic targets.

Required outcome: Actual target for other strategic objectives are commercially sensitive and will disclosed after initial vesting in the 2023 Annual Report on Remuneration. However, include objectives in relation to personal performance, risk management, compliance behaviour 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	Option / Shares held 1 Apr 2019	Options / Shares exercised / vested[4]	Options / Shares awarded	Number of shares / options held at 31 March 2020	Exercise price	Issue date
Adrian Collins[1]	2017 (in respect of 2016)	£65,000	See Group managed funds table below for further details					Nil	21 June 2016
John Ions	2017 (in respect of 2016)	£550,000	See Group managed funds table below for further details					Nil	21 June 2016
	2018 (in respect of 2017)	£715,000	See Group managed funds table below for further details					Nil	21 June 2017
	2019 (in respect of 2018)	£1,104,000	See Group managed funds table below for further details					Nil	28 June 2018
	2020 (in respect of 2019)	£870,250	See Group managed funds table below for further details					Nil	27 June 2019
Vinay Abrol	2017 (in respect of 2016)	£325,000	See Group managed funds table below for further details					Nil	21 June 2016
	2018 (in respect of 2017)	£402,000	See Group managed funds table below for further details					Nil	21 June 2017
	2019 (in respect of 2018)	£525,000	See Group managed funds table below for further details					Nil	28 June 2018
	2020 (in respect of 2019)	£491,550	See Group managed funds table below for further details					Nil	27 June 2019

(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;
- between 61% (for John Ions) and 50% (for Vinay Abrol) of the annual bonus/variable allocation For the year ended 31 March 2020, 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;
- June 2019 are exercisable between 27 June 2020 and 27 June 2023;

(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%).
- June 2019 vest on 27 June 2020 (33.3%), 27 June 2021 (33.3%) and 27 June 2022 (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 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 2018 (in respect of 2017), for 2019 (in respect of 2018) and for 2020 (in respect of 2019) (audited information):

Director	Financial year ended 31-Mar	Face value	Fund name	Unit price (pence) used to determine grant	Options held at 1 Apr 2019	Options vested/ exercised over units	Options granted over units	Options over units at 31 Mar 2020
Adrian Collins	2017	£13,000	Liontrust Global Income Fund	139.85	3,098.5570	(3,098.5570)	0.0000	0.0000
	(in respect of 2016)	£13,000	Liontrust Macro Equity Income Fund	187.24	2,314.3200	(2,314.3200)	0.0000	0.0000
		£13,000	Liontrust UK Growth Fund	343.62	1,261.0830	(1,261.0830)	0.0000	0.0000
		£13,000	Liontrust SF Managed Fund	180.00	2,407.3920	(2,407.3920)	0.0000	0.0000
		£13,000	Liontrust Asia Income Fund	103.86	4,172.2830	(4,172.2830)	0.0000	0.0000
		£65,000						
John Ions	2017	£110,000	Liontrust Global Income Fund	139.85	26,218.5670	(26,218.5670)	0.0000	0.0000
	(in respect of 2016)	£110,000	Liontrust Macro Equity Income Fund	187.24	19,582.7100	(19,582.7100)	0.0000	0.0000
		£110,000	Liontrust UK Growth Fund	343.62	10,670.7020	(10,670.7020)	0.0000	0.0000
		£110,000	Liontrust SF Managed Fund	180.00	20,370.2470	(20,370.2470)	0.0000	0.0000
		£110,000	Liontrust Asia Income Fund	103.86	35,303.9340	(35,303.9340)	0.0000	0.0000
		£550,000						
	2018	£119,167	Liontrust European Growth Fund	210.99	37,653.1800	(18,826.5900)	0.0000	18,826.5900
	(in respect of 2017)	£119,167	Liontrust Macro Equity Income Fund	204.51	38,846.2400	(19,423.1200)	0.0000	19,423.1200
		£119,167	Liontrust Special Situations Fund	379.60	20,928.4620	(10,464.2310)	0.0000	10,464.2310
		£119,167	Liontrust European Income Fund	139.51	56,945.3412	(28,472.6706)	0.0000	28,472.6706
		£119,167	Liontrust Asia Income Fund	136.96	58,005.5780	(29,002.7890)	0.0000	29,002.7890
		£119,167	Liontrust SF Managed Fund	173.40	45,815.7100	(22,907.8550)	0.0000	22,907.8550
		£715,000						
	2019	£157,714	Liontrust European Growth Fund	210.35	74,977.0800	(24,992.3600)	0.0000	49,984.7200
	(in respect of 2018)	£157,714	Liontrust Macro Equity Income Fund	197.21	79,972.7640	(26,657.5880)	0.0000	53,315.1760
		£157,714	Liontrust Special Situations Fund	421.04	37,458.2670	(12,486.0890)	0.0000	24,972.1780
		£157,714	Liontrust European Income Fund	128.52	122,715.7540	(40,905.2516)	0.0000	81,810.5024
		£157,714	Liontrust Asia Income Fund	134.65	117,129.0600	(39,043.0200)	0.0000	78,086.0400
		£157,714	Liontrust SF Managed Fund	185.80	84,883.8960	(28,294.6320)	0.0000	56,589.2640
		£157,714	Liontrust Strategic Bond Fund	99.86	157,935.3900	(52,645.1300)	0.0000	105,290.2600
		£1,104,000						
	2020	£124,321	Liontrust European Growth Fund	203.72	0.0000	0.0000	20,341.8790	20,341.8790
	(in respect of 2019)	£124,321	Liontrust Macro Equity Income Fund	194.58	0.0000	0.0000	21,297.3970	21,297.3970
		£124,321	Liontrust Special Situations Fund	442.65	0.0000	0.0000	9,361.9060	9,361.9060
		£124,321	Liontrust European Income Fund	128.25	0.0000	0.0000	32,312.2624	32,312.2624
		£124,321	Liontrust Asia Income Fund	134.16	0.0000	0.0000	30,888.8460	30,888.8460
		£124,321	Liontrust SF Managed Fund	206.02	0.0000	0.0000	20,114.7830	20,114.7830
		£124,321	Liontrust Strategic Bond Fund	130.19	0.0000	0.0000	40,159.3920	40,159.3920
		£870,250						
Vinay Abrol	2017	£65,000	Liontrust Global Income Fund	139.85	15,492.7890	(15,492.7890)	0.0000	0.0000
	(in respect of 2016)	£65,000	Liontrust Macro Equity Income Fund	187.24	11,571.6010	(11,571.6010)	0.0000	0.0000
		£65,000	Liontrust UK Growth Fund	343.62	6,305.4150	(6,305.4150)	0.0000	0.0000
		£65,000	Liontrust SF Managed Fund	180.00	12,036.9640	(12,036.9640)	0.0000	0.0000
		£65,000	Liontrust Asia Income Fund	103.86	20,861.4160	(20,861.4160)	0.0000	0.0000
		£325,000						
	2018	£67,000	Liontrust European Growth Fund	210.99	21,170.0400	(10,585.0200)	0.0000	10,585.0200
	(in respect of 2017)	£67,000	Liontrust Macro Equity Income Fund	204.51	21,840.8220	(10,920.4110)	0.0000	10,920.4110
		£67,000	Liontrust Special Situations Fund	379.60	11,766.7720	(5,883.3860)	0.0000	5,883.3860
		£67,000	Liontrust European Income Fund	139.51	32,016.8212	(16,008.4106)	0.0000	16,008.4106
		£67,000	Liontrust Asia Income Fund	136.96	32,612.9260	(16,306.4630)	0.0000	16,306.4630
		£67,000	Liontrust SF Managed Fund	173.40	25,759.3220	(12,879.6610)	0.0000	12,879.6610
		£402,000						
	2019	£75,000	Liontrust European Growth Fund	210.35	35,654.8590	(11,884.9530)	0.0000	23,769.9060
	(in respect of 2018)	£75,000	Liontrust Macro Equity Income Fund	197.21	38,030.5260	(12,676.8420)	0.0000	25,353.6840
		£75,000	Liontrust Special Situations Fund	421.04	17,813.0340	(5,937.6780)	0.0000	11,875.3560
		£75,000	Liontrust European Income Fund	128.52	58,356.6768	(19,452.2256)	0.0000	38,904.4512
		£75,000	Liontrust Asia Income Fund	134.65	55,699.9590	(18,566.6530)	0.0000	37,133.3060
		£75,000	Liontrust SF Managed Fund	185.8	40,365.9840	(13,455.3280)	0.0000	26,910.6560
		£75,000	Liontrust Strategic Bond Fund	99.86	75,105.1440	(25,035.0480)	0.0000	50,070.0960
		£525,000						
	2020	£70,221	Liontrust European Growth Fund	203.72	0.0000	0.0000	11,489.8600	11,489.8600
	(in respect of 2019)	£70,221	Liontrust Macro Equity Income Fund	194.58	0.0000	0.0000	12,029.5720	12,029.5720
		£70,221	Liontrust Special Situations Fund	442.65	0.0000	0.0000	5,287.9570	5,287.9570
		£70,221	Liontrust European Income Fund	128.25	0.0000	0.0000	18,251.1835	18,251.1835
		£70,221	Liontrust Asia Income Fund	134.16	0.0000	0.0000	17,447.1840	17,447.1840
		£70,221	Liontrust SF Managed Fund	206.02	0.0000	0.0000	11,361.5870	11,361.5870
		£70,221	Liontrust Strategic Bond Fund	130.19	0.0000	0.0000	22,683.5370	22,683.5370
		£491,550						

(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)

	Awards held start of year			Awards held at the end of the year		
Director	Number of shares as at 01 Apr 19	Face value	Grant/Vesting date	Number of shares granted/(vested)	Number of shares as at 31 Mar 2020	Earliest vesting date
John Ions	1,396	£3,600	27-Jun-19	(1,396)	0	27-Jun-19
	820	£3,600			820	26-Apr-20
	610	£3,600			610	26-Apr-21
	0	£3,600	30-Apr-19	819	819	30-Apr-22
Vinay Abrol	1,396	£3,600	27-Jun-19	(1,396)	0	27-Jun-19
	820	£3,600			820	26-Apr-20
	610	£3,600			610	26-Apr-21
	0	£3,600	30-Apr-19	819	819	30-Apr-22

(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.

(2) 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	8 July 2010	6 months
Vinay Abrol	Director Letter of appointment	23 January 2014	12 months
	LLP membership deed of adherence	8 July 2010	12 months

Director	Type of contract	Date of contract	Notice period
Non-executive Directors			
Alastair Barbour	Director Letter of appointment	19 November 2019	3 months
Mike Bishop	Director Letter of appointment	1 May 2011	3 months
Mandy Donald	Director Letter of appointment	18 July 2019	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.

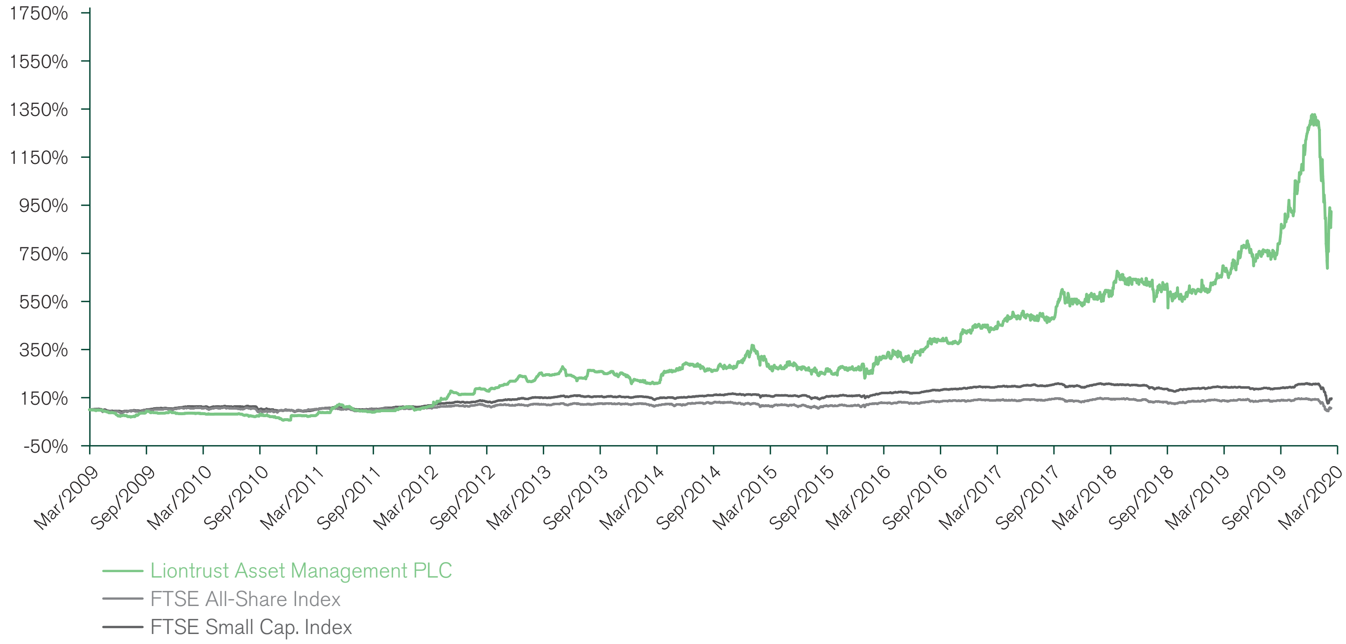
The Committee intends to utilise the Company's existing discretionary employee benefit trust (the "**Employee Trust**") to reduce and manage dilution.

The Employee Trust will have full discretion about 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; and
- 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 ten years:

Year ended 31 Mar 2020	Name	Single figure of total remuneration (£'000)	Long term incentive vesting rates (as % maximum opportunity)
2020	John Ions	5,233	100%
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

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 2020 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 2019 to 2020	Employees and Members year ended 31 March 2019 to 2020[1]
Salary/Fixed allocation	Nil	3%
Benefits[2]	1%	0%
Bonus/Variable allocation[3]	Nil	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 for employee member:

	Ratio for 2020	Ratio for 2019
Lower quartile ratio	78x	56x
Median ratio	43x	33x
Upper quartile ratio	18x	17x

The Group has chosen to use 'Option A' as the methodology for calculating the pay and benefits of all UK members and employees, as this is consistent with the approach that must be used for the CEO single figure. It therefore allows a like-for-like comparison to take place between the pay data of the CEO and members and employees at the lower, median and upper quartiles, as well as a more accurate analysis of the resulting ratios. For the purpose of this disclosure, the Company has chosen 31 March 2020 as the reference date on which the pay for all employees and members was calculated, consistent with our approach taken in 2019.

	Lower quartile £'000	Median £'000	Upper quartile £'000
CEO single figure		4,555	
Employee/Member single figure	58	106	254
Employee/Member single salary/ fixed allocation component	48	89	194

Shareholder voting outcomes for 2019 Directors' Remuneration Report

The table below shows the advisory vote on the 2018 Directors' Remuneration Report at the Annual General Meeting held on 20 September 2019:

	Votes for	%	Votes Against	%	Votes withheld	%
2019 Annual report on remuneration	36,247,940	89.26	4,132,532	10.18	229,316	0.56

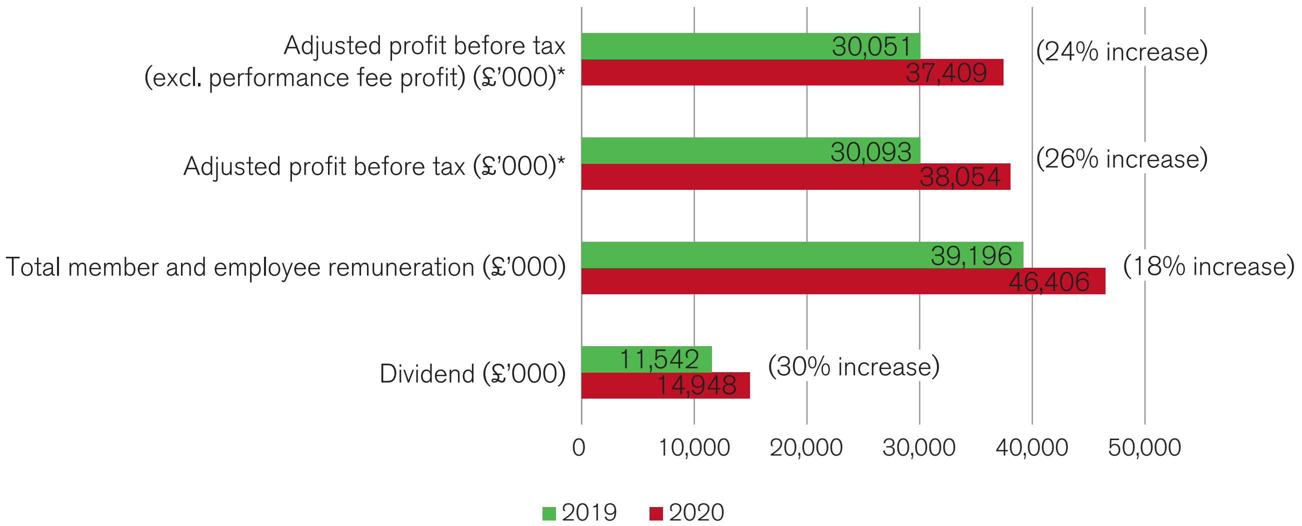
Shareholder voting outcomes for 2018 Directors' Remuneration Report and 2018 Directors' Remuneration Policy

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	%
Directors' remuneration policy	24,832,878	63.8	14,088,649	36.19	2,806	0.01

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 2020 and 31 March 2019.



* This is an adjusted performance measure ('APM'). See Note 7.

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 can seek assistance from external advisers. However, during the year ended 31 March 2020 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 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.

George Yeandle
Chairman of the Remuneration Committee
7 July 2020


PLASTIC WASTE
10 types of plastic products account for
43% of the litter on Europe's beaches
LIONTRUST
COURAGE · POWER · PRIDE
SS SOCIETY
Just 3 in 10 UK transactions are in cash
LIONTRUST
COURAGE · POWER · PRIDE
PLASTIC WASTE
The world produces 400 million tonnes of plastic a year
LIONTRUST
COURAGE · POWER · PRIDE
CLIMATE CHANGE
Average UK person emits 10 tonnes of
ENERGY TRANSITION
A 3rd of the world's total
installed electricity capacity
is now Renewable

Financial Statements

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2020

	Note	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
Revenue	4	124,025	97,556
Cost of sales	4	(17,393)	(12,924)
Gross profit		**106,632**	**84,632**
Realised profit on sale of financial assets		–	25
Unrealised loss on financial assets		(283)	–
Contingent consideration		–	(88)
Administration expenses	5	(89,711)	(62,407)
Operating profit	6	**16,638**	**22,162**
Interest receivable	8	18	10
Finance costs	16	(148)	–
Profit before tax		**16,508**	**22,172**
Taxation	10	(3,544)	(2,108)
Profit for the year		**12,964**	**20,064**
Total comprehensive income		**12,964**	**20,064**

		Pence	Pence
Earnings per share			
Basic earnings per share	12	24.68	39.98
Diluted earnings per share	12	23.87	38.59

The notes on pages 102 to 124 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet
as at 31 March 2020

	Note	As at 31-Mar-20 £'000	As at 31-Mar-19 £'000 (restated)
Assets			
Non current assets			
Intangible assets	15	37,922	11,505
Goodwill	14	19,626	11,872
Property, plant and equipment	16	7,850	617
Total non current assets		**65,398**	**23,994**
Current assets			
Trade and other receivables	17	175,532	95,371
Financial assets	18	2,817	3,151
Cash and cash equivalents	1(j)	40,294	35,551
Total current assets		**218,643**	**134,073**
Liabilities			
Non current liabilities			
Deferred tax liability	11	(6,440)	(1,620)
Lease liability	16	(5,769)	–
Total non current liabilities		**(12,209)**	**(1,620)**
Current liabilities			
Trade and other payables	19	(181,693)	(99,710)
DBVAP liability		(845)	(1,166)
Corporation tax payable		(734)	–
Total current liabilities		**(183,272)**	**(100,876)**
Net current assets		**35,371**	**33,197**
Net assets		**88,560**	**55,571**
Shareholders' equity			
Ordinary shares	20	555	507
Share premium		57,439	19,745
Capital redemption reserve		19	19
Retained earnings		36,409	38,591
Own shares held	22	(5,862)	(3,291)
Total equity		**88,560**	**55,571**

The notes on pages 102 to 124 form an integral part of these consolidated financial statements.

The financial statements on pages 98 to 124 were approved and authorised for issue by the Board of Directors on 7 July 2020 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 2020

	Note	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
Cash flows from operating activities			
Cash received from operations		96,359	85,072
Cash paid in respect of operations		(79,019)	(62,088)
Net cash generated from changes in unit trust receivables and payables		1,561	340
Net cash generated from operations		18,901	23,324
Interest received		18	10
Tax paid		–	(5,908)
Net cash generated from operating activities		**18,919**	**17,426**
Cash flows from investing activities			
Purchase of property and equipment	16	(174)	(609)
Cash acquired from acquisition of Neptune	13	3,661	–
Purchase of DBVAP Financial Asset		(1,362)	(1,629)
Sale DBVAP Financial Asset		1,333	753
Purchase of Seeding investments		(169)	(520)
Sale of Seeding investments		50	422
Net cash generated from/(used in) investing activities		**3,339**	**(1,583)**
Cash flows from financing activities			
Purchase of own shares		(3,310)	(126)
Sale of own shares		743	601
Issue of new shares		-	–
Dividends paid	9	(14,948)	(11,542)
Net cash used in financing activities		**(17,515)**	**(11,067)**
Net increase in cash and cash equivalents*		**4,743**	**4,776**
Opening cash and cash equivalents*		35,551	30,775
Closing cash and cash equivalents*		**40,294**	**35,551**

* Cash and cash equivalents consist only of cash balances.

The notes on pages 102 to 124 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2020

	Note	Ordinary shares £ '000	Share premium £ '000	Capital redemption £ '000	Retained earnings £ '000	Own shares held £ '000	Total Equity £ '000
Balance at 01 April 2019 brought forward (as restated)		**507**	**19,745**	**19**	**38,591**	**(3,291)**	**55,571**
Adjustment to opening reserves - IFRS 16 Leases	16	-	-	-	(218)	-	(218)
Revised 01 April 2019 brought forward		507	19,745	19	38,373	(3,291)	55,353
Profit for the year		-	-	-	12,964	-	12,964
Total comprehensive income for the year		-	-	-	12,964	-	12,964
Dividends paid	9	-	-	-	(14,948)	-	(14,948)
Shares issued	20	48	37,694	-	-	-	37,742
(Purchase)/sale of own shares		-	-	-	-	(2,652)	(2,652)
EBT share option settlement	22	-	-	-		81	81
Share option settlement	-	-	-	-	(1,914)	-	(1,914)
Equity share options issued	5	-	-	-	1,934	-	1,934
Balance at 31 March 2020		**555**	**57,439**	**19**	**36,409**	**(5,862)**	**88,560**

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

	Note	Ordinary shares £ '000	Share premium (restated) £ '000	Deferred consideration £ '000	Capital redemption £ '000	Retained earnings (restated) £ '000	Own shares held £ '000	Total Equity (restated) £ '000
Balance at 01 April 2018 brought forward		**495**	**15,796**	**3,959**	**19**	**31,853**	**(3,766)**	**48,356**
Profit for the year		–	–	–	–	20,064	–	**20,064**
Other comprehensive income		–	–	–	–	–	–	**–**
Total comprehensive income for the year		–	–	–	–	20,064	–	**20,064**
Dividends paid	9	–	–	–	–	(11,542)	–	**(11,542)**
Shares issued	20	2	–	–	–	–	–	**2**
Purchase of own shares		–	–	–	–	–	475	**475**
Deferred consideration ATI acquisition	13	10	3,949	(3,959)	–	–	–	**–**
Share option settlement	22	–	–	–	–	(3,472)	–	**(3,472)**
Equity share options issued	5	–	–	–	–	1,688	–	**1,688**
Balance at 31 March 2019		**507**	**19,745**	**–**	**19**	**38,591**	**(3,291)**	**55,571**

Notes to the Financial Statements

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 (See 'Basis of financial statements' on page 56) 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 2020. There have been no significant changes issued to IFRS that would affect the Group during the year.

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

The Group provides additional disclosure in the form of an adjusted profit note (note 7, page 112) 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 including cost reduction expenses, professional services (restructuring, acquisition related and other), integration costs and severance compensation.

Non-cash items include depreciation, intangible asset amortisation, depreciation and IFRS2 - share incentivisation related expenses; profit is also adjusted for acquisition related professional services and reorganisation costs.

The Group presents a reconciliation to the Profit for the year per the statutory financial information in Note 7.

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:

i) Accounting judgements

There are no significant accounting judgements made, however an important judgement relates to the accounting for business combinations:

Acquisition of Neptune Investment Management Limited ('Neptune'). Determining whether a transaction is acquisition of a business or a separately identifiable asset is a matter of 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 accounting standards and concluded that the Neptune 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 IFRS 3 'Accounting for business combinations' (see note 13).

1 Principal accounting policies (continued)

ii) Accounting estimates

The following significant estimates are made:

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 14)

Impairment losses on goodwill are not reversed.

Impairment of intangible assets

The impairment of intangible assets are linked to impairment of goodwill and related CGUs. Details of the impairment policy for intangible assets and their estimated useful lives can be found in notes and 1h) below.

Whilst not a significant estimate in the financial statements, the valuation of employee share options involve a complex valuation methodology. 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 expected credit losses. The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience and is adjusted for forward-looking estimates.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 AuMA 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.

The fund management contracts relating to the assets acquired as part of the Neptune Investment management 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 20 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 ICVCs, 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.

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) Leases

IFRS 16 replaces IAS 17 and is effective for reporting periods beginning on or after 1 January 2019. The initial date of application for the Group is 1 April 2019. Where the Group is a lessee, IFRS 16 requires operating leases to be recorded in the Group's statement of financial position. The adoption of this new standard has resulted in the Group recognising a ROU asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach.

The Group has various office leases with lease terms negotiated on an individual basis and containing a similar range of terms and conditions. Lease contracts range from fixed periods of 3 to 5 years but may have extension options. Up to 31 March 2019 these leases were classified as operating leases charged to the statement of income.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability includes the net present value of the lease payments and repair costs at the end of the lease term.

The lease payments are discounted using the incremental borrowing rate ("IBR") for the Group as the interest rate implicit to each lease cannot be readily determined. The IBR is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Group determined that a single discount rate of 1.73% be applied to portfolios of leases with reasonably similar characteristics. The Group's IBRs have been arrived at using a three step approach: 1) determining the reference rate, 2) calculating the credit-spread adjustment, and 3) calculating the asset-specific adjustment.

The lease payments are allocated between principal and finance cost. The finance cost is charge to the statement of income over the period of the lease as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU asset is measured at cost equal to the amount of the initial measurement of the lease liability. Depreciation is applied on a straight-line basis over the period of the lease.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17. The Group has elected not to include initial direct costs in the measurement of the ROU asset for operating leases in existence as the date of initial application of IFRS 16, being 1 April 2019. Instead of performing an impairment review on the ROU assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise ROU assets but to account for the lease expense on a straight-line basis over the remaining lease term. The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

All the leases in scope for IFRS 16 are held by the same entity on behalf of the Group.

1 Principal accounting policies (continued)

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 AuMA and are recognised as the service is provided and it is probable that the fee will be received. Under the requirements of IFRS 15 revenue is presented gross with rebates and commission presented in cost of sales.

Management and administration fees are earnt over a period of time, and revenue is recognised in the same period in which the service is performed.

Performance fees are earnt in respect of certain contracts only and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal.

Management, administration and performance fees are forms of variable consideration, however there is no significant judgement or estimation.

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.

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.

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 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 based on the Company's historical volatility
  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.

1 Principal accounting policies (continued)

- 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 based on the Company's historical volatility
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 based on the Company's historical volatility
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.

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.

v) Restatement
The 2019 financial statements have been restated to reflect the corrected treatment of the settlement of LTIPs during the period. The amounts have been restated to remove the effect of their settlement from the Statement of Comprehensive Income to the Statement of Changes in Equity. The restatement reduced administration expenses by £3,143,000; increased profit before tax by £3,143,000; reduced share premium by £1,134,000 and increased retained earnings by £1,134,000. There was no adjustment to net assets. The Cash Flow Statement, Statement of Changes in Equity and related notes were updated to reflect this restatement.

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 34 to 36 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 18):

2 Financial risk management (continued)

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.

For UK Authorised unit trusts and the ICVCs, 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 valued on a single price 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. However, given recent Market volatility related to the COVID-19 pandemic management have increased this to 20%. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 20% would result in a movement in the value of the investment of £46,000 (2019: £38,000). Based on the holdings in the Liontrust Authorised Unit Trusts and UK ICVCs at the balance sheet date a price movement of 20% would result in a movement in the value of the investment of £481,000 (2019: £344,000). Given the market volatility around the COVID-19 pandemic, prices have risen over 20% since the balance sheet date.

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.

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 £317,000 increase or a decrease to nil in interest receivable (2019: £313,000 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 Euros and income receivable in Euro and US Dollars, these amounts are not considered to be material.

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 £12,000 (2019: £10,000).

Sterling vs. US Dollar - a movement of 10% would lead to a movement of less than £8,000 (2019: less than £8,000).

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £132,000 (2019: £108,000) in the income statement.

2 Financial risk management (continued)

In respect of Income receivable in US Dollar a 10% movement in the exchange rate would result in a movement of £20,000 (2019: £19,000) 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-20	31-Mar-19
Cash and cash equivalents	40,294	35,551
Trade receivables	175,532	95,371

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 three main types of receivables: management 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 funds 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. Trade and other receivables also include cancellations of units/shares in funds and sales of units/shares in funds, title to which is not transferred until settlement is received.

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 2020	Due within 3 months	Due between 3 months and one year	Due in over one year
Payables	181,693	845	5,769

As at 31 March 2019	Due within 3 months	Due between 3 Month and one year	Due in over one year
Payables	99,710	1,166	–

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 2020 Group has cash and net assets of £36.2 million (2019: £34.4 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 rules, Liontrust remains subject to the BIPRU regulations. Further details are available in the Liontrust Pillar III disclosure.

2 Financial risk management (continued)

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 £15.3 million (2019: £8.0 million).

As at 31 March 2020, the Group has regulatory capital resources of £31.2 million (2019: £32.2 million), significantly in excess of the Group's total capital requirement.

During the period 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 Board 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-20 £'000	Year ended 31-Mar-19 £'000
United Kingdom	116,153	93,325
Europe (ex UK)	7,714	4,037
USA	–	20
Canada	25	24
Australia	133	150
	124,025	97,556

During the year ended 31 March 2020 the Group had no customer contributing more than 10% of total revenue (2019: no 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 AUMA. 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.

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000
Revenue	123,021	97,524
Performance fee revenue	1,004	32
Total revenue	**124,025**	**97,556**
Cost of sales	(17,393)	(12,924)
Gross profit	**106,632**	**84,632**

Revenue from earnings includes:

1. Investment management on unit trusts, open-ended investment companies sub-funds, portfolios and segregated account;
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-20 £'000	Year ended 31-Mar-19 £'000 (restated)
Employee related expenses		
Director and employee costs[1]	14,047	10,639
Pensions	866	562
Share incentivisation expense	3,725	2,517
DBVAP expense	1,335	1,591
Severance compensation	1,886	70
	21,859	15,379
Non employee related expenses		
Members' drawings charged as an expense	31,993	27,995
Share incentivisation expense members	1,126	621
Professional services (restructuring, acquisition related and other)[2]	8,437	819
Depreciation and Intangible asset amortisation[3]	5,392	2,215
Other administration expenses	20,904	15,378
	67,852	47,028
	89,711	62,407

(1) Full details of the Directors emoluments can be found in the Directors Remuneration Report on page 78 of the 2020 Annual Report and Accounts.

(2) Costs relating to the acquisition and re-organisation of Neptune were £9.7 million including acquisition related costs of £1.9 million, severance compensation and a £3.2 million charge in relation to the termination of a marketing contract that was not required. Further re-organisation cost in relation to the transfer of the out-sourced transfer agency administration services contract from SS&C to BNY Mellon, which was successfully completed in June 2020, will be included in in Administration Expenses for the financial year ending 31 March 2021.

(3) Includes impairment of asset relating to Argonaut European Income business.

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
Share incentivisation expense		
- Share option expense employees	2,487	1,670
- Share option expense members	1,126	621
- Share option NIC expense	623	415
- Share incentive plan expense	319	190
- Share option related expenses	296	242
	4,851	3,138

(1) Full details of the Directors emoluments can be found in the Directors Remuneration Report on page 78

5 Administration expenses (continued)

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 148 (2019:117). 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-20 Average number of members and employees during the year	Employees Wages and salaries £'000	Employees Social security costs £'000	Employees Total employee expense £'000	Members Members' drawings charged as an expense £'000
General management	3	341	29	370	985
Fund management	43	3,162	486	3,648	27,973
Finance, Operations, IT and HR	44	3,660	453	4,113	826
Risk management and Compliance	10	585	73	658	641
Sales and Marketing	38	4,275	550	4,825	1,568
Non-executive directors	5	383	50	433	–
	143	12,406	1,641	14,047	31,993

	Member and employee expenses Year ended 31-Mar-19 Average number of employees during the year	Employees Wages and salaries £'000	Employees Social security costs £'000	Employees Total employee expense £'000	Members 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, IT and HR	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

6 Operating profit

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 (restated) £'000
The following items have been included in arriving at operating profit:	£'000	£'000
Foreign exchange losses/(gains)	6	(5)
Depreciation	1,531	199
Amortisation of initial commission asset	–	15
Amortisation of intangible asset	3,862	2,016
Costs relating to Directors, members and employees (Note 5)	54,978	43,995
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	186	84
Fees payable to the Company's auditors and its associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	281	153
- audit related assurance services to the Company's subsidiaries	166	244
- Other services	60	120

Commencing in 2019, contractual arrangements with the funds managed by the Group were changed such that audit fees for the funds are initially paid for by the Group and then recharged to the funds as part of a single fixed periodic charge. The total costs for audit fees recharged during the year amounted to £314,000 (2019: £43,000).

7 Adjusted profit

Adjusted profit (as explained in note 1c) reconciled in the table below:

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
Profit for the year	12,964	20,064
Taxation	3,544	2,108
Profit before tax	16,508	22,172
Share incentivisation expense	4,851	3,138
DBVAP expense	1,335	1,591
Unrealised loss on DBVAP financial asset	216	–
Severance compensation and staff reorganisation costs	2,296	70
Acquisition related contingent	–	88
IFRS16 - property adjustment	(980)	–
Professional services [1]	8,436	819
Depreciation, Intangible asset amortisation and impairment	5,392	2,215
Adjustments	21,546	7,921
Adjusted profit before tax	38,054	30,093
Interest receivable	(18)	(10)
Adjusted operating profit	38,036	30,083

(1) Costs relating to the acquisition and re-organisation of Neptune were £9.7 million including acquisition related costs of £1.9 million, severance compensation and a £3.2 million charge in relation to the termination of a marketing contract that was not required. Further re-organisation cost in relation to the transfer of the out-sourced transfer agency administration services contract from SS&C to BNY Mellon, which was successfully completed in June 2020, will be included in in Administration Expenses for the financial year ending 31 March 2021.

7 Adjusted profit (continued)

Adjusted earnings per share is reconciled in the tables below:

	Year ended 31-Mar-20	Year ended 31-Mar-19 (restated)
Basic earnings per share	**24.68**	**39.98**
Adjustments:		
Taxation	6.75	4.20
Share incentivisation expense	9.24	6.26
DBVAP expense	2.54	3.17
Unrealised loss on DBVAP financial asset	0.41	–
Severance compensation and staff reorganisation costs	4.37	0.14
Acquisition related contingent	–	0.18
IFRS16 - property adjustment	(1.87)	–
Professional services	16.06	1.63
Depreciation and Intangible asset amortisation	10.26	4.41
Adjustments:	47.76	19.99
Taxation at 19%	(13.76)	(11.40)
Adjusted basic earnings per share	**58.68**	**48.57**
Performance fees [1]	(0.55)	(0.02)
Adjusted basic earnings per share (excluding performance fees)	**58.13**	**48.55**

	Year ended 31-Mar-20	Year ended 31-Mar-19 (restated)
Diluted earnings per share	**23.87**	**38.59**
Adjustments:		
Taxation	6.52	4.05
Share incentivisation expense	8.92	6.04
DBVAP expense	2.46	3.07
Unrealised loss on DBVAP financial asset	0.40	–
Severance compensation and staff reorganisation costs	4.23	0.13
Acquisition related contingent	–	0.17
IFRS16 - property adjustment	(1.80)	–
Professional services [1]	15.53	1.58
Depreciation and Intangible asset amortisation	9.93	4.26
Adjustments:	46.19	19.30
Taxation at 19%	(13.32)	(11.00)
Adjusted diluted earnings per share	**56.74**	**46.89**
Performance fees [2][3]	(0.53)	(0.02)
Adjusted diluted earnings per share (excluding performance fees)	**56.21**	**46.87**
Adjusted operating profit	38,036	30,083
Gross profit	106,632	84,632
Adjusted operating margin	**35.7%**	**35.5%**

(1) Performance fee revenues contribution calculated in line with operating margin of 35.7% (2019: 35.5%)

	Year ended 31-Mar-20	Year ended 31-Mar-19
Directors, employees and members compensation reconciliation		
Director and employee costs	14,047	10,639
Pensions	866	562
Members drawings charged as an expense	31,993	27,995
Directors, employees and members compensation	**46,906**	**39,196**

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% (2019: 0.0%).

9 Dividends

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000
Ordinary Shares		
Prior year second interim at 20 pence per share (2019: 16 pence)	10,076	8,029
First interim at 9 pence per share (2019: 7 pence)	4,872	3,513
Total	14,948	11,542

In addition, the Directors are proposing a second interim dividend in respect of the financial year ending 31 March 2020 of 24p per share which will absorb an estimated £14.4 million of shareholders' funds. It will be paid on 09 August 2020 to shareholders who are on the register of members at 09 July 2020, with the shares going ex-dividend on 08 July 2020.

10 Taxation

		Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
(a)	Analysis of charge in year		
	Current tax:		
	UK corporation tax at 19% (2019: 19%)	3,640	2,211
	Adjustment in respect of prior periods	261	(805)
	Total current tax	3,901	1,406
	Deferred tax:		
	Deferred tax originated from timing differences	(357)	702
	Total charge in year	3,544	2,108
(b)	Factors affecting current tax		
	Profit on ordinary activities before tax	16,508	22,172
	Profit on ordinary activities at UK corporation tax rate of 19% (2019: 19%)	3,136	4,213
	Effects of:		
	Expenses not deductible for tax purposes	911	66
	Depreciation in excess of capital allowances	(2)	(2)
	Net Members drawings not taxable	258	168
	Tax relief on exercise of unapproved options	(714)	(830)
	Deferred tax originated from timing differences	(357)	(702)
	Overseas losses not deductible	51	-
	Adjustment in respect of prior periods	261	(805)
	Total taxation	3,544	2,108

11 Deferred tax

Deferred tax assets	2020 £'000	2019 £'000
Balance as at 1 April	–	930
Deferred tax reversed on timing differences	–	(930)
Movement in deferred tax on change in tax rate to 19% (2019: 19%)	–	–
Balance as at 31 March	–	–

Deferred tax liability	2020 £'000	2019 £'000
Balance as at 1 April	(1,620)	(1,848)
Deferred tax recognised on acquired intangible asset (See note 13)	(5,177)	–
Deferred tax reversed on timing differences	357	228
	–	–
Balance as at 31 March	(6,440)	(1,620)
Net deferred tax liability	(6,440)	(1,620)

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 52,531,287 for the year (2019: 50,185,745). 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 2020. The adjusted weighted average number of Ordinary Shares so calculated for the year was 54,320,477 (2019 : 51,986,043). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	As at 31-Mar-20 number	As at 31-Mar-19 number
Weighted average number of Ordinary Shares	52,531,287	50,185,745
Weighted average number of dilutive Ordinary shares under option:		
- to the Liontrust Long Term Incentive Plan	1,779,742	1,711,753
- to the Liontrust Option Plan	9,448	–
- to the DBVAP	–	88,545
Adjusted weighted average number of Ordinary Shares	54,320,477	51,986,043

Details of the options outstanding at 31 March 2020 to Directors are set out in the Directors' Remuneration Report on page 87.

13 Acquisition of Neptune Investment Management Limited

On 1 October 2019 ("Completion Date"), the Company acquired the entire issued share capital and obtained control of Neptune Investment Management Limited ("Neptune") at a cost of £38 million (the "Acquisition"). 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 £7.8 million arising from the Acquisition is attributable to the fund management team, and the expected economies of scale efficiency increases from combining the operations of Neptune and the Group.

The following table summarises the consideration paid for Neptune, the fair value of the assets acquired and the liabilities assumed at the Completion Date.

Consideration at 1 October 2019	£'000
Equity instruments (amount on completion - Tranche One consideration) - 3,838,518 shares	29,172
Equity instruments (amount on completion - Completion NAV consideration) - 646,605 shares	8,568
Total consideration	**37,740**
Recognised amounts of identifiable assets acquire and liabilities assumed	
Fixed assets	39
Cash and cash equivalents	3,661
Trade and other receivables	26,203
Trade and other payables	(25,018)
Investment Management contracts	30,279
Deferred tax liabilities	(5,177)
Total identifiable net assets	**29,987**
Goodwill	7,753
Total	**37,740**

Acquisition related costs of £1.856 million and reorganisation costs of £7.812 million have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2020.

Equity instruments issued

The instruments issued comprise of 4,485,123 of the Company's ordinary shares ("Ordinary Shares").

The Share Purchase Agreement relating to the Acquisition stipulated that Liontrust issue an initial allotment of 3,838,518 Liontrust Shares ("Tranche One Consideration Shares") to pay the initial consideration of £29.2 million.

An allotment of 646,605 Liontrust Shares was made when the net asset value of Neptune on Completion was finalised ("Completion NAV Consideration Shares"). The fair value of the shares was £8.6 million.

Additionally, if the AuMA managed by the Neptune Investment team exceeds £4 billion on the 3rd anniversary of the Completion Date, an earnout of £5 million in Liontrust Shares ("Tranche Two Consideration Shares") is payable.

The number of Liontrust Shares issued as Tranche One Consideration Shares, Completion NAV Shares and Tranche Two Consideration Shares are calculated using the average closing price of Liontrust Shares over the 30 trading days up to (but excluding) the date falling three Business Days prior to the date of the Share Purchase Agreement.

The identifiable assets acquired were accounted for at fair value. The fair value of 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 £30 million which management believe is appropriate.

There is an additional contingent consideration that is payable if, on the 3rd anniversary of the Completion Date, the average assets under management managed by the Neptune Investment team (the investment team acquired pursuant to the Acquisition) for the 3 month period prior to this date is in excess of £4 billion the Group will pay an additional £5 million in Liontrust Shares.

Based on facts and circumstances known at 1 October 2019 the fair value of the contingent consideration was assessed as nil and no liability recorded. Prior to 31 March 2020, with a significant decrease in assets under management, the fair value of this liability was reassessed. Based on this assessment, the fair value of nil was reconfirmed, and no liability recorded.

Goodwill on acquisition is allocated to the Global Equity funds cash generating unit ("CGU"). See note 14 for details.

If Neptune had been acquired on 1 April 2019 the Group's revenue and profit before tax would have been approximately £135.6 million and £14.7 million.

14 Goodwill

The ATI Goodwill on acquisition is allocated to the Sustainable Funds team cash generating unit ('CGU') and at 31 March 2020 was £11,873,000 (2019: £11,873,000). At the balance sheet date an assessment was made in relation to impairment of the goodwill where the recoverable amount, based on a value in calculation, was calculated using an earnings model which used key assumptions such as terminal growth rate (2%), discount rate (13%), assets under management market growth and fundflows. Sensitivity analysis was carried out on this model which included significantly reducing the forecast market growth and fundflows. These changes would not lead to any impairment in the carrying value of this goodwill.

The Neptune Goodwill on acquisition is allocated to the Global Equities team CGU and at 31 March 2020 was £7,753,000. At the balance sheet date an assessment was made in relation to impairment of the goodwill where the recoverable amount, based on a value in calculation, was calculated using an earnings model with reference to the projected cashflows relating to the CGU over a period of 5 years, which used key assumptions such as fundflows, assets under management market growth rates at 2.5% per annum, terminal growth rate of 2% and a discount rate of 13%. Based on this there was a reasonable amount of headroom. Sensitivity analysis was carried out on this model which included changing the discount rate and reducing the market growth. The discount rate could be increased by 30% without impacting goodwill, however, reducing the market growth rate and fund inflows to nil would result in the carrying value being impaired. Given the relatively recent acquisition and market volatility given the COVID-19 pandemic at the balance sheet date, the sensitivity analysis indicates that under certain circumstances an impairment could be taken. Management remain confident regarding the growth of the Global Equities business.

	£'000
Goodwill	19,626
Total	**19,626**

15 Intangible assets

The Group currently holds three intangible assets. These comprise of investment management agreements acquired from Argonaut, ATI and Neptune.

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 value exceed the estimated recoverable amount at the 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 2020 and concluded that the intangible asset for Argonaut will be fully impaired to Nil (2019: no impairment), based on the current levels of assets under management.

Year to 31 March 2020

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Argonaut*	–	N/A
Investment management contracts acquired as part of ATI acquisition	8,400	7 Years
Investment management contracts acquired as part of Neptune acquisition**	29,522	19½ Years

	Investment management contracts £'000
Cost	
At 1 April 2019	30,704
Additions:	
Investment management contracts acquired - Neptune	30,279
At 31 March 2020	60,983
Accumulated amortisation and impairment	
At 1 April 2019	19,199
Amortisation for the year	2,773
Impairment for the year - Argonaut	1,089
At 31 March 2020	23,061
Net Book Value	
At 31 March 2020	37,922
At 31 March 2019	11,505

15 Intangible assets (continued)

Year to 31 March 2019	Investment management contracts £'000
Cost	
At 1 April 2018	30,704
Additions:	
Investment management contracts acquired -	–
At 31 March 2019	30,704
Accumulated amortisation and impairment	
At 1 April 2018	17,183
Amortisation for the year	2,016
Impairment for the year -	–
At 31 March 2019	19,199
Net Book Value	
At 31 March 2019	11,505
At 31 March 2018	13,521

16 Property, plant and equipment

Property, plant and equipment is made up of leasehold improvements, office equipment, computer equipment and right-of-use (ROU) assets. The adoption of IFRS 16 Leases resulted in an increase in the net book value of property, plant and equipment by £4.421m.

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment. Depreciation is calculated on a straight-line basis to allocate the cost of each asset over its estimated useful life:

Leasehold improvements	lower of the estimated useful and the remaining lease term on straight-line basis
Office equipment	3-10 years on a straight-line basis
Computer equipment	3 years on a straight-line basis
ROU assets	lease term on a straight-line basis

The useful economic lives and residual values are reviewed at each financial period end and adjusted if appropriate. Specific items are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the income statement in the year the item is sold or retired.

Year to 31 March 2020	ROU Assets £'000	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
As at 1 April 2019 (restated for introduction of IFRS 16)	4,421	888	417	509	6,235
Additions	4,130	65	54	94	4,343
As at 31 March 2020	8,551	953	471	603	10,578
Accumulated depreciation					
As at 1 April 2019	-	442	340	415	1,197
Charge for the year	1,282	144	38	67	1,531
As at 31 March 2020	1,282	586	378	482	2,728
Net Book Value					
As at 31 March 2020	7,269	367	93	121	7,850
As at 31 March 2019	-	446	77	94	617

16 Property, plant and equipment (continued)

Year to 31 March 2019	ROU Assets £'000	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
As 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
As at 31 March 2019	-	442	340	415	1,197
Net Book Value					
As at 31 March 2019	-	446	77	94	617
As at 31 March 2018	-	76	65	66	207

Depreciation has been included in the Consolidated Statement of Comprehensive Income within administration expenses.

Measurement of lease liability

All existing lease agreements as at 1 April 2016 were re-evaluated for the purposes of IFRS 16. Management considered the break clauses and expiry dates for all the London office floor leases and as a result there was a significant increase in the lease liability at the date of initial application.

	As at 1 April 2019 £'000
Operating lease commitment at 31 March 2019	**2,510**
Less: discounting at date of initial application	(252)
Add: remeasurement of existing leases	2,163
Total lease liability at 1 April 2019	**4,421**

Lease liability

	As at 31 March 2020 £'000	As at 1 April 2019 £'000
Current	1,801	1,379
Non-current	5,769	3,042
	7,570	**4,421**

Measurement of ROU asset

At the initial application date, 1 April 2019, the ROU asset was measured at the amount equal the lease liability with an IFRS 16 reserve adjustment made to retained earnings for the lease prepayments accounted for in the prior financial year ending 31 March 2019.

ROU asset

	As at 31 March 2020 £'000	As at 1 April 2019 £'000
Office space	7,269	4,421
	7,269	**4,421**
Depreciation on ROU asset	1,282	
Finance costs	148	
Cash outflow for leases for the year	1,129	

The net impact on retained earnings on 1 April 2019 was a decrease of £0.218m.

16 Property, plant and equipment (continued)

Additional profit or loss and cash flow information

The Group did not sublease any office premises during the current financial year.

Sale and leaseback transactions

There have been no sale and leaseback transactions in the current financial year.

17 Trade and other receivables

	As at 31-Mar-20 £'000	As at 31-Mar-19 £'000
Trade receivables		
- Fees receivable	11,313	8,542
- Unit trust sales and cancellations	160,346	81,389
Prepayments and accrued income	3,873	5,440
	175,532	95,371

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.

As at 31 March 2020, trade receivables of £nil (2019 : £nil) were past due but not impaired.

18 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 £(283,000) (2019 : £nil). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date.

	As at 31-Mar-20		As at 31-Mar-19	
	Assets held at fair value through profit and loss £'000	Total £'000	Assets held at fair value through profit and loss £'000	Total £'000
Financial assets in Level 1				
UK Authorised unit trusts & UK authorised ICVCs	2,404	2,404	2,768	2,768
Ireland Open Ended Investment company	413	413	383	383
	2,817	2,817	3,151	3,151
Total Financial Assets	**2,817**	**2,817**	**3,151**	**3,151**

19 Trade and other payables

	As at 31-Mar-20 £'000	As at 31-Mar-19 £'000
Current Liabilities		
Trade payables – unit trust repurchases and creations	161,099	80,926
Other payables including taxation and social security	1,161	220
Lease liability	1,801	–
DBVAP liability	845	1,166
Accruals and deferred income	17,632	18,564
	182,538	100,876

	As at 31-Mar-20 £'000	As at 31-Mar-19 £'000
Non current Liabilities		
Lease liability	5,769	–
	5,769	–

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.

20 Ordinary Shares

	2020 Shares	2020 £'000	2019 Shares	2019 £'000
Allotted, called up and fully paid ordinary shares of 1 pence				
As at 1 April	50,728,681	507	49,532,347	495
Issued during the year (See below)	4,783,380	48	1,196,334	12
As at 31 March	55,512,061	555	50,728,681	507

During the year the Group issued 4,485,123 shares in relation to the acquisition of Neptune (see note 13). The Group also issued 298,257 shares in relation to the settlement of LTIPs.

21 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.

a) The direct related undertakings of the Company as at 31 March 2020 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 Investment Management Limited	UK[1]	100%
Liontrust Investments Limited	UK[1]	100%
Liontrust Investment Solutions Limited	UK[2]	100%
Liontrust International Luxembourg SA	Luxembourg[5]	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 2020 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: 5th floor, The Exchange, George's Dock, IFSC, Dublin 1, Ireland
[4] Registered office: 44 Esplanade, St Helier, Jersey, JE4 9WG
[5] Registered office: 76-78 rue de Merl, L-2146, Luxembourg

22 Own shares

Approval was given at a General Meeting in February 2017 for the grant of options under the Liontrust Long Term 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 2019	Options Granted	Options Exercised	Lapsed	31 March 2020	Exercise price	Scheme
20 June 2016	238,453	–	(126,608)	–	111,845	Nil	LTIP
5 September 2017	599,766	–	(365,204)	–	234,562	Nil	LTIP
22 June 2017	387,948	–	(8,329)	–	379,619	Nil	LTIP
27 June 2018	272,013	–	–	–	272,013	Nil	LTIP
27 June 2018	32,560	–	–	–	32,560	£6.14	CSOP
8 April 2019	–	33,173	–	–	33,173	Nil	Phantom
12 August 2019	–	283,621	–	–	283,621	Nil	LTIP
12 August 2019	–	28,864	–	–	28,864	£7.62	CSOP

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

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 2019	Granted	Exercised	Lapsed	31 March 2020	Exercise price	Scheme
6 September 2017	334,447	–	(185,499)	–	148,948	Nil	LMRP
22 June 2017	189,692	–	–	–	189,692	Nil	LMRP
22 June 2018	18,896	–	–	–	18,896	Nil	LMRP
12 August 2019		94,411	–	–	94,411	Nil	LMRP

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

Details of the LTIP options can be found in the Directors' Remuneration report on page 87 onwards.

At 31 March 2020, the Liontrust Asset Management Employee Trust owned 656,257 shares (2019: 367,257) at a cost of £3,694,167 (2019: £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 2020 the market value of the shares was £6,169,000 (2019: £2,211,000). These shares are recorded at cost and are classified as own shares.

23 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-20 £'000	Year ended 31-Mar-19 £'000
Amounts due		
within one year	1,801	841
Between one year and five years	5,769	1,669
Later than five years	–	–
	7,570	2,510

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 leasing arrangements.

24 Related party transactions

During the year the Group received fees from unit trusts and ICVCs under management of £105,522,000 (2019 : £68,326,000). Transactions with these funds comprised creations of £5,314,333,000 (2019 : £2,314,460,000) and liquidations of £3,227,271,000 (2019 : £666,847,000). 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 2020 the Group owed the funds £161,000,000 (2019 : £80,925,000) in respect of creations and was owed £169,979,000 (2019 : £87,695,000) in respect of cancellations and fees.

During the year the Group received fees from offshore funds under management of £4,904,000 (2019 : £3,158,000). Transactions with these funds comprised purchases of £50,000 (2019 : £520,000) and sales of £129,000 (2019 : £422,000). As at 31 March 2020 the Group was owed £481,000 (2019 : £325,000) in respect of offshore fund fees.

Compensation to key management personnel (executive directors) is disclosed in the Directors' Remuneration Report on page 78.

Interests in structured entities

IFRS 12 requires certain disclosures in respect of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

A structured entity is defined as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements.

The Group has assessed whether the funds it manages are structured entities and concluded that funds managed by the Group are structured entities unless substantive removal or liquidation rights exist.

The Group has interests in these funds through the receipt of management and other fees and, in certain funds, through ownership of fund units. The Group's investments in these funds are subject to the terms and conditions of the respective fund's offering documentation and are susceptible to market price risk. The investments are included in financial assets at fair value through profit or loss in the balance sheet. Where the Group has no equity holding in a fund it manages, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future fees and any uncollected fees at the balance sheet date. Where the Group does have an equity holding, the maximum exposure to loss constitutes the future and uncollected management fees plus the fair value of the Group's investment in that fund.

	Number of funds	Net AuM of funds £bn	Financial assets at FVTPL £m	Fees received during the year £m	Fees receivable £m
As at 31 March 2020	52	14.1	2.8	110.4	9.1
As at 31 March 2019	34	11.0	3.2	73.8	6.6

25 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 2020 has not been recognised in the results for the year.

26 Post balance sheet event

On 1 July 2020 the Company announced that it had entered into a conditional sale and purchase agreement ("**SPA**") with Architas Limited, a wholly owned subsidiary of AXA S.A., to purchase the entire issued share capital of Architas-Multi Manager Limited and Architas Advisory Services Limited (the "**Proposed Acquisition**") for a total consideration of up to £75 million (the "**Consideration**").

The Consideration, acquisition related costs, and re-organisation costs will be satisfied by the net proceeds of a non-pre-emptive placing of 5.09 million new ordinary shares of 1 pence in the capital of the Company ("**New Ordinary Shares**"), which was completed on 1 July 2020 with New Ordinary Shares admitted to trading on the main market for listed securities of the London Stock Exchange on 6 July 2020 ("**Issue Date**"), and existing Company cash resources.

The New Ordinary Shares as issued, are credited as fully paid and will rank pari passu in all respects with the existing issued ordinary shares in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares by reference to a record date falling after their Issue Date.

Completion of the proposed acquisition is expected to take place on 30 October 2020, subject to regulatory and shareholder approval.

Company Statement of Comprehensive Income
for the year ended 31 March 2020

	Note	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
Dividends received from subsidiary companies		38,000	24,000
Gross profit		38,000	24,000
Realised gain on sale of financial assets		–	25
Unrealised loss on financial assets		(283)	–
Impairment of Subsidiary	36	(248)	–
Contingent consideration on ATI acquisition		–	(88)
Administration expenses	30	(13,603)	(7,579)
Operating profit	31	23,866	16,358
Interest receivable	32	11	9
Finance costs	35	(148)	–
Profit before tax		23,729	16,367
Taxation	33	(1,587)	(1,966)
Profit for the year		**22,142**	**14,401**
Other comprehensive income		–	–
Total comprehensive income		**22,142**	**14,401**

The notes on pages 129 to 136 form an integral part of these Company financial statements.

Company Balance Sheet
as at 31 March 2020

	Note	31-Mar-20 £'000	31-Mar-19 £'000 (restated)
Assets			
Non current assets			
Property, plant and equipment	35	7,837	617
Investment in subsidiary undertakings	36	80,633	42,893
Loan to Employee Benefit Trust	29	5,876	3,570
Total non current assets		**94,346**	**47,080**
Current assets			
Trade and other receivables	37	20,133	16,170
Financial assets	38	413	383
Cash and cash equivalents		2,634	2,398
Total current assets		**23,180**	**18,951**
Liabilities			
Non current liabilities			
Lease liabilities		(5,769)	–
Total non current liabilities		**(5,769)**	**–**
Current liabilities			
Trade and other payables	39	(18,677)	(18,401)
DBVAP liabilities		(845)	(1,166)
Corporation tax payable		(852)	–
Total current liabilities		**(20,374)**	**(19,567)**
Net current assets / (liabilities)		**2,806**	**(616)**
Net assets		**91,383**	**46,464**
Shareholders' equity			
Ordinary shares	40	555	507
Share premium		57,439	19,745
Capital redemption reserve		19	19
Retained earnings		33,370	26,193
Total equity		**91,383**	**46,464**

The notes on pages 129 to 136 form an integral part of these Company financial statements.

The financial statements on pages 125 to 136 were approved and authorised for issue by the Board of Directors on 7 July 2020 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 2020

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 (restated) £'000
Cash flows from operating activities		
Cash inflow from operations	–	13,807
Cash outflow from operations	(19,739)	(18,828)
Net cash used in operations	(19,739)	(5,021)
Interest received	11	9
Tax paid	–	(5,909)
Net cash used in operating activities	(19,728)	(10,921)
Cash flows from investing activities		
Purchase of property and equipment	(199)	(609)
Loan to the EBT	(3,940)	(1,629)
Loan repaid by the EBT	1,418	753
Purchase of seeding investments	(169)	(520)
Sale of seeding investments	50	422
Net cash used in investing activities	(2,840)	(1,583)
Cash flows from financing activities		
Investment in subsidiary	(248)	–
Dividends received	6,000	4,000
Dividends received from subsidiaries	32,000	20,000
Dividend paid	(14,948)	(11,542)
Net cash generated from financing activities	22,804	12,458
Net increase/(decrease) in cash and cash equivalents	236	(46)
Effect of exchange rate changes	–	–
Opening cash and cash equivalents*	2,398	2,444
Closing cash and cash equivalents	2,634	2,398

* Cash and cash equivalents consist only of cash balances.

The notes on pages 129 to 136 form an integral part of these Company financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2020

	Ordinary shares £ '000	Share premium £ '000	Capital redemption £ '000	Retained earnings £ '000	Total Equity £ '000
Balance at 01 April 2019 brought forward	**507**	**19,745**	**19**	**26,193**	**46,464**
Adjustment to opening reserves - IFRS 16 Leases				(218)	(218)
Revised 01 April 2019 brought forward	507	19,745	19	25,975	46,246
Profit for the year	–	–	–	22,142	22,142
Total comprehensive income for the year	–	–	–	22,142	22,142
Dividends paid	–	–	–	(14,948)	(14,948)
Shares issued	48	37,694	–	–	37,742
Purchase of own shares	–	–	–	–	–
Share option settlement	–	–	–	(1,256)	(1,256)
Equity share options issued	–	–	–	1,457	1,457
Balance at 31 March 2020	**555**	**57,439**	**19**	**33,370**	**91,383**

Company Statement of Changes in Equity
for the year ended 31 March 2019 (restated)

	Ordinary shares £ '000	Share premium (restated) £ '000	Deferred Consideration £ '000	Capital redemption £ '000	Retained earnings (restated) £ '000	Total Equity (restated) £ '000
Balance at 01 April 2018 brought forward	**495**	**15,796**	**3,959**	**19**	**25,123**	**45,392**
Profit for the year	–	–	–	–	14,401	14,401
Total comprehensive income for the year	–	–	–	–	14,401	14,401
Dividends paid	–	–	–	–	(11,542)	(11,542)
Shares issued	2	–	–	–	–	2
Deferred consideration ATI acquisition	10	3,949	(3,959)	–	–	–
Share option settlement	–	–	–	–	(3,380)	(3,380)
Equity share options issued	–	–	–	–	1,591	1,591
Balance at 31 March 2019	**507**	**19,745**	**–**	**19**	**26,193**	**46,464**

The notes on pages 129 to 136 form an integral part of these Company financial statements.

27 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 2020.

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 43 reflect the information for the Company.

Restatement

The 2019 financial statements have been restated to reflect the corrected treatment of the settlement of LTIPs during the period. The amounts have been restated to remove the effect of their settlement from the Company Statement of Comprehensive Income to the Company Statement of Changes in Equity. The restatement reduced administration expenses by £2,953,000; increased profit before tax by £2,953,000; reduced share premium by £1,134,000 and increased retained earnings by £1,134,000. There was no adjustment to net assets. The Company Cash Flow Statement, Company Statement of Changes in Equity and related notes were updated to reflect this restatement.

28 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 as fair value through profit and loss financial assets.

Management consider, based on historic information, that a sensitivity rate of 20% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 20% would result in a movement in the value of the investment of £83,000 (2019: £77,000).

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 £40,000 increase or decrease in interest receivable (2019 : £36,000).

In addition to the risks covered by the Group risk management polices. 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 its 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 2020	within 3 months	Between 3 months	Over one year
Payables	18,677	845	5,769

As at 31 March 2019	within 3 months	Between 3 months	Over one year
Payables	18,401	1,166	–

29 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 £5,876,000 (2019 : £3,570,000) . The current value of the shares in the trust are disclosed in Note 22.

30 Administration expenses

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
Employee costs		
- Director, member and employee costs	992	1,320
- Pension costs	57	75
- Share incentivisation expense	3,524	2,428
- DBVAP expense	1,335	1,591
- Severance compensation	30	70
	5,938	5,484
Non employee costs		
Other administration expenses	7,665	2,095
	13,603	7,579

	Year ended 31-Mar-20 £'000	Year ended (restated) 31-Mar-19 £'000
Share incentivisation expense		
- Share option expense	2,487	1,670
- Share option NIC expense	623	415
- Share incentive plan expense	319	190
- Share option related administration expenses	95	153
	3,524	2,428

The average number of members and employees engaged in business for the Company excluding non-executive directors, was 6 (2019 : 6). 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-20			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	3	363	23	386
Finance, Operations and IT	3	167	10	177
Non-executive directors	3	404	25	429
	9	934	58	992

	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

31 Operating profit

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
The following items have been included in arriving at operating profit:		
Depreciation	1,531	199
Staff costs (note 30)	5,398	5,484
Services provided by the Company's auditors:		
Fees payable to the company's auditors for the audit of the Company's annual financial statements (inclusive of VAT)	186	84

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.

32 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% (2019 : 0.0%).

33 Taxation

	Year ended 31-Mar-20 £'000	Year ended 31-Mar-19 £'000 (restated)
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 19% (2019 : 19%)	1,370	1,021
Adjustments in respect of prior year	217	15
	1,587	1,036
Total current tax (note (b))	1,587	1,036
Deferred tax		
Deferred tax originated from timing differences	–	930
Deferred tax charged in respect of future rate change to 17%	–	–
Total charge in period	1,587	1,966
(b) Factors affecting current tax		
Profit on ordinary activities before tax	23,729	16,367
Profit on ordinary activities at UK corporation tax rate of 19% (2019 : 19%)	4,509	3,110
Effects of:		
Group dividends not deductible for tax purposes	(1,140)	(760)
Expenses not deductible for tax purposes	379	558
Depreciation in excess of capital allowances	(2)	(2)
Effect of LLP profit allocated to Company	(1,459)	805
Tax relief on exercise of unapproved options	(714)	(830)
Taxation relief given to other Group companies	(203)	–
Deferred taxation	–	(930)
Adjustments in respect of prior year	217	15
Total Taxation	1,587	1,966

34 Deferred tax

Deferred tax assets	31-Mar-20 £'000	31-Mar-19 £'000
Balance as at 1 April	–	930
Deferred tax reversed on timing differences	–	(930)
Deferred tax on current year losses	–	–
Movement in deferred tax on change in tax rate to 19% (2019: 19%)	–	–
Balance as at 31 March	–	–

35 Property, plant and equipment

Property, plant and equipment is made up of leasehold improvements, office equipment, computer equipment and right-of-use (ROU) assets. The adoption of IFRS 16 Leases resulted in an increase in the net book value of property, plant and equipment by £4.421m on 1 April 2019.

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment. Depreciation is calculated on a straight-line basis to allocate the cost of each asset over its estimated useful life:

Leasehold improvements	lower of the estimated useful and the remaining lease term on straight-line basis
Office equipment	3-10 years on a straight-line basis
Computer equipment	3 years on a straight-line basis
ROU assets	lease term on a straight-line basis

The useful economic lives and residual values are reviewed at each financial period end and adjusted if appropriate. Specific items are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the item, is included in the income statement in the year the item is sold or retired.

Year to 31 March 2020	ROU Assets £'000	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
As at 1 April 2019 (restated following the introduction of IFRS 16)	4,421	888	417	509	6,235
Additions	4,130	65	41	94	4,330
As at 31 March 2020	8,551	953	458	603	10,565
Accumulated depreciation					
As at 1 April 2019	–	442	340	415	1,197
Charge for the year	1,282	144	38	67	1,531
As at 31 March 2020	1,282	586	378	482	2,728
Net Book Value					
As at 31 March 2020	7,269	367	80	121	7,837
As at 31 March 2019	–	446	77	94	617

35 Property, plant and equipment (continued)

Year to 31 March 2019	ROU Assets £'000	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
As 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
As at 31 March 2019	-	442	340	415	1,197
Net Book Value					
As at 31 March 2019	-	446	77	94	617
As at 31 March 2018	-	76	65	66	207

Depreciation has been included in the Company Statement of Comprehensive Income within administration expenses.

35 Property, plant and equipment (continued)

Measurement of lease liability

All existing lease agreements as at 1 April 2016 were re-evaluated for the purposes of IFRS 16. Management considered the break clauses and expiry dates for all the London office floor leases and as a result there was a significant increase in the lease liability at the date of initial application.

	As at 1 April 2019 £'000
Operating lease commitment at 31 March 2019	**2,510**
Less: discounting at date of initial application	(252)
Add: remeasurement of existing leases	2,163
Total lease liability at 1 April 2019	**4,421**

Lease liability

	As at 31 March 2020 £'000	As at 1 April 2019 £'000
Current	1,801	1,379
Non-current	5,769	3,042
	7,570	**4,421**

Measurement of ROU asset

At the initial application date, 1 April 2019, the ROU asset was measured at the amount equal the lease liability with an IFRS 16 reserve adjustment made to retained earnings for the lease prepayments accounted for in the prior financial year ending 31 March 2019.

ROU asset

	Year ended 31 March 2020 £'000	As at 1 April 2019 £'000
Office space	7,269	4,421
	7,269	**4,421**
Depreciation on ROU asset	1,282	
Finance costs	148	
Cash outflow for leases for the year	1,129	

The net impact on retained earnings on 1 April 2019 was a decrease of £0.218m.

Additional profit or loss and cash flow information

The Company did not sublease any office premises during the current financial year.

Sale and leaseback transactions

There have been no sale and leaseback transactions in the current financial year.

36 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 Mangement Limited, whose principal activity is investment management and Liontrust International Luxembourg SA, whose principal activity is European sales. 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 53.

	2020 £'000	2019 £'000
Balance at 1 April	42,893	42,893
Additions during the year	37,988	–
Impairment during the year	(248)	–
Balance at 31 March	80,633	42,893

During the period Liontrust International Luxembourg SA was set up with initial capital from the Company, following a review for impairment at the year end date the Company has considered that it should impair its carrying value to £nil, though it still remains fully committed to the development and sucess of the business.

37 Trade and other receivables

	31-Mar-20 £'000	31-Mar-19 £'000
Receivables due from subsidiary undertakings	20,005	12,646
Prepayments and accrued income	128	3,524
	20,133	16,170

All financial assets listed above are non-interest bearing and repayable on demand. The carrying amount of these non-interest bearing trade and other receivables approximates their fair value.

38 Financial assets

The Company's financial assets held as fair value through profit or loss 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 categorised as Level 1 in line with the categorization detailed in note 18.

	31-Mar-20		31-Mar-19	
Financial assets	Assets held at fair value through profit and loss £'000	Total £'000	Assets held at fair value through profit and loss £'000	Total £'000
UK Authorised unit trusts	413	413	383	383
	413	413	383	383

39 Trade and other payables

Current payables	2020 £'000	2019 £'000
Other payables including taxation and social security	1,160	220
Payables due to subsidiary undertakings	14,568	12,956
Lease liability	1,801	–
DBVAP liability	845	1,166
Accruals and deferred income	1,148	5,225
	19,522	19,567

Non current payables	2020 £'000	2019 £'000
Lease liability	5,769	–
	5,769	–

All financial liabilities listed above are non-interest bearing and repayable on demand. The carrying amount of these non-interest bearing trade and other payables approximates their fair value.

40 Ordinary Shares

	2020 Shares	2020 £'000	2019 Shares	2019 £'000
Allotted, called up and fully paid shares of 1 pence				
As at 1 April	50,728,681	507	49,532,347	495
Issued during the year	4,783,380	48	1,196,234	12
As at 31 March	55,512,061	555	50,728,581	507

41 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-20 £'000	Year ended 31-Mar-19 £'000
Amounts due		
within one year	1,801	770
Between one year and five years	5,769	1,522
Later than five years	–	–
	7,570	2,292

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.

42 Related Party Transactions

As at 31 March 2020 the Company owed the following intercompany balances to:
Liontrust Investments Limited - £12,211,000 (2019 : £12,217,000), this amount arose from Group operations.
Liontrust Investment Solutions Limited - £738,000 (2019 : £739,000), this amount arose from Group operations.
Liontrust Investment Partners LLP - £1,621,000 (2019 : £nil), this amount arose from Group operations.

As at 31 March 2020 the Company was owed the following intercompany balances by:
Liontrust Fund Partners LLP - £16,783,000 (2019 : £3,088,000);
Liontrust Investment Partners LLP - £nil (2019 : £8,194,000);
Liontrust Investment Funds Limited - £nil (2019 : £302,000);
Liontrust Investment Services Limited - £2,734,000 (2019 : £1,063,000);
Liontrust Investment Management Limited - £351,000 (2019 : £nil);
Liontrust International (Luxembourg) S.A. - £139,000 (2019 : £nil), , these amounts arose from Group operations.

The Liontrust Asset Management Employee Trust - £5,876,000 (2019 : £3,570,000).

43 Post balance sheet event

On 1 July 2020 the Company announced that it had entered into a conditional sale and purchase agreement ("**SPA**") with Architas Limited, a wholly owned subsidiary of AXA S.A., to purchase the entire issued share capital of Architas-Multi Manager Limited and Architas Advisory Services Limited (the "**Proposed Acquisition**") for a total consideration of up to £75 million (the "**Consideration**").

The Consideration, acquisition related costs, and re-organisation costs will be satisfied by the net proceeds of a non-pre-emptive placing of 5.09 million new ordinary shares of 1 pence in the capital of the Company ("**New Ordinary Shares**"), which was completed on 1 July 2020 with New Ordinary Shares admitted to trading on the main market for listed securities of the London Stock Exchange on 6 July 2020 ("**Issue Date**"), and existing Company cash resources.

The New Ordinary Shares as issued, are credited as fully paid and will rank pari passu in all respects with the existing issued ordinary shares in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares by reference to a record date falling after their Issue Date.

Completion of the proposed acquisition is expected to take place on 30 October 2020, subject to regulatory and shareholder approval.

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 2020 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 2020 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2020, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Cash Flow statements, 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.

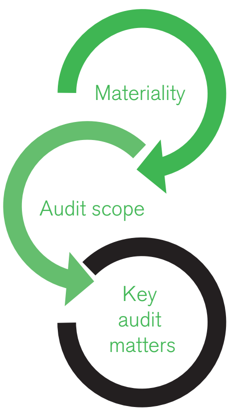
Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 April 2019 to 31 March 2020.

Our audit approach

Context

Liontrust Asset Management PLC ('Liontrust') is a FTSE 250 listed fund manager that was launched in 1995 and listed in 1999. Liontrust has a presence predominantly based within 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: £825,000 (2019: £951,000) based on 5% of profit before tax.
- Overall Company materiality: £1,175,000 (2019: £660,000) based on 1% of total assets.

- Full scope audits of Liontrust Asset Management PLC, Liontrust Investment Partners LLP, Liontrust Investment Management Limited and Liontrust Fund Partners LLP because these are the financially significant entities and, together, represent 99% of the profit before tax of the Group.

- Revenue recognition (Group)
- Acquisition of Neptune Investment Management Limited (Group and Company)
- Impairment of goodwill (Group)
- Share based payments (Group and Company)
- COVID-19 (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 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 36 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 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 Group engagement team included:

- Enquiries with management, compliance, internal audit and risk, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board and 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, entries posted with unusual amounts and entries posted by unexpected users, 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 66 (Audit & Risk Committee Report), page 109 (note 4: Revenue) and page 105 (note 1 (m): Principal accounting policies).* **Management and administration fees** 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. 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 2020 we assessed the gap period and obtained bridging letters where necessary.

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 a significant number of transactions each day, which increases the risk of error. **Performance Fees** Performance fees are often one-off or infrequent and involve manual and complex calculations and this increases the risk of error.	We obtained substantive audit evidence as set out below: **Management and administration fees** • We used data auditing techniques to recalculate management fees and administration fees based on AUM data obtained from outsourced providers. We agreed both management and administration fee rates from prospectuses and IMCs, and reconciled the total revenue back to the Group accounts. • To test completeness in respect of unit trusts, open-ended investment companies sub-funds, portfolios and segregated accounts, we checked that management fees were recognised for all funds. • To test cut-off, we have tested management and administration 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 recalculated the box profit for each day and performed input testing over a sample of the inputs to the calculation. • To test for completeness we checked that box profits were recognised per the financial statements and agreed to the amount recorded by the third-party. • To test cut-off, we have tested box profits for all months in the period they were earnt and confirmed that no profits were recorded for any period outside the financial year. **Performance fees** • We recalculated the performance fee revenue for one share class in one quarter by use of the methodology stated in the fund prospectus and agreed the inputs to the calculations to an alternative source. • To test for completeness we reconciled the calculation schedules obtained from the third party to the performance fee revenue stated in the financial statements. • To test for cut-off we have tested performance fees for all quarters in the period and confirmed no revenue was recorded for any period outside the financial year. No material issues were identified.

Independent auditors' report to the members of Liontrust Asset Management PLC continued

Key audit matter	How our audit addressed the key audit matter
Acquisition of Neptune Investment Management Limited (Group and Company) *Refer to page 66 (Audit & Risk Committee Report), pages 116 to 117 (notes 13 and 14: Acquisition of Neptune Investment Management Limited and Goodwill) and page 102 (note 1 (d): Principal accounting policies).* On 1 October 2019, Liontrust acquired Neptune Investment Management Limited ('the acquisition'). The acquisition was accounted for as a business combination. Consideration for the acquisition consisted of three elements – an initial share issue on acquisition, a share issue to the value of net assets acquired and a share issue on the third anniversary of acquisition as contingent consideration. Management have assessed whether the conditions of the contingent consideration will be satisfied in line with the terms of the acquisition agreement and have concluded that they will not be met. Accordingly, no contingent consideration has been recognised. Assets and liabilities existing on the date of acquisition were recorded on the Consolidated Balance Sheet. The difference between the fair value of assets and liabilities acquired and the fair value of consideration paid was recorded as Goodwill. Due to the complex and judgemental aspects of the accounting and measurement of consideration paid and assets and liabilities acquired under a business combination, there is inherently a significant risk in relation to error and judgement.	With respect to the acquisition, we inspected the purchase agreement and assessed the acquisition date fair values of consideration and of the assets and liabilities acquired. We assessed whether the classification as a business combination and treatment of the various aspects of the transaction were in accordance with IFRS 3 'Business Combinations'. In respect of assets and liabilities that existed on the acquisition balance sheet, we performed procedures on a sample basis to test their existence and accuracy. In respect of other assets and liabilities not existing on the acquisition balance sheet, we reviewed management's assessment of the identification of such assets and liabilities – the most significant of them being the intangible assets in relation to investment management contracts and related deferred tax liabilities. To assess the valuation of the intangible assets, we engaged our valuation experts and reviewed the valuation report prepared by management. We assessed the appropriateness of the model used and the reasonableness of the key assumptions used within the model. In respect of the fair value of consideration paid, we reviewed management's basis of valuation and tied this back to supporting documentation. The assumptions used in determining that the conditions of contingent consideration were not probable to be met were verified to supporting documentation. We recalculated the goodwill as the difference between fair value of assets and liabilities acquired and the fair value of the consideration paid. No material issues were identified.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill (Group) *Refer to page 66 (Audit & Risk Committee Report), page 117 (note 14: Goodwill) and page 103 (note 1 (d): Principal accounting policies).* Management is required by IAS 36 'Impairment of assets' to perform an annual impairment review and consider if there are any impairment indicators in respect of the carrying value of goodwill. Goodwill of approximately £12m arose on the acquisition of Alliance Trust Investments Limited ("ATI") on 1 April 2017 and approximately £8m arose on the acquisition of Neptune Investment Management Limited ("Neptune") on 1 October 2019 and was assessed for impairment by management as at 31 March 2020. Management prepared an impairment assessment paper for each cash generating unit ("CGU") 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. The impairment review involves a number of estimates to be made by management such as forecasts and a discount rate supplied by management's expert.	We obtained management's impairment assessment papers for ATI and Neptune where they compared the carrying value of each CGU to their value in use using a discounted cashflow model. Management determined there was reasonable headroom in both assessments and therefore concluded there was no impairment. The engagement team, with support from our valuation experts, performed the following: • Evaluated management's models checking the relevant inputs to supporting documentation, such as projected assets under management ('AUM'). This included challenging management on key assumptions such as AUM growth rate and discount rate provided by management's experts. • We performed sensitivity analysis over the key assumptions and considered the likely impacts of such changes as well as reviewing management's sensitivity analysis. • Performed back testing to assess the accuracy of management's historic forecasts against actual financial results to assess the reasonableness of estimates used in the forecast where applicable; • Determined that there was reasonable headroom in management's Value in Use model, including what changes in assumptions would result in an impairment. • Read and assessed the goodwill disclosures made in the financial statements. No material issues were identified.
Share based payments (Group and Company) *Refer to Remuneration Report, page 67 (Audit & Risk Committee Report), page 123 (note 22: Own shares), page 104 (note 1: (k)), page 105 and page 106 (note 1 (q)) and page 110 (note 5).* 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 each type of share based payment transaction: • 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 correct share price. • We obtained and read the external valuation reports issued by the Company's external advisor for new awards which used an industry accepted 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. • We considered the adequacy of the disclosure in note 1 (v) to the financial statements of the restatement of the prior year figures in respect of share based payments. No material issues were identified.

Key audit matter	*How our audit addressed the key audit matter*
COVID-19 (Group and Company) *Refer to Strategic Report including page 36 (Principal Risks), page 66 (Audit & Risk Committee Report), page 117 (Note 14: Goodwill)* The outbreak of the novel coronavirus (known as COVID-19) in many countries continues to rapidly evolve and the socio-economic impact is unprecedented. It has been declared as a global pandemic and is having a major impact on economies and financial markets. The efficacy of government measures will materially influence the length of economic disruption, but it is probable there will be a recession in the United Kingdom. In order to assess the impact of COVID-19 on the business, management have updated their risk assessment and prepared an analysis of the potential impact on the revenues, profits, cash flows, operations and liquidity position of the Group for at least 12 months from date of signing. The most significant potential impact to the financial statements has been in relation to the impairment assessment of goodwill. This is described in the key audit matter above. Management has also modelled possible downside scenerios to its base case forecast. Having taken into account these models, together with an assessment of planned and possible mitigating actions, management has conluded that the Group remains a going concern and there is no material uncertainty in respect of this conclusion.	We evaluated the Group's updated risk assessment and analysis and considered whether it addresses the relevant threats posed by COVID-19. We also evaluated management's assessment and corroborated evidence of the operational impacts, considering their consistency with other available information and our understanding of the business. We evaluated management's assessment of other accounting estimates within the Annual Report, which could be impacted by the economic environment resulting from COVID-19, including estimates involved in the impairment assessment of goodwill. Our conclusions are included in our key audit matter above. We reviewed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal risks set out in the Strategic Report, and assessing their consistency with the financial statements and the evidence we obtained in our audit. In respect of going concern, we assessed management's going concern analysis in light of COVID-19 and evaluated management's base case and downside scenarios, including management's planned mitigating actions. We challenged the key assumptions and the reasonableness of the mitigating actions used in preparing the analysis. Our conclusions relating to going concern and other information are set out in the 'Going concern' and 'Reporting on other information' sections of our report, respectively, below.

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 eight subsidiary entities which are based in the United Kingdom and one subsidiary entity based in Luxembourg. 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 Investment Management Limited and Liontrust Fund Partners LLP because they are financially significant components, together representing approximately 99% 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	£825,000 (2019: £951,000)	£1,175,000 (2019: £660,000)
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 is consistent with our approach in the prior year.	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. This is consistent with our approach in the prior year.

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 £350,000 and £703,000. 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 £41,270 (Group audit) (2019: £47,000) and £58,000 (Company audit) (2019: £33,000) 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.
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 2020 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 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 51 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 32 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 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 56, 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 Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 65 to 67 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 Directors' 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 56, 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 21 years, covering the years ended 31 March 2000 to 31 March 2020.

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 July 2020

Shareholder information

Directors and Advisers

Registered Office and Company number
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Registered in England with Company Number 02954692

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10 Paternoster Square
London EC4M 7LT

Financial Calendar

Year End	31 March
Half Year End	30 September
Results announced:	Full year: July, half year: November
Interim report available:	December
Annual Report available:	July
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 FTSE 100 Tracker Fund
Liontrust European Growth Fund
Liontrust European Income Fund
Liontrust European Enhanced Fund
Liontrust Asia Income Fund Liontrust Macro Equity Income Fund
Liontrust Macro UK Growth Fund
Liontrust Balanced Fund

Liontrust Investment Funds ICVC, comprising 2 sub funds

Liontrust Monthly Income Bond Fund
Liontrust Strategic Bond Fund

Liontrust Investment Funds II OEIC, comprising 2 sub funds

Liontrust Emerging Markets Fund
Liontrust Global Smaller Companies 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

Liontrust Investment Funds IV OEIC, comprising 2 sub funds

Liontrust Global Technology Fund
Liontrust Japan Equity Fund

Ireland domiciled open-ended investment company

Liontrust Global Funds PLC, comprising eleven sub funds:
Liontrust GF European Strategic Equity
Liontrust GF Special Situations Fund
Liontrust GF UK Growth Fund
Liontrust GF Asia Income Fund
Liontrust GF European Smaller Companies Fund
Liontrust GF Strategic Bond Fund
Liontrust GF Sustainable Future European Corporate Bond Fund
Liontrust GF High Yield Bond Fund
Liontrust GF Absolute Return Bond Fund
Liontrust GF Sustainable Future Pan-European Growth Fund
Liontrust GF Sustainable Future Global Growth Fund

Liontrust Investment Funds I OEIC, comprising 14 sub funds

Liontrust China Fund
Liontrust European Opportunities Fund
Liontrust Global Alpha Fund
Liontrust Global Dividend Fund
Liontrust Global Equity Fund
Liontrust Income Fund
Liontrust India Fund
Liontrust Japan Opportunities Fund
Liontrust Latin America Fund
Liontrust Russia Fund
Liontrust UK Mid Cap Fund
Liontrust UK Opportunities Fund
Liontrust US Income Fund
Liontrust US Opportunities Fund

Fund prices:

The prices of Liontrust's range of retail funds 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
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Liontrust Investment Solutions Limited
V.K. Abrol
J.S. Ions

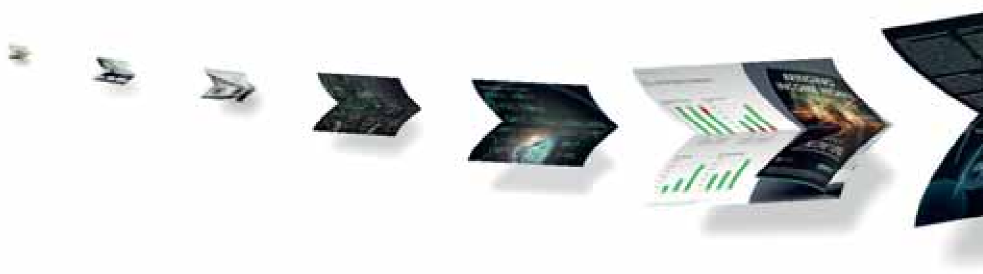
Liontrust Investments Limited
E.J.F Catton
M.F. Kearney

Liontrust Investment Management Limited
E.J.F Catton
M.F. Kearney

Liontrust International Luxembourg SA
E.J.F Catton
M.F. Kearney

Investment companies – board members:

Liontrust Global Funds Plc
E.J.F. Catton
D.J. Hammond
S. O'Sullivan



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