

# PRIDE IN OUR PERFORMANCE

LIONTRUST ASSET MANAGEMENT PLC  
HALF YEARLY REPORT FOR THE SIX MONTHS  
ENDED 30 SEPTEMBER 2020

# Directors and Advisers

## **Directors, Registered Office and**

### **Company number:**

Alastair Barbour (Non-executive Chairman)

John Ions (Chief Executive)

Vinay Abrol (Chief Operating Officer and  
Chief Financial Officer)

Michael Bishop (Senior Independent Director)

Mandy Donald (Non-executive Director)

Sophia Tickell (Non-executive Director)

George Yeandle (Non-executive Director)

2 Savoy Court, London WC2R 0EZ.

Registered in England with Company Number  
02954692.

### **Company Secretary:**

Mark Jackson

### **Independent Auditors:**

KPMG,

15 Canada Square,

London E14 5GL

### **Legal Advisers:**

Simmons & Simmons LLP,

City Point, 1 Ropemaker Street,

London EC2Y 9SS

Macfarlanes LLP,

20 Cursitor Street,

London EC4A 1LT

### **Bankers:**

Royal Bank of Scotland Plc,

280 Bishopsgate,

London, EC2M 4RB

### **Financial Adviser and Corporate Broker:**

N+1 Singer Limited,

1 Bartholomew Lane,

London EC2N 2AX

Panmure Gordon,

One New Change,

London, EC4M 9AF

### **Registrars:**

Link Asset Services, PXS,

34 Beckenham Road,

Kent BR3 4TU

## Chairman's Statement

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I am proud of how well your Company has responded to the ongoing challenges posed by Covid-19 and the actions taken to try to defeat the virus. The Company and all employees reacted and adapted quickly to the pandemic and working from home.

Liontrust has continued to operate efficiently and productively with no disruption for investors, with your Company generating strong net positive flows of £1.75 billion in the six months to 30 September. This has been achieved without the usual face-to-face interaction with colleagues, clients and companies that is so important to the normal functioning of asset management.

The Board has been very impressed with what the business and everyone working at Liontrust has accomplished during the first lockdown and subsequently. The investment processes have been truly tested and have shown their robustness.

This is a credit to your management, the business processes in place and the culture of Liontrust. Key decisions have continued to be made and implemented, ensuring that Liontrust will come out of the Covid-19 pandemic in a strong position.

These decisions include the acquisition of the Architas UK Investment Business, which was successfully completed on 30 October 2020. Acquiring and integrating a new business is challenging at the best of times but especially so and impressive during a global pandemic. The Board thanks everyone for their hard work, dedication and professionalism in completing this purchase.

The addition of the Architas UK Investment Business is part of Liontrust's strategic objective of expanding distribution and product and of acquiring talent. This acquisition will significantly increase our presence among financial advisers and enable us to enhance further our service levels.

Liontrust also announced after the reporting period the sale of the Asia team to Somerset Capital Management LLP and closing the European Income and Macro Thematic investment teams. The decision was part of a review of our fund ranges and an evaluation of where best to allocate our resources and we are proposing to merge the funds of the European Income and Macro Thematic teams with funds managed by the Cashflow Solution, Economic Advantage and Global Equity teams.

Our six fund management teams are providing investors with strong long-term performance and they have the scale and are investing in asset classes that will enable them to grow their AuMA. They are aided in this by excellent sales and marketing, robust operations and moving to a single administration platform across our fund ranges.

Next month we will be issuing Liontrust's first Assessment of Value Report which evaluates whether our funds are delivering value to our investors. This has been an important and beneficial process for Liontrust to go through, including asking for the views of our clients, and we believe this will be informative and useful for our investors.

It is for these reasons that I have confidence in Liontrust withstanding the current challenges and continuing to deliver for investors and to expand the business.

## Results

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Liontrust has delivered profit before tax of £6.874 million (2019: £9.303 million), a decrease of 26% compared to the equivalent period last year.

## Chairman's Statement

The adjusted profit before tax was £22.296 million (2019: £17.017 million), an increase of 31%. Adjusted profit before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash expenses (depreciation and intangible asset amortisation) and non-recurring (acquisition related and associated restructuring, share incentivisation and severance compensation related) expenses.

See note 6 below for a reconciliation of adjusted profit (or loss) before tax.

### Dividend

In accordance with the Company's dividend policy, and to create more balance between the First and Second Interim dividends, the Board is declaring a First Interim dividend of 11.0 pence per share (2019: 9.0 pence), an increase of 22%, which will be payable on 8 January 2021 to shareholders who are on the register as at 4 December 2020, the shares going ex-dividend on 3 December 2020.

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 18 December 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.signalshares.com](http://www.signalshares.com). (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).

### Assets under management and advice

On 30 September 2020, our AuMA stood at £20,598 million<sup>1</sup> and were broken down by type and process as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi-Asset (£m)	Offshore Funds (£m)
Economic Advantage	7,856	252	7,408	–	196
Sustainable Investment	7,466	45	6,914	–	507
Global Equity	2,491	195	2,296	–	–
Cashflow Solution	1,067	678	338	–	51
Multi-Asset	963	–	–	963	–
Global Fixed Income	755	–	332	–	423
<b>Total – 30 September 2020</b>	<b>20,598</b>	<b>1,170</b>	<b>17,288</b>	<b>963</b>	<b>1,177</b>
Architas UK Investment Business <sup>2</sup>	5,617	–	4,855	762	–
<b>Total including Architas UK Investment Business</b>	<b>26,215</b>	<b>1,170</b>	<b>22,143</b>	<b>1,725</b>	<b>1,177</b>

On 20 November 2020, our AuMA was £28,060 million<sup>2</sup>.

<sup>1</sup> Asia Income team AuMA is excluded as the investment team and funds are in the process of being transferred to Somerset Capital Management LLP or being closed. AuMA for the European Income team is included in the Cashflow Solution investment team AuMA and the Macro Thematic team AuMA is included in the Global Equity investment team and Economic Advantage investment team AuMA.

<sup>2</sup> The acquisition of the Architas UK Investment Business completed on 30 October 2020 adding £5,617 million to AuMA.

# Chairman's Statement

## Inflows

The net inflows over the six months to 30 September 2020 are £1,748 million (2019: £1,367 million). A reconciliation of fund flows and AuMA over the six months to 30 September 2020 is as follows:

	Total £m	Institutional £m	UK Retail £m	Multi- Asset £m	Offshore Funds £m
<b>Opening AuMA - 1 April 2020</b>	<b>16,078</b>	<b>988</b>	<b>13,275</b>	<b>840</b>	<b>975</b>
Net flows	1,748	50	1,607	28	63
Market and Investment performance	2,869	132	2,488	95	154
Acquisition/(Disposal) of AuMA <sup>3</sup>	(97)	-	(82)	-	(15)
<b>Closing AuMA - 30 September 2020</b>	<b>20,598</b>	<b>1,170</b>	<b>17,288</b>	<b>963</b>	<b>1,177</b>

<sup>3</sup> The sale of the Asia Income investment team was announced on 2 October 2020 and is expected to complete in the first quarter of 2021.

## UK Retail Fund Performance (Quartile ranking)

	Quartile ranking – Since Launch/ Manager Appointed	Quartile ranking - 5 year	Quartile ranking - 3 year	Quartile ranking - 1 year	Launch Date/ Manager Appointed
<b>Economic Advantage funds</b>					
Liontrust UK Growth Fund	1	1	1	2	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
<b>Sustainable Future funds</b>					
Liontrust Monthly Income Bond Fund	2	2	4	3	12/07/2010
Liontrust SF Managed Growth Fund	1	1	1	1	19/02/2001
Liontrust SF Corporate Bond Fund	1	2	3	2	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	1	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

# Chairman's Statement

	Quartile ranking – Since Launch/ Manager Appointed	Quartile ranking - 5 year	Quartile ranking - 3 year	Quartile ranking - 1 year	Launch Date/ Manager Appointed
<b>Global Equity funds<sup>4</sup></b>					
Liontrust Balanced Fund	1	1	1	1	31/12/1998
Liontrust China Fund	4	4	3	3	31/12/2004
Liontrust Emerging Market Fund	3	2	3	3	30/09/2008
Liontrust European Opportunities Fund	2	4	4	4	29/11/2002
Liontrust Global Smaller Companies Fund	1	1	1	1	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	1	1	1	31/12/2001
Liontrust Global Technology Fund	2	-	1	2	15/12/2015
Liontrust Income Fund	1	1	1	1	31/12/2002
Liontrust Japan Equity Fund	3	2	3	2	22/06/2015
Liontrust Japan Opportunities Fund	1	4	4	4	30/09/2002
Liontrust US Income Fund	4	3	4	4	30/09/2010
Liontrust US Opportunities Fund	1	2	1	1	31/12/2002
<b>Cashflow Solution funds</b>					
Liontrust European Growth Fund	1	2	3	2	15/11/2006
Liontrust Global Income Fund	4	4	4	4	03/07/2013

Source: Financial Express to 30 September 2020 as at 20 November 2020, bid-bid, total return, net of fees, based on primary share classes. The Liontrust UK Mid Cap Fund, Liontrust UK Opportunities Fund, Liontrust Asia Income Fund and funds previously managed by the European Income and Macro Thematic investment teams are excluded. 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).

<sup>4</sup> 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.

## Outlook

Liontrust's focus on robust investment processes and building performance, a business, a brand and client relationships for the long term have proved their value during this year's crisis. This gives Liontrust resilience and the ability to continue to grow in the future.

### Alastair Barbour

Non-executive Chairman

# Consolidated Statement of Comprehensive Income

Six months ended 30 September 2020

	Notes	Six months to 30-Sep-20 (unaudited) £'000	Six months to 30-Sep-19 (unaudited) £'000	Year ended 31-Mar-20 (audited) £'000
Revenue	4	75,780	53,098	124,025
Cost of sales	4	(12,724)	(7,167)	(17,393)
<b>Gross profit</b>		<b>63,056</b>	<b>45,931</b>	<b>106,632</b>
Unrealised profit on financial assets		316	251	(283)
Administration expenses	5	(56,436)	(36,873)	(89,711)
<b>Operating profit</b>		<b>6,936</b>	<b>9,309</b>	<b>16,638</b>
Interest receivable		4	6	18
Interest payable		(66)	(12)	(148)
<b>Profit before tax</b>		<b>6,874</b>	<b>9,303</b>	<b>16,508</b>
Taxation	7	(1,588)	(1,727)	(3,544)
<b>Profit for the period</b>		<b>5,286</b>	<b>7,576</b>	<b>12,964</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>5,286</b>	<b>7,576</b>	<b>12,964</b>
		<b>Pence</b>	<b>Pence</b>	<b>Pence</b>
Basic earnings per share	8	9.21	15.02	24.68
Diluted earnings per share	8	9.00	14.51	23.87

# Consolidated Balance Sheet

As at 30 September 2020

Notes	30-Sep-20 (unaudited) £'000	30-Sep-19 (unaudited) £'000	31-Mar-20 (audited) £'000
<b>Assets</b>			
<b>Non current assets</b>			
Intangible assets	9 36,565	10,497	37,922
Goodwill	19,626	11,872	19,626
Property, plant and equipment	6,875	1,830	7,850
	<b>63,066</b>	<b>24,199</b>	<b>65,398</b>
<b>Current assets</b>			
Trade and other receivables	186,119	117,518	175,532
Financial assets	10 1,859	3,264	2,817
Cash and cash equivalents	98,602	27,769	40,294
<b>Total current assets</b>	<b>286,580</b>	<b>148,551</b>	<b>218,643</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Deferred tax liabilities	(6,197)	(1,508)	(6,440)
Lease liability	(6,668)	(2,066)	(5,769)
<b>Total non current liabilities</b>	<b>(12,865)</b>	<b>(3,574)</b>	<b>(12,209)</b>
<b>Current liabilities</b>			
Trade and other payables	(190,312)	(115,584)	(181,693)
DVBAP liability	(367)	(374)	(845)
Corporation tax payable	(1,314)	–	(734)
<b>Total current liabilities</b>	<b>(191,993)</b>	<b>(115,958)</b>	<b>(183,272)</b>
<b>Net current assets</b>	<b>94,587</b>	<b>32,593</b>	<b>35,371</b>
<b>Net assets</b>	<b>144,788</b>	<b>53,218</b>	<b>88,560</b>
<b>Shareholders' equity</b>			
Ordinary shares	606	509	555
Share premium	121,809	19,745	57,439
Capital redemption reserve	19	19	19
Retained earnings	27,544	36,491	36,409
Own shares held	(5,190)	(3,546)	(5,862)
<b>Total equity</b>	<b>144,788</b>	<b>53,218</b>	<b>88,560</b>

# Consolidated Cash Flow Statement

Six months ended 30 September 2020

	Six months to 30-Sep-20 (unaudited) £'000	Six months to 30-Sep-19 (unaudited) £'000	Year ended 31-Mar-20 (audited) £'000
<b>Cash flows from operating activities</b>			
Cash inflow from operations	74,765	63,627	96,359
Cash outflow from operations	(71,090)	(62,941)	(79,019)
Cash inflow from changes in unit trust receivables and payables	2,357	576	1,561
Net cash from operations	6,032	1,262	18,901
Interest received	4	6	18
Tax paid	(1,316)	–	–
Net cash from operating activities	4,720	1,268	18,919
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(99)	–	(174)
Cash acquired from acquisition of Neptune	–	–	3,661
Purchase of financial assets	–	(1,362)	(1,362)
Sale of financial assets	1,334	1,333	1,333
Purchase of seeding investments	(47)	(50)	(169)
Sale of seeding investments	–	51	50
Net cash from/(used in) investing activities	1,188	(28)	3,339
<b>Cash flows from financing activities</b>			
Purchase of own shares	–	(732)	(3,310)
Sale of own shares	672	477	743
Lease financing costs	–	(228)	–
Issue of shares	66,170	1,537	–
Dividends paid	(14,442)	(10,076)	(14,948)
Net cash from/(used in) financing activities	52,400	(9,022)	(17,515)
Net increase/(decrease) in cash and cash equivalents	58,308	(7,782)	4,743
Opening cash and cash equivalents*	40,294	35,551	35,551
<b>Closing cash and cash equivalents</b>	<b>98,602</b>	<b>27,769</b>	<b>40,294</b>

\* Cash and cash equivalents consist only of cash balances.

## Consolidated Statement of Change in Equity (unaudited)

Six months ended 30 September 2020

	Share capital £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
<b>Balance at 1 April 2020 brought forward</b>	<b>555</b>	<b>57,439</b>	<b>19</b>	<b>36,409</b>	<b>(5,862)</b>	<b>88,560</b>
Profit for the period	–	–	–	5,286	–	5,286
Total comprehensive income for the period	–	–	–	5,286	–	5,286
Dividends paid	–	–	–	(14,442)	–	(14,442)
Shares issued	51	64,370	–	–	–	64,421
Sale of own shares	–	–	–	–	672	672
Equity share options issued	–	–	–	823	–	823
Equity share options settled	–	–	–	(532)	–	(532)
<b>Balance at 30 September 2020</b>	<b>606</b>	<b>121,809</b>	<b>19</b>	<b>27,544</b>	<b>(5,190)</b>	<b>144,788</b>

## Consolidated Statement of Change in Equity (unaudited)

Six months ended 30 September 2019 (Restated)

	Share capital £'000	Share premium* £'000	Capital redemption £'000	Retained earnings* £'000	Own shares held £'000	Total Equity £'000
<b>Balance at 1 April 2019 brought forward</b>	<b>507</b>	<b>19,745</b>	<b>19</b>	<b>38,591</b>	<b>(3,291)</b>	<b>55,571</b>
Adjustment to opening reserves - IFRS 16 Leases	–	–	–	(716)	–	(716)
<b>Revised 1 April 2019 brought forward</b>	<b>507</b>	<b>19,745</b>	<b>19</b>	<b>37,875</b>	<b>(3,291)</b>	<b>54,855</b>
Profit for the period	–	–	–	7,576	–	7,576
Total comprehensive income for the period	–	–	–	7,576	–	7,576
Dividends paid	–	–	–	(10,076)	–	(10,076)
Shares issued	2	–	–	–	–	2
Purchase of own shares	–	–	–	–	(255)	(255)
Equity share options issued/(settled)	–	–	–	1,116	–	1,116
<b>Balance at 30 September 2019</b>	<b>509</b>	<b>19,745</b>	<b>19</b>	<b>36,491</b>	<b>(3,546)</b>	<b>53,218</b>

\* as noted in note 1 v) of the 31 March Annual report, the financial statements were restated to reflect the correct treatment of the settlement of LTIPs

## Consolidated Statement of Change in Equity (audited)

Year ended 31 March 2020

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

## 1 Principal accounting policies

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This Half Yearly Report is unaudited and does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The financial information for the half years ended 30 September 2020 and 2019 has not been audited or reviewed by the auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The statutory accounts for the year ended 31 March 2020, which were prepared in accordance with International Financial Reporting Standards, comprising standards and interpretations approved by either the International Accounting Standards Board or the International Financial Reporting Interpretations Committee or their predecessors, as adopted by the European Union ("IFRS"), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and did not contain a statement made under s498 of the Companies Act 2006.

The financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Sourcebook and with IAS 34 'Interim Financial Reporting'.

The accounting policies applied in this Half Yearly Report are consistent with those applied in the Group's most recent annual accounts

## 2 Alternative Performance Measures

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The Group assess its performance using a variety of measures that are not defined under IFRS and are therefore termed alternative performance measures ("APM's").

The Group uses the APM's to present its financial performance, in a manner which is aligned with the requirements of our stakeholders. By presenting these APM's it enables comparison with our peers who may use different accounting policies.

# Notes to the Financial Statements

The Group uses the following APM's:

Alternative Performance Measure	Definition	Reconciliation
Adjusted profit before tax	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).	Note 6
<p>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. 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 the timing of grants due to prohibited periods, shareholder approval of share incentivisation plans, and other factors.</p>		
Adjusted operating profit	Operating profit before interest, depreciation and amortisation, share incentivisation expenses and non-recurring items.	Note 6
<p>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. 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.</p>		
Revenues excluding performance fees	Gross profit less any revenue attributable to performance related fees.	Note 4
<p>This is used to present a consistent year on year measure of revenues within the business, removing the element of revenue that may fluctuate year on year.</p>		
Adjusted basic earnings per share	Adjusted profit before tax divided by the weighted average number of shares in issue for the period	n/a
Adjusted diluted earnings per share	Adjusted profit before tax divided by the diluted weighted average number of shares in issue for the period	n/a

## 3 Segmental reporting

The Group's operates in only one business segment - Investment management.

The Group offers different fund products through different distribution channels. All financial, business and strategic decisions are made centrally by the Board, which determines the key performance indicators of the Group. The Group reviews financial information presented at a Group level. The Board, is therefore, the chief operating decision-making body 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.

# Notes to the Financial Statements

## 4 Revenue

	Six months to 30-Sep-20 (unaudited) £'000	Six months to 30-Sep-19 (unaudited) £'000	Year ended 31-Mar-20 (audited) £'000
Revenue			
- Revenue	75,780	53,098	123,993
- Performance fee revenue	–	–	92
<b>Total Revenue</b>	<b>75,780</b>	<b>53,098</b>	<b>124,025</b>
Cost of sales	(12,724)	(7,167)	(17,393)
<b>Gross Profit</b>	<b>63,056</b>	<b>45,931</b>	<b>106,632</b>

### Revenue from earnings includes:

1. Investment management on unit trusts, open-ended investment companies sub-funds, portfolios and segregated accounts;
2. Performance fees on unit trusts, open-ended investment companies sub-funds, portfolios and segregated accounts;
3. Fixed administration fees on unit trusts and open-ended investment companies sub-funds;
4. Net value of sales and repurchases of units in unit trusts and shares in open-ended investment companies (net of discounts);
5. Net value of liquidations and creations of units in unit trusts and shares in open-ended investment companies sub-funds;
6. Box profits on unit trusts; and
7. Foreign currency gains and losses.

### 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.

# Notes to the Financial Statements

## 5 Administration expenses

	Six months to 30-Sep-20 (unaudited) £'000	Six months to 30-Sep-19 (unaudited) £'000	Year ended 31-Mar-20 (audited) £'000
<b>Employee related expenses</b>			
Director and employee costs	11,710	5,695	14,047
Pension costs	656	310	866
Share incentivisation expense	2,049	4,194	3,725
DBVAP expense	856	702	1,335
Severance compensation	214	-	1,886
	<b>15,485</b>	<b>10,901</b>	<b>21,859</b>
<b>Non employee related expenses</b>			
Members' drawings charged as an expense	16,387	14,029	31,993
Members' share incentivisation expense	1,045	348	1,126
Professional services <sup>1</sup>	10,047	1,540	8,437
Depreciation and Intangible asset amortisation <sup>2</sup>	2,429	1,424	5,392
IFRS16 related finance costs	-	(240)	-
Other administration expenses	11,043	8,871	20,904
<b>Total administration expenses</b>	<b>56,436</b>	<b>36,873</b>	<b>89,711</b>

<sup>1</sup> Includes costs relating to the re organisation of Neptune outsourced transfer agency administration and acquisition costs related to the purchase of Architas.

<sup>2</sup> Includes Fixed asset depreciation, depreciation on leases under IFRS16 and amortisation of intangible assets

# Notes to the Financial Statements

## 6 Adjusted profit before tax

Adjusted profit before tax is reconciled in the table below:

	Six months to 30-Sep-20 (unaudited) £'000	Six months to 30-Sep-19 (unaudited) £'000	Year ended 31-Mar-20 (audited) £'000
Profit for the period	5,286	7,576	12,964
Taxation	1,588	1,727	3,544
<b>Profit before tax</b>	<b>6,874</b>	<b>9,303</b>	<b>16,508</b>
Share incentivisation expense	3,094	4,542	4,851
DBVAP expense net of gain or loss	540	452	1,551
Severance compensation	214	-	2,296
Professional services <sup>1</sup>	10,047	1,540	8,436
IFRS 16 finance costs	(902)	(240)	(980)
Depreciation and Intangible asset amortisation <sup>2</sup>	2,429	1,424	5,392
Adjustments	15,422	7,718	21,546
<b>Adjusted profit before tax</b>	<b>22,296</b>	<b>17,021</b>	<b>38,054</b>
Interest receivable	(4)	(6)	(18)
Interest payable <sup>(2)</sup>	-	12	-
<b>Adjusted operating profit</b>	<b>22,292</b>	<b>17,027</b>	<b>38,036</b>
<b>Adjusted basic earnings per share</b>	<b>31.46</b>	<b>27.34</b>	<b>58.68</b>
<b>Adjusted diluted earnings per share</b>	<b>30.74</b>	<b>26.41</b>	<b>56.74</b>

<sup>1</sup> Includes costs relating to the re organisation of Neptune outsourced transfer agency administration and acquisition costs related to the purchase of the Architas UK Investment Business.

<sup>2</sup> Includes Fixed asset depreciation, depreciation on leases under IFRS16 and amortisation of intangible assets

## 7 Taxation

The half yearly tax charge has been calculated at the estimated full year effective UK corporation tax rate of 19% (2019: 19%).

# Notes to the Financial Statements

## 8 Earnings per share

The calculation of basic earnings per share is based on profit after taxation and the weighted average number of Ordinary Shares in issue for each period. The weighted average number of Ordinary Shares for the six months ended 30 September 2020 was 57,406,615 (30 September 2019: 50,430,636, 31 March 2020: 52,531,287). 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 is 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 that were in existence during the six months ended 30 September 2020. The adjusted weighted average number of Ordinary Shares so calculated for the period was 58,757,394 (30 September 2019: 52,212,068, 31 March 2020: 54,320,477). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	30-Sep-20	30-Sep-19	31-Mar-20
Weighted average number of Ordinary Shares	57,406,615	50,430,636	52,531,287
Weighted average number of dilutive Ordinary shares under option:			
- to Liontrust Long Term Incentive Plan	1,323,491	1,776,755	1,779,742
- to Liontrust Company Share Option Plan	27,288	4,677	9,448
Adjusted weighted average number of Ordinary Shares	58,757,394	52,212,068	54,320,477

## 9 Intangible assets

Intangible assets represent investment management contracts that have been capitalised upon acquisition and are amortised on a straight-line basis over a period of 10 years or 20 years depending on the type of contracts acquired. The intangible asset on the balance sheet represents investment management contracts as follows:

	30-Sep-20 £'000	30-Sep-19 £'000	31-Mar-20 £'000
Investment management contracts acquired from Argonaut	-	1,497	-
Investment management contracts acquired from ATI	7,800	9,000	8,400
Investment management contracts acquired from Neptune	28,765	-	29,522
	36,565	10,497	37,922

## 10 Financial Assets

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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 financial assets consist of units held in the Group's collective investment schemes as part of a 'manager's box' (as detailed below), assets held by the EBT in respect of the Liontrust DBVAP and assets held in Liontrust Global Funds plc to assist administration. The holdings are valued on a mid or bid basis.

## 11 Related party transactions

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During the six months to 30 September 2020 the Group received fees from unit trusts and ICVCs under management of £59,466,000 (2019: £41,619,000). Transactions with these funds comprised creations of £3,021,616,000 (2019: £2,106,127,000) and liquidations of £1,405,734,000 (2019: £927,652,000). As at 30 September 2020 the Group owed the unit trusts £175,286,000 (2019: £103,944,000) in respect of unit trust creations and was owed £165,831,000 (2019: £103,831,000) in respect of unit trust cancellations and fees.

During the six months to 30 September 2020 the Group received fees from offshore funds under management of £3,044,000 (2019: £2,093,000). Transactions with these funds comprised purchases of £0 (2019: £40,000) and sales of £0 (2019: £0). As at 30 September 2020 the Group was owed £546,000 (2019: £365,000) in respect of management fees.

Directors and management can invest in funds managed by the Group on commercial terms that are no more favourable than those available to staff in general.

## 12 Post balance sheet date event

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On 30 October 2020, the Company acquired all of the ordinary shares in Architas Multi-Manager Limited and Architas Advisory Services Limited (together, the "Architas UK Investment Business"), and subsequently renamed Liontrust Multi Asset Limited and Liontrust Advisory Services Limited respectively.

The acquisition completed on 30 October 2020 for consideration of up to £75 million in cash (inclusive of the expected net asset value of the Architas UK Investment Business), funded from the proceeds of a placing of ordinary shares of the Company, which was completed in July 2020 and the Company's cash resources.

At the date of issue of these financial statements, the valuation of the balance sheets is not complete. An updated disclosure, including the valuation of the balances, will be included in the 2021 Annual Report & Financial Statements.

## 13 Key risks

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The Directors have identified the risks and uncertainties that affect the Group's business and believe that they will be substantially the same for the second half of the year as the current risks as identified in the 2019 Annual Report. These can 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 under-performance, loss of key personnel, human error, poor communication and service leading to reputational damage and fraud.

Risks outside the management's influence include falling markets, terrorism, a deteriorating UK economy, investment industry price competition and hostile takeovers.

Management monitor all risks to the business, they record how each risk is mitigated and have developed indicators to identify increased risk levels. Management recognise the importance of risk management and view it as an integral part of the management process which is tied into the business model and is described further in the Risk management and internal control section on page 49 of the 2020 Annual Report and Note 2 "Financial risk management" on page 106 of the 2020 Annual Report.

## 14 Contingent assets and liabilities

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The Group can earn performance fees on some of the segregated accounts and funds 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 30 September 2020 has not been recognised in the results for the year.

There were no contingent liabilities.

## 15 Directors' responsibilities

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The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the Half Yearly Report herein includes a fair review of the information required by DTR 4.2.7, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and DTR 4.2.8, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last Annual Report and Accounts that could have a material effect on the financial position or performance of the Group in the past six months of the current financial year.

By Order of the Board

John Ions

**Chief Executive**

24 November 2020

Vinay Abrol

**Chief Operating Officer  
and Chief Financial Officer**

## 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 upon 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 announcement should be construed as a profit forecast.



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