PRIDE IN OUR PERFORMANCE

LIONTRUST ASSET MANAGEMENT PLC

HALF-YEAR REPORT AND CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) TO 30 SEPTEMBER 2021

LIONTRUST
PRIDE IN OUR PERFORMANCE

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)
Mike Bishop (Non-executive Director, resigned 23 September 2021)
Mandy Donald (Non-executive Director)
Quintin Price (Non-executive Director, appointed 1 July 2021)
Rebecca Shelley (Non-executive Director, appointed 1 November 2021)
Sophia Tickell (Non-executive Director, resigned 23 September 2021)
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 LLP,
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:
Singer Capital Markets,
One 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

I am delighted to report on the success of your Company over the past six months. This is thanks to the excellence and dedication of the management of the business and all employees and members at Liontrust.

The management expertly guided the business through the pandemic in 2020 and into 2021 and has now overseen the transition back to an increasing proportion of face-to-face meetings. All the while sales have continued to be strong with net inflows of £2.1 billion over the last six months, a 19% increase over the same period in 2020.

The success has led to strong financial performance for your Company. Adjusted profit before tax has increased by 93% to £43.1 million and there has been a rise of 85% in the adjusted diluted EPS of 56.94 pence.

As a result, your Company is to pay a first interim dividend per share of 22.0 pence. This represents a 100% increase on the dividend payment compared to the same six-month period last year and reflects the excellent management of the business, the success of the acquisitions of the past few years, the strong net inflows Liontrust has continued to deliver, and to create more balance between the first and second Interim dividends.

As well as the management of Liontrust, the Board are pleased with the stewardship of the business. One of our key strategies is to be a responsible company and investor and the Sustainability Report for 2021 is available on the Company's website outlining the developments in and performance of Liontrust in four areas of ESG (environmental, social and governance) over the past year. These are being a responsible investor, doing our part on climate change, developing a diverse and talented staff, and being a good corporate citizen.

Liontrust recognises that good governance and stewardship, sustainability and social impact are important considerations in choosing and monitoring investments and longer-term performance.

We have committed to integrating sustainability appropriately throughout the business. This includes publishing our Responsible Investment policy, which provides details of our engagement-led approach and how we manage our stewardship at both the company level and for individual investment teams.

Liontrust's second full Assessment of Value Report will be published in December and will include all the Company's UK-domiciled funds including the Multi-Asset ranges that joined last year as part of the acquisition of the Architas UK Investment Business. This report evaluates whether our funds are delivering value to investors. We recommend investors read this report, which will be available on the Liontrust website and highlights all the areas in which the Company is seeking to add value.

Key to this of course is investment performance and meeting investor expectations. We believe the excellence of our fund management teams, their investment processes and long-term performance demonstrates our ability to deliver this.

The success of our investment management, along with distribution, communications and the brand, is reflected in the three asset management group of the year awards Liontrust has won over the past six months, along with fund awards for the Sustainable, Multi-Asset and Global Equity investment teams.

I am delighted to welcome Rebecca Shelley who joined the Liontrust Board as a Non-executive Director on 1 November. Rebecca has a wealth of experience, knowledge and insights in financial services that will be an invaluable addition for us as Liontrust continues to expand its investment capabilities and proposition.

Chairman's Statement

Results

Liontrust has delivered profit before tax of £31.063 million (2020: £6.874 million), an increase of 352% compared to the equivalent period last year.

The adjusted profit before tax was £43.128 million (2020: £22.296 million), an increase of 93%. Adjusted profit before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash expenses (share incentivisation, depreciation and intangible asset amortisation), and non-recurring expenses (acquisition related and associated restructuring and severance compensation related).

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 22.0 pence per share (2020: 11.0 pence), an increase of 100%, which will be payable on 14 January 2022 to shareholders who are on the register as at 10 December 2021, the shares going ex-dividend on 9 December 2021. Last day for Dividend Reinvestment Plan elections is 22 December 2021.

Shareholder services

Link Group (a trading name of Link Market Services Limited and Link Market Services Trustees Limited) may be able to provide you with a range of services relating to your shareholding. To learn more about the services available to you please visit the shareholder portal at www.signalshares.com or call 0371 664 0300. Calls outside the UK will be charged at the applicable international rate. Lines are open Monday to Friday, 9.00 am to 5.30 pm, UK time, excluding public holidays in England and Wales.

Assets under management and advice

On 30 September 2021, our AuMA stood at £35,659 million and were broken down by type and investment process as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi-Asset (£m)	Offshore (£m)
Sustainable Investment	13,243	151	12,203	0	889
Economic Advantage	10,116	469	9,168	0	479
Multi-Asset	7,357	0	0	7,357	0
Global Equity	3,060	195	2,865	0	0
Cashflow Solution	1,032	689	289	0	54
Global Fixed Income	851	0	367	0	484
Total	**35,659**	**1,504**	**24,892**	**7,357**	**1,906**

On 26 November 2021, our AuMA was £36,492 million.

Inflows

The net inflows over the six months to 30 September 2021 are £2,088 million (2020: £1,748 million). A reconciliation of fund flows and AuMA over the six months to 30 September 2021 is as follows:

	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi-Asset (£m)	Offshore (£m)
Opening AuMA - 1 April 2021	**30,929**	**1,488**	**20,627**	**7,139**	**1,675**
Net flows	**2,088**	(63)	2,038	(26)	139
Market and Investment performance	**2,642**	79	2,227	244	92
Closing AuMA - 30 September 2021	**35,659**	**1,504**	**24,892**	**7,357**	**1,906**

Awards

During the period from the start of our financial year, Liontrust won the following awards:

Group or team awards

- "Asset Manager of the Year" awarded by Financial News Asset Management Awards 2021;
- "Best Fund Group" awarded by Shares Awards 2021;
- "Best Multi-Manager Provider" awarded by Investment Life & Pensions Moneyfacts Awards 2021; and
- "Global Group of the Year" awarded by Investment Week Fund Manager of the Year Awards 2021.

Fund related awards

- "Best Sustainable & ESG Equity Fund" for Liontrust SF Global Growth Fund awarded by Investment Week Sustainable & ESG Awards 2021;
- "Best Sustainable & ESG Multi-Asset Fund" for Liontrust SF Managed Fund Awarded by Investment Week Sustainable & ESG Awards 2021;
- "Global Growth Fund of the Year" for Liontrust SF Global Growth awarded by Investment Week Fund Manager of the Year Awards 2021;
- "Global Income Fund of the Year" for Liontrust Global Dividend Fund awarded by Investment Week Fund Manager of the Year Awards 2021;
- "Managed – Flexible Investment" for Liontrust SF Managed Growth Fund awarded by Investment Week Fund Manager of the Year Awards 2021; and
- "Managed 40-85% Shares" for Liontrust SF Managed Fund awarded by Investment Week Fund Manager of the Year Awards 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
Economic Advantage funds					
Liontrust UK Growth Fund	1	2	2	3	25/03/2009
Liontrust Special Situations Fund	1	1	1	3	10/11/2005
Liontrust UK Smaller Companies Fund	1	1	1	3	08/01/1998
Liontrust UK Micro Cap Fund	1	1	1	1	09/03/2016
Sustainable Future funds					
Liontrust Monthly Income Bond Fund	2	1	3	1	12/07/2010
Liontrust SF Managed Growth Fund	1	1	1	2	19/02/2001
Liontrust SF Corporate Bond Fund	1	1	2	1	20/08/2012
Liontrust SF Cautious Managed Fund	1	1	1	3	23/07/2014
Liontrust SF Defensive Managed Fund	1	1	1	3	23/07/2014
Liontrust SF European Growth Fund	1	1	1	2	19/02/2001
Liontrust SF Global Growth Fund	2	1	1	3	19/02/2001
Liontrust SF Managed Fund	1	1	1	1	19/02/2001
Liontrust UK Ethical Fund	2	1	1	2	01/12/2000
Liontrust SF UK Growth Fund	2	1	1	2	19/02/2001
Global Equity funds[1]					
Liontrust Balanced Fund	1	1	1	4	31/12/1998
Liontrust China Fund	3	3	3	3	31/12/2004
Liontrust Emerging Market Fund	3	3	3	3	30/09/2008
Liontrust Global Smaller Companies Fund	1	1	1	2	01/07/2016
Liontrust Global Alpha Fund	1	1	1	1	31/12/2001
Liontrust Global Dividend Fund	2	1	1	2	20/12/2012
Liontrust Global Innovation Fund	1	1	1	4	31/12/2001
Liontrust Global Technology Fund	3	2	3	3	15/12/2015
Liontrust Income Fund	1	1	2	4	31/12/2002
Liontrust Japan Equity Fund	2	3	2	3	22/06/2015
Liontrust US Opportunities Fund	1	1	2	1	31/12/2002
Cashflow Solution funds					
Liontrust European Growth Fund	1	1	1	1	15/11/2006
Global Fixed Income funds					
Liontrust Strategic Bond Fund	3	-	3	3	08/05/2018

Source: Financial Express to 30 September 2021 as at 5 October 2021, bid-bid, total return, net of fees, based on primary share classes. The Liontrust Asia Income Fund and funds previously managed by the European Income investment team 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).

[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 US Income Fund is not included as it merged into Liontrust Global Dividend Fund on 8 October 2021, and Liontrust Japan Opportunities Fund is not included as it merged into Liontrust Japan Equity Fund ion 8 November 2021.

Outlook

The last six months has demonstrated the strength of Liontrust across the business. This includes the quality of our investment capability, breadth of our client base, strong sales and client service, great communications, distinct brand and robust infrastructure. As a result, the Board are confident about the continued growth of your Company over the coming months and that we continue to trade in line with market expectations.

Alastair Barbour
Non-executive Chairman

Consolidated Statement of Comprehensive Income
Six months ended 30 September 2021

	Notes	Six months to 30-Sep-21 (unaudited) £'000	Six months to 30-Sep-20 (restated and unaudited) £'000	Year ended 31-Mar-21 (audited) £'000
Revenue*	4	114,893	69,082	175,080
Cost of sales*	4	(6,348)	(6,026)	(11,321)
Gross profit		108,545	63,056	163,759
Realised profit on sale of financial assets		50	–	250
Unrealised gain on financial assets		–	316	672
Administration expenses	5	(77,486)	(56,436)	(129,646)
Operating profit		31,109	6,936	35,035
Interest receivable		3	4	7
Interest payable		(49)	(66)	(113)
Profit before tax		31,063	6,874	34,929
Taxation**	7	(4,852)	(1,588)	(7,257)
Profit for the period		**26,211**	**5,286**	**27,672**
Other comprehensive income		**–**	**–**	**–**
Total comprehensive income		**26,211**	**5,286**	**27,672**
		Pence	Pence	Pence
Basic earnings per share	8	43.27	9.21	47.02
Diluted earnings per share	8	42.72	9.00	46.25

All of the results are derived from continuing operations.

The notes on pages 12 to 23 form an integral part of these unaudited condensed interim financial statements.

* The revenue of the six months to 30 September 2020 has been restated to reflect rebates being reclassified as a reduction in revenue rather than a cost of sales (see note 1d). This restatement has no impact on Gross profit, nor on net asset balances.

** The tax charge for the six months to 30 September 2020 has been restated to reflect deferred taxation on the share option charge that was not previously recognised (see note 1d).

Consolidated Balance Sheet

As at 30 September 2021

	Notes	30-Sep-21 (unaudited) £'000	30-Sep-20 (restated and unaudited) £'000	31-Mar-21 (audited) £'000
Assets				
Non current assets				
Intangible assets	9	79,992	36,565	84,812
Goodwill	10	27,577	19,626	27,577
Property, plant and equipment		5,346	6,875	5,257
		112,915	**63,066**	**117,646**
Current assets				
Trade and other receivables	11	240,935	186,119	289,805
Financial assets	12	4,107	1,859	2,188
Cash and cash equivalents		82,837	98,602	71,898
Total current assets		**327,879**	**286,580**	**363,891**
Liabilities				
Non current liabilities				
Deferred tax liability*		(12,467)	(4,599)	(13,436)
Lease liability		(5,024)	(6,668)	(3,418)
Total non current liabilities		**(17,491)**	**(11,267)**	**(16,854)**
Current liabilities				
Trade and other payables		(252,314)	(190,679)	(298,007)
Corporation tax payable		(1,853)	(1,314)	(3,288)
Total current liabilities		**(254,167)**	**(191,993)**	**(301,295)**
Net current assets		**73,712**	**94,587**	**62,596**
Net assets		**169,136**	**146,386**	**163,388**
Shareholders' equity				
Ordinary shares		611	606	610
Share premium		64,370	121,809	64,370
Capital redemption reserve		19	19	19
Retained earnings*		109,626	29,142	104,207
Own shares held		(5,490)	(5,190)	(5,818)
Total equity		**169,136**	**146,386**	**163,388**

The notes on pages 12 to 23 form an integral part of these unaudited condensed interim financial statements.
The unaudited condensed interim financial statements were approved by the Board of Directors on 30 November 2021 and signed on their behalf by Vinay Abrol.

* The 30 September 2020 deferred taxation and retained earnings have been restated to reflect deferred taxation on the share option charge that was not previously recognised (see note 1d).

Consolidated Cash Flow Statement

Six months ended 30 September 2021

	Six months to 30-Sep-21 (unaudited) £'000	Six months to 30-Sep-20 (unaudited) £'000	Year ended 31-Mar-21 (audited) £'000
Cash flows from operating activities			
Cash inflow from operations	114,775	74,765	141,409
Cash outflow from operations*	(71,972)	(70,046)	(95,913)
Cash inflow from changes in unit trust receivables and payables	1,453	2,357	4,554
Net cash generated from operations*	44,256	7,076	50,050
Interest received	3	4	7
Tax paid	(7,500)	(1,316)	(6,416)
Net cash from operating activities	36,759	5,764	43,641
Cash flows from investing activities			
Purchase of property, plant and equipment	(310)	(99)	(254)
Acquisition of Architas net of cash required	–	–	(54,124)
Purchase of financial assets	(3,124)	–	–
Sale of financial assets	–	1,334	1,334
Purchase of seeding investments	(34)	(47)	(117)
Net cash (used in)/from investing activities	(3,468)	1,188	(53,161)
Cash flows from financing activities			
Payment of lease liabilities*	(839)	(1,044)	(2,263)
Purchase of own shares	–	–	(812)
Sale of own shares	328	672	852
Issue of shares	–	66,170	64,421
Dividends paid	(21,841)	(14,442)	(21,074)
Net cash (used in)/from financing activities*	(22,352)	51,356	41,124
Net increase in cash and cash equivalents	10,939	58,308	31,604
Opening cash and cash equivalents	71,898	40,294	40,294
Closing cash and cash equivalents	**82,837**	**98,602**	**71,898**

Cash and cash equivalents consist only of cash balances.

The notes on pages 12 to 23 form an integral part of these unaudited condensed interim financial statements.

* The cash flow statement to 30 September 2020 has been represented to show the payment of lease liabilities as an item in financing activities rather than in operating activities in accordance with IAS7.

Consolidated Statement of Change in Equity (unaudited)
Six months ended 30 September 2021

	Share capital £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
Balance at 1 April 2021 brought forward	**610**	**64,370**	**19**	**104,207**	**(5,818)**	**163,388**
Profit for the period	–	–	–	26,211	–	26,211
Total comprehensive income for the period	–	–	–	26,211	–	26,211
Dividends paid	–	–	–	(21,841)	–	(21,841)
Shares issued	1	–	–	(1)	–	–
Sale of own shares	–	–	–	–	328	328
Equity share options issued	–	–	–	1,541	–	1,541
Equity share options settled	–	–	–	(244)	–	(244)
Deferred tax on option charge taken to equity	–	–	–	(247)	–	(247)
Balance at 30 September 2021	**611**	**64,370**	**19**	**109,626**	**(5,490)**	**169,136**

Consolidated Statement of Change in Equity (unaudited and restated)
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
Balance at 1 April 2020 brought forward*	**555**	**57,439**	**19**	**37,888**	**(5,862)**	**90,039**
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 issued settled	–	–	–	(532)	–	(532)
Deferred tax on option charge taken to equity*	–	–	–	119	–	119
Balance at 30 September 2020	**606**	**121,809**	**19**	**29,142**	**(5,190)**	**146,386**

Consolidated Statement of Change in Equity (audited)

Year ended 31 March 2021

	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
Balance at 1 April 2020 brought forward*	**555**	**57,439**	**19**	**37,888**	**(5,862)**	**90,039**
Profit for the year	–	–	–	27,672	–	27,672
Total comprehensive income for the year	–	–	–	27,672	–	27,672
Dividends paid	–	–	–	(21,074)	–	(21,074)
Capital reorganisation	–	(57,439)	–	57,439	–	–
Shares issued	55	64,370	–	–	–	64,425
Sale/(purchase) of own shares	–	–	–	–	44	44
Equity Share options issued	–	–	–	2,636	–	2,636
Equity share options settled	–	–	–	(518)	–	(518)
Deferred tax on option charge taken to equity	–	–	–	164	–	164
Balance at 31 March 2021	**610**	**64,370**	**19**	**104,207**	**(5,818)**	**163,388**

The accompanying notes form an integral part of these unaudited condensed interim financial statements.

* The 1 April 2020 opening balance has been restated to reflect the historic deferred taxation on share options charge that was not previously recognised (see note 1d).

Notes to the Financial Statements

1 Principal Accounting policies

a) Basis of preparation

The Group financial information for the six months ended 30 September 2021 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting. This condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 March 2021. These are consistent with IFRSs issued by the International Accounting Standards Board as adopted by the UK Endorsement Board for use in the United Kingdom.

This Half Yearly Report is unaudited and does not constitute statutory accounts within the meaning of s.434 of the Companies Act 2006. The financial information for the half years ended 30 September 2021 and 2020 has not been audited by the auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. Therefore, these half year accounts should be read in conjunction with the statutory accounts for the year ended 31 March 2021, which were 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') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, those parts of the Companies Act 2006 applicable to companies reporting under IFRS; and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS"). KPMG reported on the 31 March 2021 financial statements, and their report was unmodified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006 in the UK.

The preparation of financial statements in conformity with IFRS requires the directors of the Company to make significant estimates and judgements 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.

b) Going concern

The financial information presented within these financial statements has been prepared on a going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and DBVAP liability which are held at their fair value). The Group is reliant on cash generated by the business to fund its working capital. The Directors have assessed the prospects of the Group and parent company over the forthcoming 12 months, including an assessment of current trading; budgets, plans and forecasts; the adequacy of current financing arrangements; liquidity, cash reserves and regulatory capital; and potential material risks to these forecasts and the Group strategy. This assessment includes a review of the ongoing impact of the Covid-19 pandemic on the business; and consideration of a severe but plausible downside scenario in which AuMA falls due to a market event by 20%. The Directors confirm that as a result of this assessment they have a reasonable expectation that the Group and parent company will continue to operate and meet its liabilities as they fall due for at least 12 months from the date of signing these accounts.

c) 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. There are no significant judgements. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are set out as follows:

(i) Impairment of Goodwill

Goodwill arising on acquisitions 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 a cash generating unit (CGU) 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 of the Financial Statements to 31 March 2021).

Impairment losses on goodwill, where these are identified, are not reversed. Impairment is tested through measuring the recoverable amount against the carrying value of the related goodwill. The recoverable amount is the higher of the fair value less costs to sell the CGU and its value in use. Value in use is assessed using a multi-period excess earnings model which requires a number of inputs requiring management estimates and judgements, the most significant of which are: future business performance and growth (including fund sales, redemptions and market growth), operating costs, synergies, and the cost of capital/discount rate.

Due to the strong performance and growth of the Sustainable Investment team (acquired as part of the ATI acquisition) and the Global Equity team (acquired as part of the Neptune acquisition) there is no significant estimation in relation to the impairment of the related goodwill allocated to the Sustainable and Global Equity Investment teams' CGU. Due to the relatively recent acquisition of the Archtias UK Investment Business (Multi-Asset team CGU) and development of the Multi-Asset team products, goodwill and its impairment is a significant estimate therefore in relation to the Architas intangible (Multi-Asset team CGU).

(ii) Impairment of intangible assets

Details of the impairment policy for intangible assets and their estimated useful lives can be found in note 1h) of the Financial Statements to 31 March 2021.

Due to the relatively recent acquisition of Architas (Multi-Asset team CGU) and development of the Multi-Asset team products, intangible impairment is a significant estimate in relation to the Architas intangible Asset (Multi-Asset team CGU).

d) Restatement

The 30 September 2020 financial statements have been restated to reflect:

(1) the corrected treatment of the deferred tax asset arising from the issue of employee share options due to the timing difference between the service period and the future tax deduction when the options are exercised. The restatement increased opening deferred tax assets and retained earnings at 1 April 2019 by £990,000. In the year ended 31 March 2020 the restatement increased deferred tax assets by a further £489,000 to £1,479,000, with £237,000 crediting retained earnings and £252,000 crediting taxation in the Statement of Comprehensive Income. The restatement increased profit and total comprehensive income for the year ended 31 March 2020 by £252,000 to £13,216,000 and increased net assets at 31 March 2020 by £1,479,000 to £90,039,000. The Statement of Comprehensive Income, Balance sheet, Statement of Changes in Equity and related notes were updated to reflect this restatement; and

(2) contractual rebates due to customers being reclassified as a reduction in revenue rather than a cost of sales (see note 4) as they do not represent a payment for distinct goods or services. This restatement reduced revenue and cost of sales by £15,209,000 and has no impact on Gross profit, total profit, total comprehensive income for the year ended 31 March 2020 or net assets at 31 March 2020 and does not impact brought forward reserves at 1 April 2020.

These restatements do not have an impact on basic and diluted earnings per share.

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

The Group assess its performance using a variety of measures that are not defined under IFRS and are therefore termed alternative performance measures ('APMs'). The APMs that we use may not be directly comparable with similarly named measures used by other companies.

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.

The Group uses the following APMs:

<table>
<tr><th>Alternative Performance Measure</th><th>Definition</th><th>Reconciliation</th></tr>
<tr><td>Adjusted profit before tax</td><td>Profit before taxation, depreciation, amortisation, net IFRS16 finance costs, share incentivisation expenses and non-recurring items*</td><td>Note 6</td></tr>
<tr><td colspan="3">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.</td></tr>
<tr><td>Adjusted operating profit</td><td>Profit before interest, depreciation and amortisation, share incentivisation expenses and non-recurring items*</td><td>Note 6</td></tr>
<tr><td colspan="3">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.</td></tr>
<tr><td>Gross profit excluding performance fees</td><td>Gross profit less any revenue attributable to performance related fees.</td><td>Note 4</td></tr>
<tr><td colspan="3">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.</td></tr>
<tr><td>Adjusted earnings per share</td><td>Adjusted profit before tax divided by the weighted average number of shares in issue for the period</td><td>n/a</td></tr>
<tr><td colspan="3">This is used to present a measure of profitability per share in line with the adjusted operating profit as detailed above.</td></tr>
<tr><td>Adjusted diluted earnings per share</td><td>Adjusted profit before tax divided by the diluted weighted average number of shares in issue for the period</td><td>n/a</td></tr>
<tr><td colspan="3">This is used to present a measure of profitability per share in line with the adjusted operating profit as detailed above.</td></tr>
</table>

* Non-recurring items include acquisition related and associated restructuring costs, and severance compensation related expenses.

3 Segmental reporting

The Group operates only in 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-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.

4 Revenue

	Six months to 30-Sep-21 (unaudited) £'000	Six months to 30-Sep-20 (unaudited) £'000	Year ended 31-Mar-21 (audited) £'000
Revenue			
- Revenue*	114,893	69,082	161,388
- Performance fee revenue	-	-	13,692
Total Revenue	**114,893**	**69,082**	**175,080**
Cost of sales*	(6,348)	(6,026)	(11,321)
Gross Profit	**108,545**	**63,056**	**163,759**

* Following a review, Management Fees are shown net of contractual rebates with customers, see note 1d.

Revenue from earnings includes:

- Investment management on unit trusts, open-ended investment companies sub-funds, portfolios and segregated account.
- Performance fees on unit trusts, open-ended investment companies sub-funds, portfolios and segregated accounts.
- Fixed administration fees on unit trusts and open-ended investment companies sub-funds.
- Net value of sales and repurchases of units in unit trusts and shares in open-ended investment companies (net of discounts).
- Net value of liquidations and creations of units in unit trusts and shares in open-ended investment companies sub-fund.
- Box profits on unit trusts - the “at risk” trading profit or loss arising from changes in the valuation of holdings of units in Group Unit Trusts to help manage client sales into, and redemptions from the trust.
- Foreign currency gains and losses.
- Less contractual rebates paid to customers.

The cost of sales includes:

- 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.
- Sales commission paid or payable to third parties.
- External investment advisory fees paid or payable.

5 Administration expenses

	Six months to 30-Sep-21 (unaudited) £'000	Six months to 30-Sep-20 (unaudited) £'000	Year ended 31-Mar-21 (audited) £'000
Employee related expenses			
Wages and salaries	20,060	11,710	25,817
Social security costs	2,864		3,508
Pension costs	866	656	1,480
Share incentivisation expense	2,974	2,049	4,693
DBVAP expense[1]	1,344	856	1,656
Severance compensation	4	214	1,793
	28,112	**15,485**	**38,947**
Non-employee related expenses			
Members' drawings charged as an expense	24,314	16,387	41,986
Members' share incentivisation expense	971	1,045	1,471
Members' severance	114		
Professional services[2]	3,255	10,047	15,025
Depreciation and Intangible asset amortisation	5,779	2,429	7,448
Other administration expenses	14,941	11,043	24,769
Total administration expenses	**77,486**	**56,436**	**129,646**

[1] For the financial year ended 31 March 2021 (going forward) management have reviewed their assessment of adjustments and have removed the DBVAP expense and the share incentive plan expense from its adjusted profit measure.

[2] Includes acquisition related and restructuring costs for the Architas and Neptune.

6 Adjusted profit before tax

Adjusted profit before tax is reconciled in the table below:

	Six months to 30-Sep-21 (unaudited) £'000	Six months to 30-Sep-20 (unaudited) £'000	Year ended 31-Mar-21 (audited) £'000
Profit before tax for the period	31,063	6,874	34,929
Share incentivisation expense	3,734	3,094	5,776
Unrealised (Gain) on DBVAP asset	-	-	(525)
DBVAP expense net of gain[1]	-	540	-
Severance compensation	118	214	1,793
Net IFRS 16 finance costs	(821)	(902)	112
Gain on sale of Asia Income Fund	-	-	(250)
Professional services[2]	3,255	10,047	15,025
Depreciation, Intangible asset amortisation and impairment	5,779	2,429	7,448
Adjustments	12,065	15,422	29,379
Adjusted profit before tax	**43,128**	**22,296**	**64,308**
Interest receivable	**(3)**	**(4)**	**(7)**
Interest payable	-	-	-
Adjusted operating profit	**43,125**	**22,292**	**64,301**
Adjusted basic earnings per share	**57.67**	**31.46**	**88.52**
Adjusted diluted earnings per share	**56.94**	**30.74**	**87.06**

[1] For the financial year ended 31 March 2021 (and going forward) management have reviewed their assessment of adjustments and have removed the DBVAP expense and the share incentive plan expense from its adjusted profit measure.

[2] Includes acquisition related and restructuring costs for Architas/Neptune.

7 Taxation

The half year tax charge has been calculated at the estimated full year effective UK corporation tax rate of 19% (30 September 2020: 19%).

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 2021 was 60,570,438 (30 September 2020 57,406,615; 31 March 2021: 58,846,929). 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 2021. The adjusted weighted average number of Ordinary Shares so calculated for the period was 61,356,243 (30 September 2020: 58,757,394; 31 March 2021: 59,831,128). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	30-Sep-21	30-Sep-20	31-Mar-21
Weighted average number of Ordinary Shares	60,570,438	57,406,615	58,846,929
Weighted average number of dilutive Ordinary shares under option:			
- to Liontrust Long Term Incentive Plan	757,386	1,323,491	959,895
- to the Liontrust CSOP	28,419	27,288	24,304
Adjusted weighted average number of Ordinary Shares	61,356,243	58,757,394	59,831,128

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. The intangible asset on the balance sheet represents investment management contracts as follows:

	30-Sep-21 £'000	30-Sep-20 £'000	31-Mar-21 £'000
Investment management contracts acquired from ATI	6,600	7,800	7,200
Investment management contracts acquired from Neptune	24,223	28,765	25,737
Investment management contracts acquired from Architas	49,168	-	51,874
	79,991	36,565	84,811

10 Goodwill

Goodwill is allocated to the CGU to which it relates as the underlying funds acquired in each business acquisition are clearly identifiable to the ongoing investment team that is managing them. The ATI Goodwill on acquisition is allocated to the Sustainable Funds team CGU and at 30 September 2021 was £11,873,000 (2020: £11,873,000). At 31 March 2021 an assessment was made in relation to impairment of the goodwill where the recoverable amount, based on a value in use, was calculated using an earnings model which used key assumptions such as the discount rate (12.8%, 2020: 13.0%), terminal growth rate (2%, 2020: 2%) and net AuMA growth (5%, 2020: 5%). Sensitivity analysis was carried out on this model which significantly reduced the forecast net AuMA growth. These changes in estimates 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 30 September 2021 was £7,753,000 (2020: £7,753,000). At 31 March 2021 an assessment was made in relation to impairment of the goodwill where the recoverable amount, based on a value in use, 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 net AuMA growth, comprising net sales of £150 million and market growth rate (5%, 2020: 2.5% per annum), terminal growth rate (2%, 2020: 2%) and a discount rate (12.8%, 2020: 13.0%). Based on these reasonable estimates there was no indication of impairment and headroom over the carrying value of goodwill of £5.9 million.

Sensitivity analysis was carried out on this model which included changing the discount rate and reducing the net AuMA growth. The discount rate could be increased by 1% without impacting goodwill and resulted in a £5.1 million reduction in headroom. If the terminal growth rate reduced by 0.6% the headroom would be reduced by £2.2 million but would not lead to an impairment. However, reducing the fund inflows to nil would result in the carrying value of goodwill being fully impaired. Management consider this to be a reasonably possible scenario, however the five year modelling timeframe would give ample time for management action. The "breakeven" point for impairment is net flows of £104 million. Given the strong current investment performance, and net inflows for the Global Equity funds in the period ended 30 September 2021 management have concluded that no impairment of the goodwill is required. An assessment of the goodwill will be reperformed at the financial year end.

The Architas Goodwill on acquisition is allocated to the Multi Asset team CGU. At 31 March 2021 an assessment was made in relation to impairment of the goodwill where the recoverable amount, based on a value in use, 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 net sales, net AuMA growth rates (4% per annum), terminal growth rate (2%) and a discount rate of 12.8%. Based on this assessment there was no indication of impairment.

Sensitivity analysis was carried out on this model which included changing the discount rate and reducing the market growth. A reasonably possible change in the key assumptions would not lead to an impairment. In a severe scenario of nil market growth and nil net sales over the five year model the goodwill would be impaired. Management consider this to be a highly unlikely scenario and management would take action in such a scenario. Further, given this relatively recent acquisition and satisfactory performance in the period since acquisition management have concluded that no impairment of the goodwill is required. An assessment of the goodwill will be reperformed at the financial year end.

	£'000
ATI – Sustainable investment team	11,873
Neptune – Global Equity investment team	7,753
Architas – Multi-Asset team	7,951
	27,577

11 Trade and other receivables

	30-Sep-21 £'000	30-Sep-20 £'000	31-Mar-21 £'000
Trade receivables:			
- Fees receivable	22,703	13,749	33,118
- Unit Trust sales and cancellations	211,316	164,871	254,006
Prepayments and accrued income	6,916	7,499	2,681
	240,935	**186,119**	**289,805**

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 30 September 2021, trade receivables of £nil (2020 : £nil) were past due but not impaired. Expected credit losses are immaterial.

12 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 financial assets consist of units held in the Group's collective investment schemes as part of a 'manager's box, 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.

13 Related party transactions

During the six months to 30 September 2021 the Group received fees from unit trusts and ICVCs under management of £116,146,000 (2020: £59,466,000). Transactions with these funds comprised creations of £3,980,800,000 (2020: £3,021,616,000) and liquidations of £2,195,098,000 (2020: £1,405,734,000). As at 30 September 2021 the Group owed the unit trusts £211,545,000 (2020: £175,286,000) in respect of unit trust creations and was owed £231,108,000 (2020: £165,831,000) in respect of unit trust cancellations and fees.

During the six months to 30 September 2021 the Group received fees from offshore funds under management of £5,655,000 (2020: £3,044,000). Transactions with these funds comprised purchases of £0 (2020: £40,000) and sales of £nil (2020: £nil). As at 30 September 2021 the Group was owed £753,000 (2020: £546,000) 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.

14 Post balance sheet date event

There were no post balance sheet events.

15 Key risks

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 2021 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 warning flags 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 50 of the 2021 Annual Report and Note 2 "Financial risk management" on page 111 of the 2021 Annual Report.

16 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 30 September 2021 has not been recognised in the results for the period.

17 Directors' responsibilities

The Directors confirm that:

i. This condensed set of interim financial statements has been prepared in accordance with UK-adopted IAS 34;

ii. The Half Year 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 faced by the company and the undertakings included in the consolidation taken as a whole for the remaining six months of the year; and

iii. The Half Year Report includes, as required by DTR 4.2.8 a fair view of 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.

There has been a change to the board of directors during the six month period ended 30 September 2021. A list of current directors is maintained on the Liontrust Asset Management Plc website.

By Order of the Board

John S. Ions

Chief Executive

Vinay K. Abrol

Chief Operating Officer and Chief Financial Officer

30 November 2021

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 report should be construed as a profit forecast. These forward-looking statements are made only as at the date on which such statements are made and the Group does not undertake to update forward-looking statements contained in this announcement or any other forward-looking statement it may make.

Independent Review Report to Liontrust Asset Management Plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The latest financial statements of the group were 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') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, those parts of the Companies Act 2006 applicable to companies reporting under IFRS; and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS") and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Independent Review Report to Liontrust Asset Management Plc

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Jatin Patel

for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
30 November 2021

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