PRIDE IN OUR PERFORMANCE

LIONTRUST ASSET MANAGEMENT PLC
ANNUAL REPORT & FINANCIAL STATEMENTS 2018

LIONTRUST
PRIDE IN OUR PERFORMANCE

About Liontrust

“As a business, we are very focused on what we do. There are lots of things around us that we could get involved in, but we just want to make sure the things we do, we do well.”

John Ions, Chief Executive

Liontrust is differentiated through the following values:

- **Process:** We believe investment processes are key to long-term performance and effective risk control. Our processes are robust, scaleable, repeatable and documented, which have advantages for Liontrust, our fund managers and, most importantly, our investors.
- **Conviction:** Our fund managers have the courage of their convictions in making investment decisions.
- **Independence:** Liontrust is an independent business with no corporate parent and our fund managers are independent thinkers.
- **Pride:** We have pride in our culture. How a fund manager or team performs is not just down to the talent of the individuals but also due to the culture and environment in which they work.
- **Consistency:** We aim to treat every investor, client, member, employee, supplier and other stakeholders fairly and with respect at all times.
- **Community engagement:** Our community engagement programme is focused on financial education, providing opportunities for vulnerable children and young people, and wildlife conservation.
- **ESG:** We seek to continue to build a successful company while conducting our business in a sustainable and responsible way.
- **Empowerment:** We empower members and employees to take on responsibility and to be accountable for their decisions, actions and behaviour.
- **Transparency:** We strive to communicate clearly and frequently with investors and stakeholders, regularly updating them on the performance of our funds and portfolios, the effectiveness of the investment processes and the progress of the business.

Highlights

Sustained growth of our AuM from £6,523 million to £10,475 million demonstrates the substantial progress made in this year. To have recorded **8 consecutive years of net inflows** shows the progress the business has made.

31 March
2018

£10,475 million

31 March
2017

£6,523 million

2016

2015

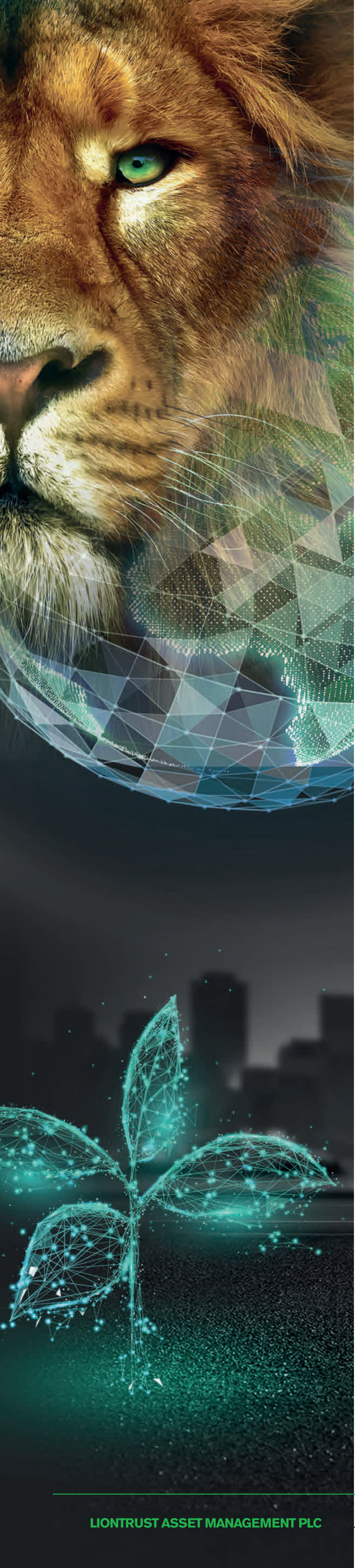
2014

2013

2012

	2018	2017	
Assets under management	£10,475	£6,523	61% increase
Net flows	£1,004 million	£482 million	108% increase
Gross profit	£76.8 million	£51.5 million	49% increase
Profit before tax	£12.3 million	£9.1 million	35% increase
Adjusted profit before tax[1]	£27.4 million	£17.2 million	59% increase
Adjusted diluted earnings per share[1]	42.9 pence	29.8 pence	44% increase
Net cash[2]	£27.4 million	£22.1 million	24% increase
Total Dividend per share[3]	21.0 pence	15.0 pence	40% increase

1. This is an alternative performance measure 'APM' see page 29.
2. Cash and Cash equivalents plus other current assets less current liabilities.
3. Total dividend shown for the relevant financial year.



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Forward Looking statements

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

Chairman's Statement

Introduction
This has been a year of strong growth and expansion for Liontrust. We delivered £1 billion in net inflows and our assets under management (AuM) increased by 61% to £10.47 billion. This is a tribute to the leadership of the business, the talent we have across Liontrust and the investment we have made over the past eight years in our fund management teams, distribution, marketing and the brand.

We have continued to strengthen our fund management capability through the Sustainable Investment and Global Fixed Income ("GFI") teams. After joining Liontrust on 1 April 2017, the AuM of the Sustainable Investment team increased by £500 million over the financial year to reach nearly £3 billion. The GFI team is an excellent addition with their experience, high profile and strong track record.

These two teams have provided the business with further diversification by asset class and clients, both in the UK and internationally. They also provide clients with great reassurance at a time of increased geopolitical uncertainty.

We are now coming to the end of 10 years of Central Banks experimenting with unconventional measures to keep interest rates low and flood liquidity into the system to fend off a depression and strengthen the banking system. The speed of change has accelerated as we face numerous potential or actual blow-ups each year. The currency crisis in Argentina and Turkey, Brexit, trade tariffs and the near meltdown of the financial markets in Italy are just a few on the table as I write.

It is nigh on impossible to lay down a road map for the future, not least because the President of the USA is shaking all the trees in the orchard at the same time, and where the apples will fall is anybody's guess. Whether one is heartened by his advice to Kim Jong-un to build "Condos" and hotels on the beaches in North Korea is a moot point!

A key strength of the fund managers at Liontrust is that despite all of this global noise going on, they continue to run investors' money according to clear, well defined investment processes that are predictable and repeatable.

We welcomed Sophia Tickell to the Board on 1 October 2017 as an Independent Non-executive Director and she has been a strong addition for Liontrust. Sophia has been providing invaluable insight having worked with asset managers for more than 15 years and through her background in and extensive knowledge of ESG.

I would like to highlight the hard work and the contribution of the management and staff at Liontrust to the continued success of the business and to thank our shareholders and investors for their ongoing support and loyalty to the company. This commitment will enable us to continue on our growth path.

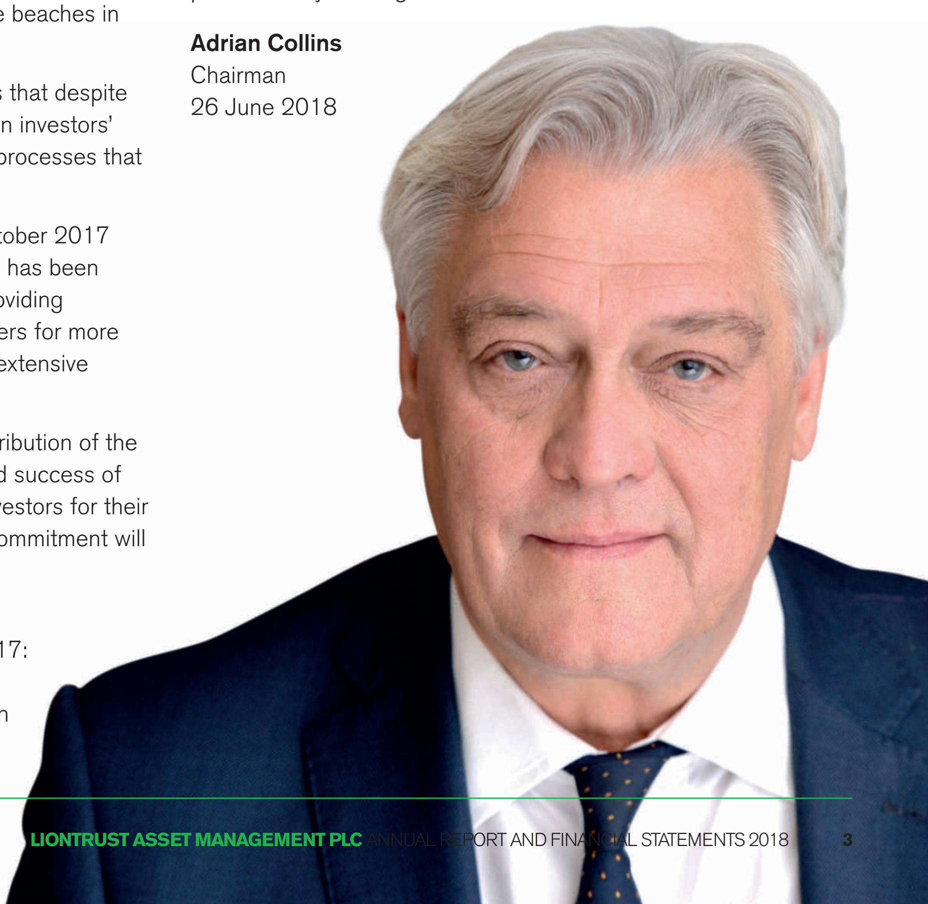
Results
Adjusted profit before tax was £27.378 million (2017: £17.235 million). Adjusted profit before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash (depreciation, intangible asset amortisation and share incentivisation related) expenses and non-recurring (professional fees relating to acquisition, cost reduction, restructuring and severance compensation related) expenses ("Adjustments"), see note 5 below for a reconciliation of adjusted profit (or loss) before tax.

Profit before tax is £12.313 million (2017: £9.103 million).

Dividend
The success in fund performance and distribution has resulted in an increase in revenues excluding performance fees of 53% and a 59% increase in our adjusted profit before tax to £27.4 million. This has enabled the Board to declare a second interim dividend of 16.0 pence per share (2017: 11.0 pence) which will be payable on 10 August 2018 to shareholders who are on the register as at 6 July 2018, the shares going ex-dividend on 5 July 2018. The total dividend for the financial year ending 31 March 2018 is 21.0 pence per share (2017: 15.0 pence per share), an increase of 40% compared with last year.

The Company has a Dividend Reinvestment Plan ("DRIP") that allows shareholders to reinvest dividends to purchase additional shares in the Company. For shareholders to apply the proceeds of this and future dividends to the DRIP, application forms must be received by the Company's Registrars by no later than 20 July 2018. 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. (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales).

Adrian Collins
Chairman
26 June 2018




MACRO ANALYSIS
EXPECT THE
UNEXPECTED
CLINTON OUT
FUND MANAGER DIARY
A WEEK IN THE WORLD OF EUROPEAN INCOME WITH OLLY
very aware of the tricks
panies might play to make
r earnings look better.
You need thick skin and broad shoulders...
Process guides against our frail human nature.
James Inglis-Jones
Thursday
The Asiatic Lion
DEPARTM
STEPHEN BAILEY

Strategic report

Chief Executive's Report

Introduction

Asset management has a central role to play in enabling people to try to achieve their financial goals over the medium and long term. This role will now continue throughout people's lives due to greater longevity and with the onus increasingly being on individuals to save and invest for their own futures.

Along with this structural opportunity for asset managers comes a highly competitive market and greater scrutiny. To overcome these challenges and to take advantage of the opportunities, we will remain focused on what has brought us success and enabled us to deliver eight successive years of positive inflows.

Key to this is our first-class investment proposition and the talent of our fund management teams. By delivering what our clients and investors expect, along with strong long-term performance, through robust and repeatable investment processes, we will continue to attract assets and retain loyalty.

At a time when attention is so focused on price and cost, it can be easy to lose sight of the benefit of value. Those asset managers able to demonstrate the added value of great active fund management will retain a central role in looking after people's savings.

It is also important to deliver what investors want and not just what asset managers want to provide. Since our Sustainable Investment team joined us on 1 April 2017, we have seen a significant increase in attention and demand for this way of investing. You can see this clearly in the reaction to the fact that if current trends continue, the weight of plastic in our seas will exceed that of fish by 2050, according to the World Economic Forum. It will no longer be an option for asset managers not to have a view on Sustainable Investment.

Our Sustainable Investment team has vast experience, a clear process and a focus on generating returns for investors as well as seeking to benefit society through their holdings. The quality of this and our other fund management teams is shown by the independent recognition they are receiving. We have won seven fund awards and two group awards over the past year and have been shortlisted in eight categories at the Investment Week Fund Manager of the Year Awards 2018 in July. Five of these are for Sustainable funds within mainstream categories and two for the Economic Advantage team, who celebrated 20 years of the investment process in January 2018.

We will continue to add to and diversify our fund management capability as and when the right opportunities arise and if they meet the needs of investors. The GFI team, who joined us at the start of 2018, demonstrate the attraction of Liontrust to high-quality fund managers.

The addition of the Sustainable and GFI teams and the significant investment we have made in Distribution is leading to a further broadening of our client base and a deepening of relationships. This is demonstrated by the fact that Liontrust had the 11th largest net retail sales in the UK in 2017 and had the 13th largest total net sales, according to the Pridham Report. Since the end of the 2017-18 financial year, we have successfully launched three funds for the Global Fixed Income team with a total of £209 million of assets as at 25 June 2018.

Another key factor behind the growth of Liontrust has been our brand profile and engagement. To enhance this further, we have added a new partnership deal with Durham County Cricket Club. This includes sponsorship of its T20 team, the Durham Jets and the Women's Academy, along with supporting the club's community engagement through the Durham CCC Foundation and a new programme in Kenya.

Our Liontrust community engagement programme is also expanding, with a principal focus on financial education for schoolchildren. It is vital, both for the long-term future of society and the investment industry, that we give children and young people a greater understanding of and confidence in how we manage money.

The talent we have at Liontrust and the ongoing investment we are making in the business gives us the ability to continue to overcome the challenges we may face and capitalise on the many opportunities ahead of us.

Outlook

We are well positioned to continue the growth of Liontrust. We have further diversified our fund management proposition with the addition of two high quality teams to expand our already strong capability. Through the arrival of the Sustainable Investment and Global Fixed Income teams and our greater Distribution reach, we have been expanding our client base in the UK and internationally.

This is enhanced by our strong brand and the investment we have made in the infrastructure of the business, particularly over the past year. Our brand profile not only gives us great awareness, it also engenders a positive opinion of and engagement with Liontrust among clients and investors. This builds trust and loyalty for the future.

John Ions
Chief Executive
26 June 2018

Assets under management

On 31 March 2018, our AuM stood at £10,475 million (2017: £6,523million) an increase of 61% over the financial year. A reconciliation of AuM as at 31 March 2018 is as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi Asset (£m)	Offshore Funds (£m)
Cashflow Solution	**973**	551	313	–	109
Economic Advantage	**4,974**	386	4,507	–	81
Macro-Thematic	**442**	153	264	–	25
European Income	**232**	–	232	–	–
Asia Income	**114**	–	104	–	10
Sustainable Investment	**2,996**	54	2,737	–	205
Multi-Asset	**700**	–	–	700	–
Indexed	**44**	–	44	–	–
Total	**10,475**	**1,144**	**8,201**	**700**	**430**

Fund flows

Liontrust recorded net inflows of £1,004 million in the financial year to 31 March 2018 (2017: £482 million). A reconciliation of fund flows over the financial year is as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	MPS[1] (£m)	Offshore Funds (£m)
Opening AuM- 1 April 2017	**6,523**	**1,044**	**4,648**	**612**	**219**
Net flows	**1,004**	(24)	906	76	46
Acquisitions*	**2,518**	49	2,316	–	153
Market and Investment performance	**430**	75	331	12	12
Closing AuM -					–
31 March 2018	**10,475**	**1,144**	**8,201**	**700**	**430**

*Relates to the acquisition of Alliance trust Investments which completed on 1 April 2017

31 March
2018

£10,475 million

31 March
2017

£6,523 million

Increase of

61%

over the financial year

31 March
2018

£1,004 million

31 March
2017

£482 million

Increase of

108%

over the financial year

Vision and Strategic Objectives

Our vision is to be one of the leading fund management companies in the UK and internationally, renowned for consistently adding value to clients' investment portfolios, and building a sustainable business that benefits all stakeholders. We seek to attain this vision by achieving the following strategic objectives.

Deliver strong long-term performance and meet expectations
We strive for all Liontrust funds and portfolios to outperform their relevant benchmarks and the average returns of their respective peer groups over the medium to long term. We also want to meet investor expectations in terms of how our funds and portfolios are managed. We achieve these objectives by recruiting and retaining fund managers who have excellent track records, expertise in their respective asset classes and who use rigorous and repeatable investment processes that are documented. We provide an environment that enables fund managers to focus on managing funds according to their own investment processes and market views and not be distracted by taking on responsibilities associated with running the business.

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

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

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

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

Run a profitable and sustainable business
All stakeholders, including investors, members, employees and shareholders, benefit from a successful and stable business. We aim to increase profitability by growing our revenues faster than our costs through the continued expansion of assets under management and by increasing margins through the focused management and control of costs. We believe that continuing to build Liontrust in a sustainable and responsible way will have a key role to play in the Company achieving these objectives.

Business Model

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

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

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

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

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

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

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

/LiontrustHeroes
@LiontrustHeroes
@LiontrustViews
@LiontrustFuture
Liontrust

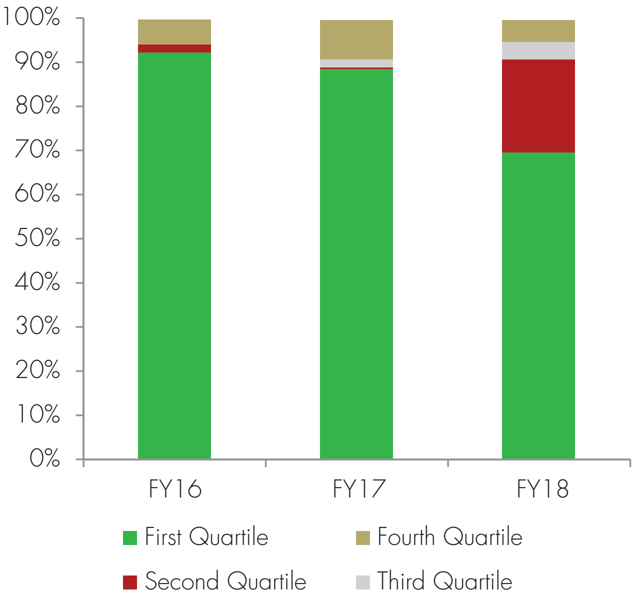
Key performance measures

Key performance measures

Fund management ability and investment performance

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

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



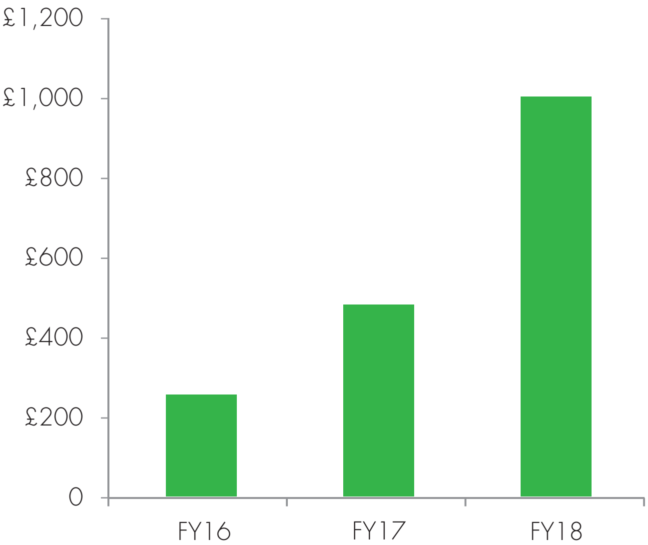
* net of fees and income reinvested.

See UK Retail fund Performance on page 22.

Distribution

Net flows in the year have remained positive, and increased from £482 million to £1,004 million.

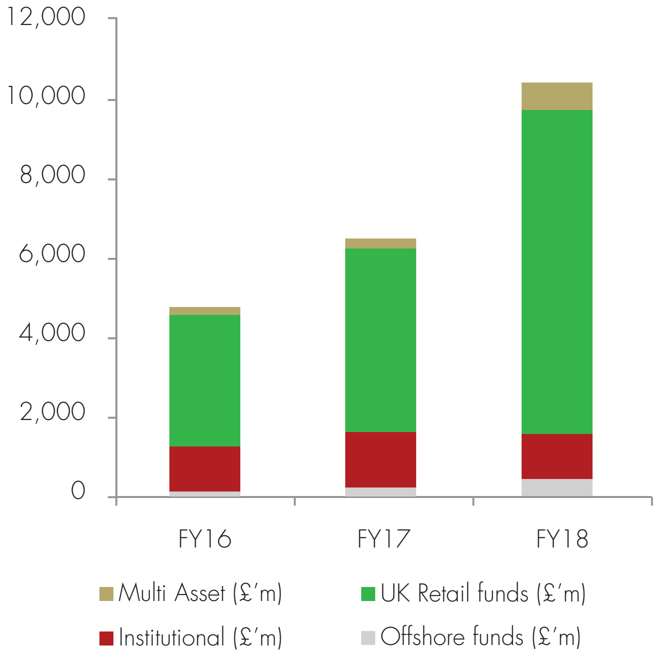
Figure 2 – Net flows £'million



A Profitable and Growing business

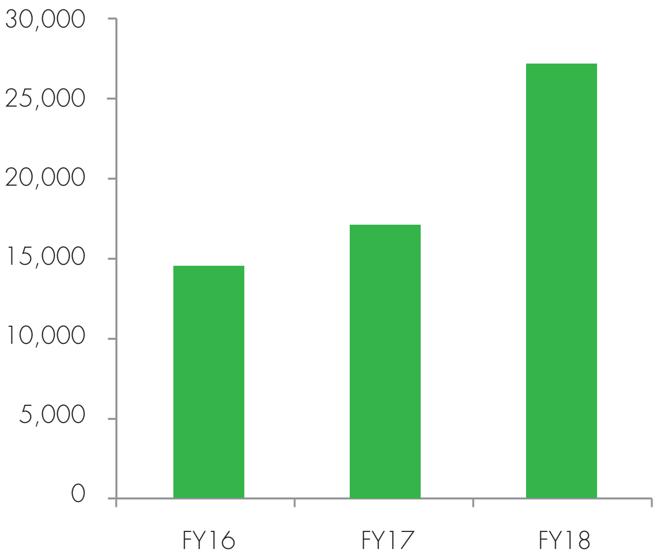
Our AuM has increased by 119% from 31 March 2016 to 31 March 2018 and by 61% from 31 March 2017 to 31 March 2018, reflecting acquisitions, market performance and net flows (see figure 3).

Figure 3 – AuM by investor type £'million



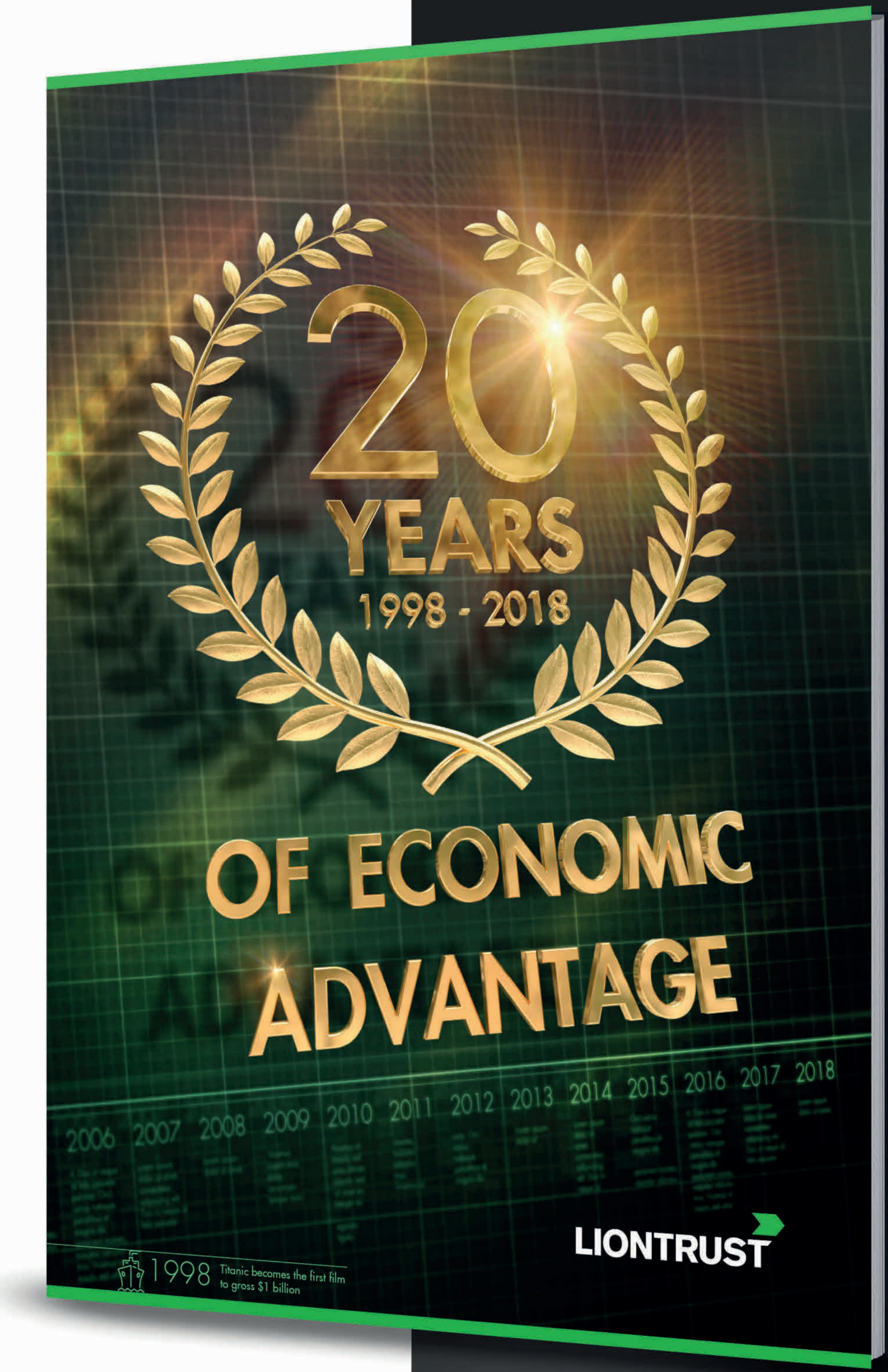
Our adjusted profit before tax* increased by 87% from 31 March 2016 to 31 March 2018 and by 59% from 31 March 2017 to 31 March 2018 (see figure 4).

Figure 4 – Adjusted profit before tax* £'000



* This is an alternative performance measure ('APM'). See page 29 for further details.

TIMELINE



March
2016: Liontrust UK Micro Cap launched

September
2015: Matt Tonge moves from the trading desk to join the Economic Advantage team

June
2015: Victoria Stevens joins Economic Advantage team

March
2009: Economic Advantage team begins managing Liontrust UK Growth Fund

June
2008: Julian Fosh joins Liontrust to co-manage the Economic Advantage process

November
2005: Anthony begins managing Liontrust Special Situations Fund

May
2003: Matt Tonge joins Liontrust trading desk

January
1998: The Cross Report published. Anthony begins running the Liontrust UK Smaller Companies Fund

October
1997: Anthony Cross joins Liontrust

Fund Management review

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

John Ions, Chief Executive

Liontrust has eight fund management teams, having added the Global Fixed Income team since the Liontrust Report and financial statements was published last year.

Liontrust Global Fixed Income team: see page 20

Asia team

Mark Williams, Carolyn Chan and Shashank Savla have more than 60 years of combined experience in analysing Asian companies. Mark, with 24 years' experience in investing, has previously run funds at F&C. While managing the F&C Far East Fund, it was awarded first place in the Equity Asia Pacific (ex-Japan) sector over five years (out of 52 funds) by the S&P European awards in 2007. Carolyn has 25 years of experience and was previously at Hampton Investment Management. Shashank has 13 years of experience in financial markets and has also previously worked in the Consumer Goods and Telecoms industries.

ASIA INCOME FUND

The Fund has been managed since launch in March 2012 by Mark Williams, Carolyn Chan and Shashank Savla and was named the Best Newcomer in the What Investment Unit Trust Awards in 2013. The Fund invests in Asia Pacific ex-Japan companies, aiming to deliver both a prospective yield at least 1.1 times that of the regional markets and long-term capital appreciation.

INVESTMENT PROCESS

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

Cashflow Solution team

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

EUROPEAN GROWTH FUND

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

GF EUROPEAN STRATEGIC EQUITY FUND

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

GF EUROPEAN SMALLER COMPANIES FUND

The Fund has been managed since launch on 1 February 2017 by James Inglis-Jones and Samantha Gleave, who have been running a composite of Institutional European Small Cap mandates for a combined total of more than eight years. The Fund invests in companies listed in Europe (including the UK), with the majority having a market capitalisation of less than €5 billion at inception and has an equally weighted portfolio.

GLOBAL INCOME FUND

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

INVESTMENT PROCESS

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

“Cash doesn’t lie. You can manipulate earnings, but cash doesn’t lie. We’re very aware of the tricks companies might play to make their earnings look better.”

James Inglis-Jones

Economic Advantage team

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

SPECIAL SITUATIONS FUND

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

UK MICRO CAP FUND

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

UK GROWTH FUND

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

UK SMALLER COMPANIES FUND

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

INVESTMENT PROCESS

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

European Income team

Olly Russ and Oisin O'Leary have over 25 years of combined investment and capital markets experience. Olly joined Liontrust in July 2016, having started his career at investment boutique Orbitex in 1998. At Orbitex, Olly worked on European Equity and UK Income funds and was responsible for running the Orbitex UK Equity Fund from its inception in March 2000. In 2002, Olly moved to Invicta Investment Management, a privately owned hedge fund, before joining Neptune Investment Management as a fund manager and financial analyst. He moved to Argonaut Capital in 2005. Oisin joined Liontrust in June 2017, having previously been an investment analyst at Argonaut Capital Partners across the company's range of funds from September 2015. He was also formerly an investment analyst at Maris Capital and a debt capital markets analyst at HSBC Bank.

EUROPEAN INCOME FUND

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

EUROPEAN ENHANCED INCOME FUND

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

INVESTMENT PROCESS

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

“Europe has a deep pool of companies with attractive free cash flow and a growing number of them are focused on returning capital to shareholders via buybacks, dividends and special dividends.”

Olly Russ

Macro-Thematic team

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

MACRO EQUITY INCOME FUND

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

MACRO UK GROWTH FUND

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

INVESTMENT PROCESS

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

Sustainable Equity team

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

EQUITY FUNDS

The team manages five Equity funds and three Managed funds. The three Managed funds, which are risk profiled by Distribution Technology, invest in the underlying holdings of the funds that the team manages.

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

INVESTMENT PROCESS

The process, which has been developed and honed over more than 17 years, starts with a thematic approach in identifying the key structural growth trends that will shape the global economy of the future, such as technological and medical advancements, and then invests in well run companies whose products and operations capitalise on these transformative changes, have a positive impact and, therefore, may benefit financially.

“We believe there is a compelling case for all investors to take a sustainable investment approach and not only those who want their investments to ‘do good’ and benefit society.”

Peter Michaelis

Sustainable Fixed Income team

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

SF CORPORATE BOND

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

MONTHLY INCOME BOND FUND

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

INVESTMENT PROCESS

The process is designed to enable the fund managers to select bonds that they believe will generate superior investment performance. The process focuses on high-quality issuers and the managers believe this can enable them to reduce bond specific risk. The process uses ESG, credit and macro-economic analysis to find high-quality companies. The process also assesses potential returns versus downside risk and valuations based on both absolute and relevant returns.

“The flexible investment mandate of the Monthly Income Bond Fund allows us to adapt to changing market and economic environments through the duration and interest rate exposure.”

Stuart Steven

Global Fixed Income team

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

STRATEGIC BOND FUND

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

GF HIGH YIELD BOND FUND

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

INVESTMENT PROCESS

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

"The flexibility afforded strategic bond fund managers can be of enormous value to investors at a time of rising uncertainty and volatility."

David Roberts

Multi-Asset team

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

RANGE OF PORTFOLIOS

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

INVESTMENT PROCESS

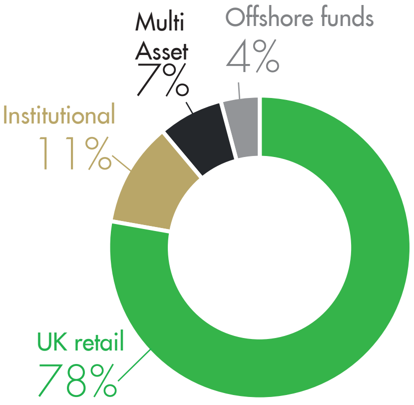
The process is designed to target the outcome expected by investors in terms of the level of risk, as measured by volatility, of each model portfolio and to maximise the return for each portfolio while still targeting the investors' level of risk. These two objectives are pursued through a quantitative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

"We like to use the example of the tortoise and the hare to describe our investment style – we are all about a patient, steady approach that wins the race rather than chasing short-term performance."

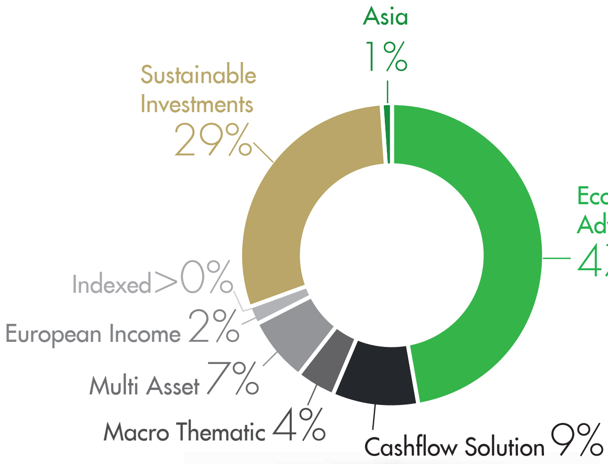
John Husselbee

Split of AuM

By product type



By investment process



UK Retail fund performance

The strength of Liontrust's fund management capability is shown by the weighted average AuM of our actively managed unit trusts and ICVC's. Since launch or since the fund managers were appointed 89% were in the first quartile (see Figure 1 opposite).

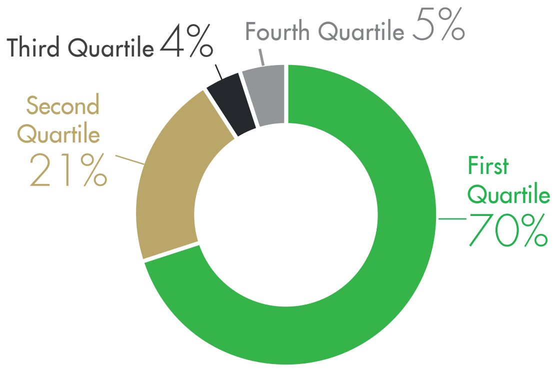


Figure 1 – AuM weighted quartile ranking since launch or launch/manager inception

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

Process	Quartile ranking - 1 year	Quartile ranking - 3 year	Quartile ranking - 5 year	Quartile ranking – Since Manager tenure	Launch / Manager appointed
Liontrust UK Growth Fund	2	1	2	1	25/03/2009
Liontrust Special Situations Fund	1	1	1	1	10/11/2005
Liontrust UK Smaller Companies Fund	2	1	1	1	08/01/1998
Liontrust UK Micro Cap Fund	2	-	-	2	09/03/2016
Liontrust Macro Equity Income Fund	3	4	3	1	31/10/2003
Liontrust Macro UK Growth Fund	3	4	3	2	01/08/2002
Liontrust European Growth Fund	4	1	2	1	15/11/2006
Liontrust Asia Income Fund	3	3	2	2	05/03/2012
Liontrust European Income Fund	4	4	4	3	15/12/2005
Liontrust European Enhanced Income Fund	2	4	4	4	30/04/2010
Liontrust Global Income Fund	2	3	-	3	03/07/2013
Liontrust Monthly Income Bond Fund	1	1	1	1	12/07/2010

Source: Financial Express, total return (income reinvested and net of fees) basis, bid to bid, to 31 March 2018 unless otherwise stated. The above funds are all UK authorised unit trusts (retail share class) or sub funds of UK Investment Companies of Variable Capital. Liontrust FTSE 100 Tracker Fund (index fund) not included. Liontrust Global Income Fund's investment objective changed to Global Income on 3 July 2013. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

Process	Quartile ranking - 1 year	Quartile ranking - 3 year	Quartile ranking - 5 year	Quartile ranking – Since Manager tenure	Launch / Manager appointed
Liontrust SF Absolute Growth Fund	1	1	1	4	19/02/2001
Liontrust SF Corporate Bond Fund	1	1	1	1	20/08/2012
Liontrust SF Cautious Managed Fund	1	1	-	1	23/07/2014
Liontrust SF Defensive Managed Fund	1	1	-	1	23/07/2014
Liontrust SF European Growth Fund	3	2	2	2	19/02/2001
Liontrust SF Global Growth Fund	1	2	2	4	19/02/2001
Liontrust SF Managed Fund	1	1	1	2	19/02/2001
Liontrust UK Ethical Fund	1	1	1	2	01/12/2000
Liontrust SF UK Growth Fund	1	1	1	2	19/02/2001

Source: Financial Express, total return (income reinvested and net of fees) basis, bid to bid, to 31 March 2018 unless otherwise stated. The above funds are all UK authorised unit trusts (retail share class) or sub funds of UK Investment Companies of Variable Capital. Liontrust FTSE 100 Tracker Fund (index fund) not included. Liontrust Global Income Fund's investment objective changed to Global Income on 3 July 2013. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

Liontrust and Fund Awards

We are proud to announce the following awards for Liontrust and our fund management teams in the financial year ended 31 March 2018:

The Liontrust European Growth Fund was named best Europe Fund at the 2017 Investment Week Fund Manager of the Year awards.

Liontrust was named Specialist Group of the Year at the 2017 Investment Week Fund Manager of the Year awards.

The Liontrust European Growth Fund was named the Best Europe Fund at the 2017 Money Observer Fund awards.

The Liontrust Special Situations Fund was named the Best Larger UK Growth Fund at the 2017 Money Observer Fund awards.

The Liontrust European Growth Fund was named best Europe Fund at the 2017 Investment Week Fund Manager of the Year awards

Liontrust was named the Best Small to Mid Investment Group at the 2017 FT Adviser 100 Club awards.

Anthony Cross and Julian Fosh were named 2017 FE UK Smaller Companies Managers of the Year.

The Liontrust Special Situations Fund was named the Overall Winner – UK Equity – at the 2017 AJ Bell Fund & Investment Trust awards.

Liontrust was named Specialist Group of the Year at the 2017 Investment Week Specialist Investment awards.

Distribution review

It has been a very successful year for Liontrust's Distribution. We have delivered £1 billion of net inflows and a 61% growth in our AUM. Liontrust had the 11th largest net retail sales in the UK in 2017 and had the 13th largest total net sales, according to the Pridham Report.

Having acquired the Sustainable Investment team at the start of the financial year, its AuM has increased by £500 million over the past 12 months to reach nearly £3 billion. This has positioned us only with critical mass as well as a fantastic track record from a long established team.

We successfully launched the GF Strategic Bond, Strategic Bond and GF High Yield Bond Funds for the Global Fixed Income team after the end of the 2017-18 financial year and we are confident about the potential for growing this franchise. Both our Sustainable Investment and Global Fixed Income teams have enabled us to broaden further our client base in the UK and internationally.

The success and effectiveness of our marketing activity is shown by the strength of our brand and the awareness and recognition of Liontrust by intermediaries and the industry over the past year. Our advertising campaigns, for example, have very high recalls among intermediaries relative to other fund management companies. Advisers' level of knowledge of Liontrust has been improving and the proportion of intermediaries with a positive opinion of the Company has been increasing. We have also seen an increase in visits to our websites and engagement with our emails and on our social media channels.

We are always seeking to enhance our communication and engagement with clients, investors and other stakeholders, and digital marketing plays a core role in this. We will achieve this through enhanced information and improved accessibility via our website, email communications and social media activity in particular.

We have also launched a new client magazine, The Pride, and engage with investors through the Liontrust Consumer Panel.

Sales

- Institutional Sales
- Multi-Asset Sales
- Regional 'Whole of Market' Sales
- Single Strategy Sales
- International Sales

Find out more here:
www.telegraph.co.uk/sport/sporting-heroes/

IT'S YOUR MONEY PODCAST

Listen online here:
www.telegraph.co.uk/its-your-money-podcast/

Operations review

We are focused on maintaining an operations team that is efficient, scalable and that gives us the ability to continue our growth whilst delivering returns to shareholders.

Our three key operations team are:

- IT/Office team, which focuses on the development and implementation of a cloud-based server infrastructure, delivery of IT hardware upgrades and the maintenance of a higher quality office environment;
- Investment Operations team to continue to improve systems and processes and monitor our outsourced providers (for accounting and fund valuation services); and
- Transfer Agency team to monitor our transfer agency orientated outsourced providers.

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

- Successfully integrated the administration of funds acquired as part of the ATI acquisition;
- Completed a project to review our outsourced administration arrangements, including a review of our Middle Office function, to define a target operating model and a vendor selection process for the aforementioned arrangements;
- Outsourced the EMIR 2 reporting obligations and transaction reporting to an external provider;
- Installation of a new RFP production system;
- Completion and distribution of MiFID 2 EMT/EPT templates for our funds;
- Gained Cyber Essentials Plus accreditation and continue to evolve Cyber security strategies across the business;
- Successfully and on time setting up of Liontrust's new Edinburgh office which opened on 1 April 2017; and
- Preparation and planning for taking on an additional floor at our 2 Savoy Court office.

Financial review

Financial performance

Profit before tax increased to £12.313 million (2017: £9.103 million). Adjusted profit before tax* increased to £27.378 million from £17.235 million last year, reflecting increased AuM.
Table (a) Analysis of financial performance

Table (a) Analysis of financial performance

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000	Year on Year Change
Gross profit	76,811	51,458	49%
Other comprehensive income	33	–	n/a
Realised and unrealised (loss)/gain on sale of financial assets	(139)	140	n/a
Directors, employee and members compensation[1]	(35,663)	(25,088)	42%
Other Administration expenses	(13,667)	(9,286)	47%
Adjusted operating profit*	27,375	17,224	59%*
Interest receivable	3	11	(73)%
Adjusted profit before tax[1]*	27,378	17,235	59%*

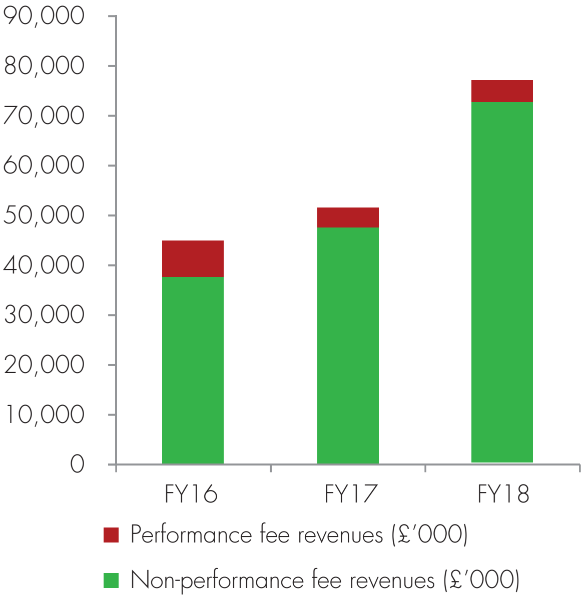
(1) See note 7 on page 92 for reconciliation of adjusted profit before tax to profit for the year.

* This is an alternative performance measure ('APM'). See page 29 for further details.

Revenues

Revenues excluding performance fees increased by 53% compared to last year and by 92% compared to two years ago. (see Figure 2 below).

Figure 2 – Gross profit £'000

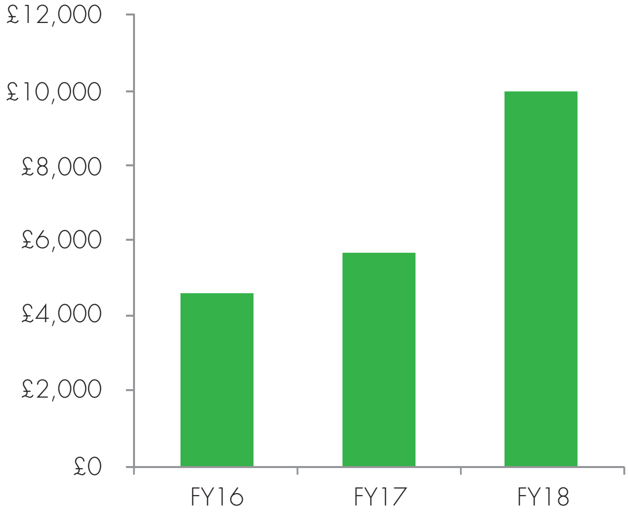


* This is an alternative performance measure ('APM'). See page 29 for further details.

AuM

Average AuM increased by 75% compared to last year and by 116% over two years (see Figure 1 below), reflecting acquisition, net flows and market performance.

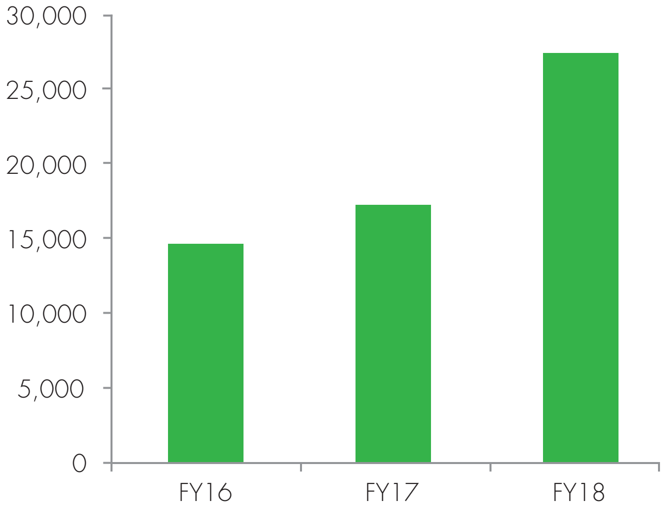
Figure 1 – Average AuM £'million



Profit and operating margin

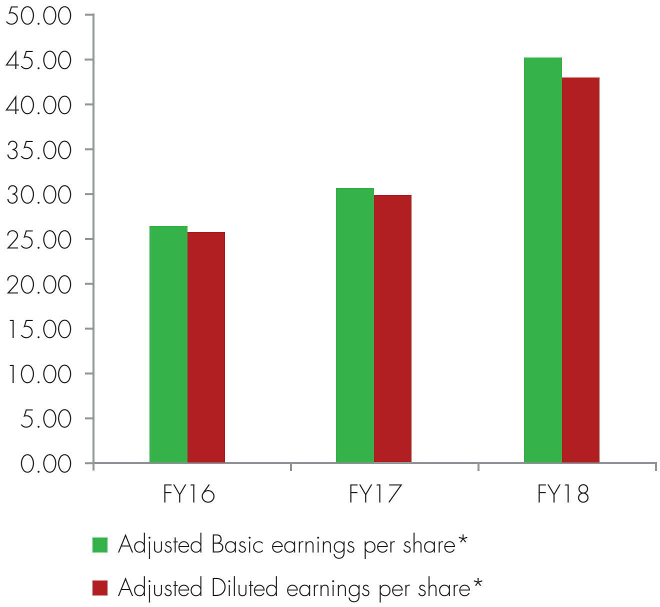
Adjusted operating profit* increased to £27.375 million from £17.224 million last year and from £14.623 million two years ago reflecting the increase in average AuM, this in turn is reflected in strong growth in basic and diluted earnings per share (see Figures 3 and 4).

Figure 3 – Adjusted operating profit before tax* £'000



* This is an alternative performance measure ('APM'). See page 29 for further details.

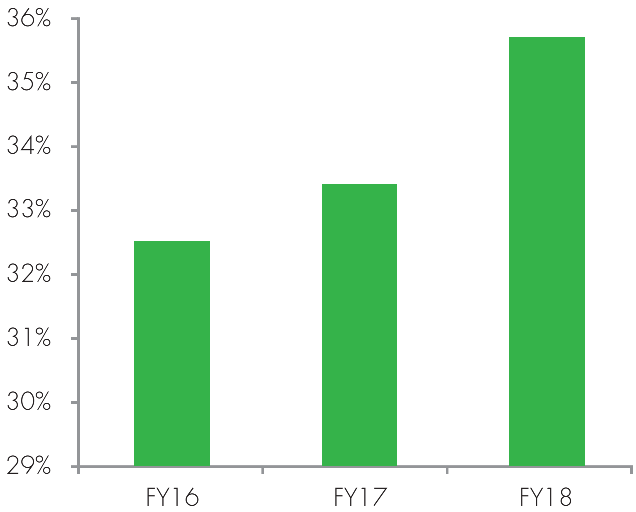
Figure 4 – Adjusted basic and diluted earnings per share* (pence)



* This is an alternative performance measure ('APM'). See page 29 for further details.

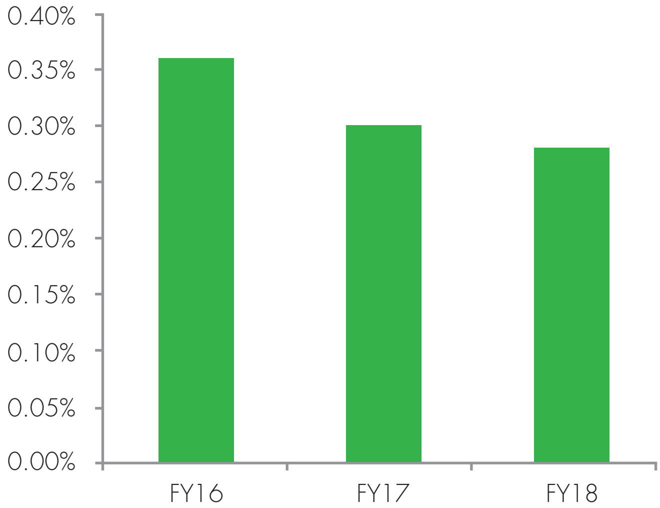
Adjusted operating margin (calculated as Adjusted operating profit divided by Gross profit) reflects the strong operating gearing in the business (see Figure 5 below).

Figure 5 – Adjusted operating margin*



* This is an alternative performance measure ('APM'). See page 29 for further details.

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



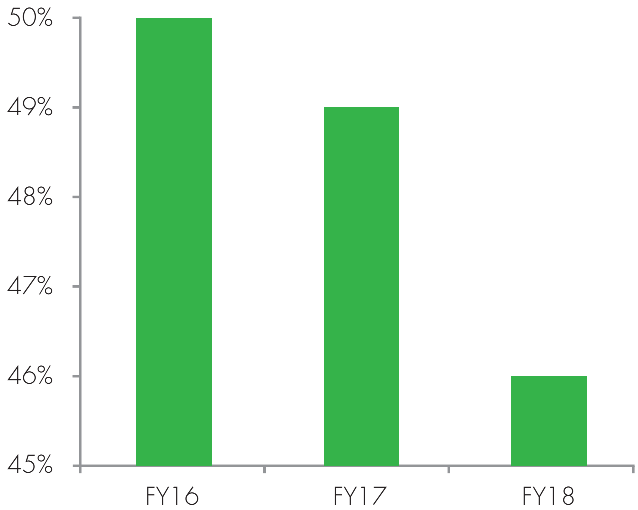
(3) Adjusted for expenses for share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim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

* This is an alternative performance measure ('APM'). See page 29 for further details.

Administration expenses

The largest component of our costs, in common with other service companies, is Director, member and employee related expenses. Director, member/employee compensation as a percentage of Gross profit reduced by 3% reflecting increased revenues and cost controls. (see Figure 7 below).

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

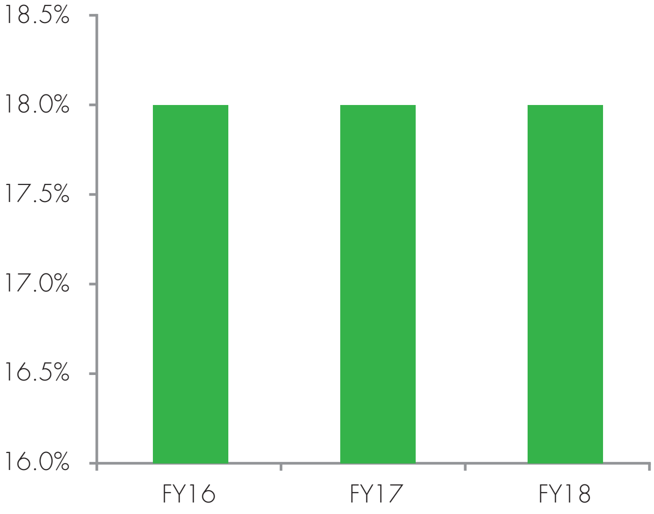


(4) Member and employee related costs are the sum of Director and employee costs, pensions, members drawings charged as an expense, and members' advance drawings (where applicable).

* This is an alternative performance measure ('APM'). See page 29 for further details.

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

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



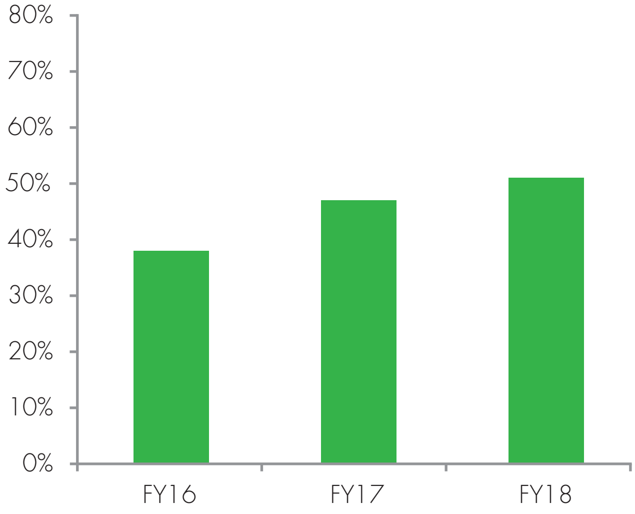
* This is an alternative performance measure ('APM'). See page 29 for further details.

Dividend

The Board has considered current market environment, the financial performance for the Group in the current year and its cash generation abilities in future years, and is declaring a second interim dividend of 16.0 pence per share (2017: 11.0 pence) which will result in total dividends for the financial year ending 31 March 2018 of 21.0 pence per share (2017: 15.0 pence) (See Figure 9 below). This reflects a dividend margin (dividend per share divided by Adjusted diluted earnings per share) of 49% (See Figures 9 and 10 below).

Figure 9 – Dividend per share (pence)

Figure 10 – Dividend margin*



* This is an alternative performance measure ('APM'). See page 29 for further details.

Dividend policy

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

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

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

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

Statement of viability

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

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 31 March 2021. The Directors' assessment has been made with reference to the Group's current position and strategy, the Group's risk appetite, the Group's financial forecasts, and the Group's principal risks and mitigations, as detailed in the Strategic Report.

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

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

Alternative Performance Measures (‘APMs’)

The Group uses the following APMs:

Adjusted profit before tax*
Definition: Profit before interest, taxation, depreciation and amortisation, share incentivisation expenses and non-recurring items.

Reconciliation: Note 7 on page 92.

Reason for use: This is used to present a measure of profitability of the Group which is aligned to the requirements of shareholders and potential shareholders 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.

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

Reconciliation: Note 7 on page 92.

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

Adjusted operating margin
Definition: Adjusted operating profit divided by Gross profit.

Reconciliation: Note 7 on page 92.

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

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

Reconciliation: Note 4 on page 90.

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

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

Reconciliation: Note 7 on pages 92 and 93.

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

Director, member and employee related expenses
Definition: A component of Administration expenses costs related to compensation costs of people within the business.

Reconciliation: Note 5 on pages 90 and 91.

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

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

Reconciliation: Note 5 on pages 90 and 91.

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

Principal Risks and mitigations

The Group takes a cautious and pro-active approach to risk management, recognising the importance of understanding risks to the business, setting and monitoring risk appetite and implementing the systems and controls required to mitigate them. A Risk Register is maintained that captures the core risks inherent in our business and assesses how those risks are managed and mitigated, the key indicators that would suggest if the risk is likely to materialise together with an assessment that each risk may have on our regulatory capital.

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

In order to help identify, manage and control risk, Liontrust breaks it down into four main categories. On the basis of disciplined risk assessment, the principal risks to the Group's business are considered. A high level summary is shown below with details of any mitigating factors and the risks are also discussed in the Risk Management and Internal Controls section of the Directors' Report on page 47. In the last year, the Group has reviewed its risk appetite across all of the business and adopted a new framework to help monitor and control the Group's risk against its risk appetite. A new risk scorecard system is being rolled out with clear risk indicators and tolerance levels to help manage and align the business with the updated risk appetite.

Credit risk

Credit risk covers the risk of loss due to a debtor's inability to pay. The Liontrust Group maintains a liquidity policy document which identifies the credit risks that may affect any area of the business and details how these risks are monitored and controlled. These risks include: failure of banks / credit institution / significant counterparties; failure of a client to pay fees; failure of a client to pay funds for an investment; failure of a fund to pay redemption monies. Major counterparties are reviewed at least monthly and this covers, for each institution, agency ratings, interest rates currently offered and credit default swap spreads (where these measures are applicable or available). These are all indicators of any potential problems. If any such issues are identified the Group will take action to either move any functions or cash away from the institution or closely monitor the institution as per our counterparty selection and business continuity policies.

Market risk

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

Operational risk

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

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

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

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

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

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

Liontrust has made a number of acquisitions over the last few years and during any period of integration (of systems, controls and procedures) there is a higher risk of failure of controls due to an increase in counterparties, more similar but not identical procedures and changing staff responsibilities. Liontrust devotes considerable management time to integrating each acquisition and aims to minimise operational risk arising from consolidation. Liontrust also commissions an external accountancy firm to report on internal controls in accordance with AAF 01/06.

Other risks

The firm also faces other risks which the Group has categorised as business risk; client management risk; portfolio management, investment risk and liquidity risk; people risk and regulatory compliance, conduct and financial crime risk. The risks identified below are included within the above categories.

Regulatory risk and Brexit

The regulatory environment that the Group operates in continues to grow more complex: PRIIPS and MiFID II became effective on 1st Jan 2018; GDPR on 25 May 2018; the future implementation of the Asset Management Market Study from the FCA as well as the challenges of Brexit. The Group will dedicate considerable time and resources to ensure the business meets its new and ongoing regulatory obligations which will impact both the Group and the investment vehicles operated by the Group. Increasing and changing regulations bring additional, or increased, risks of errors or omissions whichcan result in financial or other penalties and could result in a loss of confidence by our clients. Regulatory changes may also affect the products and services the Group offers, to whom or where it may offer them and the fees and charges it is able to charge. Liontrust's Compliance department operates a comprehensive compliance monitoring programme to confirm regulatory obligations are met and the Group works with industry bodies, lawyers and consultants to ensure all regulatory change is appropriately managed. Brexit will also bring additional disruption although it is not expected to have a significant impact on our business model - we continue to review and plan as we receive more clarity on the process.

Competitive Environment

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

Key employee risk

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

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

The risk of poor fund performance leading to customer loss

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

Suitability and Conduct risk

It is a key aim of the Group to ensure our clients and customers understand the products and services we offer and for us to ensure that the products deliver what a client expects. All our investment processes are fully documented, which enables clients to understand clearly how we manage assets. For private investors investing through intermediaries, the process documents are supplemented by simplified monthly fund factsheets, the key investor information document and other reports and marketing literature available via the website or direct from us, which are clear and concise. For our institutional clients, we produce quarterly investment commentaries and regular detailed reports. Ensuring that our clients understand the product is a core element in treating them fairly. We believe our documented processes, detailed reports and literature reduce the likelihood of a product either being misunderstood or not delivering the appropriate customer outcomes, this may also reduce the risk of client losses in the event of portfolio underperformance.

Client Concentration and the risk of redemptions at short notice

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

Cybersecurity and information technology risk

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

Environmental, Social and Governance (ESG)

Liontrust is committed to the principle of Environmental, Social and Governance (ESG) and intends that it should become embedded into its policies and practices, to the benefit of stakeholders as well as the wider community.

Our People and Culture

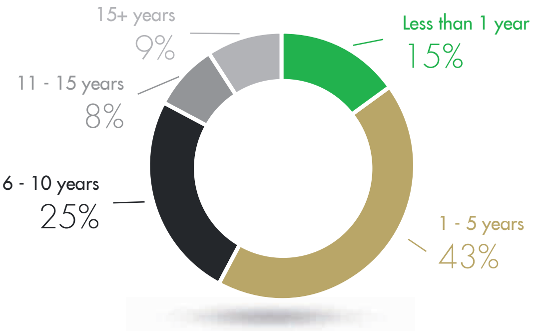
Liontrust is proud of our people and our culture. We believe it is our people and culture that have helped us to deliver our strategic objectives and the Board recognises that as a people business, it is key that we attract, retain, incentivise, develop and encourage the individuals in our company to continue to meet and surpass our current and future objectives.

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

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

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

Average Years Service



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

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

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

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

As a fast growing business, we are aware of the efforts required to maintain our culture and to ensure our key values are instilled throughout the business. We have worked on aligning our joining processes with our values and culture and this is reinforced with how senior staff behave and operate in the day-to-day business.

We have continued to add talented people, expanding our sustainable and fixed income teams and investing in our marketing and sales teams across the UK and Europe to service our new and existing clients.

Equal Opportunities, Diversity and Inclusion

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

Although we are proud of our people, there is also a recognition of the importance of diversity, including gender, and the benefits that further diversity would bring to the Board and Group. The Board is committed to ensuring its composition is appropriate for the business and that staff and candidates should possess the broad range of skills, expertise, industry knowledge, and other experience necessary for the effective oversight and management of the Group.

2018	Male	Female
Directors	6	1
Members of LLP's	28	2
Employees	21	18

Liontrust's current gender balance is broadly 70:30/male:female. Liontrust is not required to publish its gender pay gap (the percentage male employees overall are paid more than female employees), however analysis has been carried out and it is more than the 34% average for the finance services sector.

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

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

Our impact on society

Liontrust seeks to achieve a positive impact on society. We are committed to the principles of good governance, positive social impact and are aware of our environmental, social and governance responsibilities (ESG) and we intend that these should become embedded, where appropriate, into our policies and practices, to the benefit of stakeholders as well as the wider community. We aim to be recognised as an organisation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates. The Board and the Health and Safety Committee have reviewed the current and potential ESG risks and believe that adequate procedures are in place to identify and assess these risks.

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

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

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

Stewardship for our investments

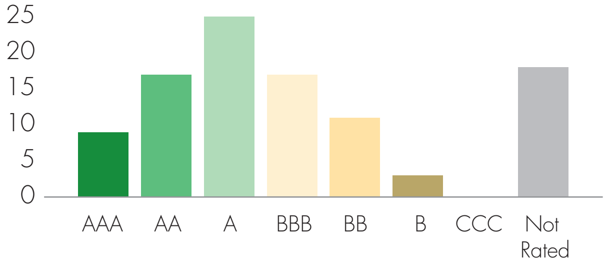
Liontrust recognises that good governance & stewardship, sustainability and social impact is important to stock selection and longer term performance. Liontrust's proprietary investment processes integrate these factors into the stock selection and portfolio construction process to different extents and we are seeking to co-ordinate and enhance this process throughout all portfolios. Our recent acquisition of Alliance Trust Investments Limited has brought in additional, specialist resources to increase our commitment to integrating ESG factors into our investment processes and we now have an experienced team working across asset classes and geographies as well as a dedicated governance and stewardship manager. Over a third of our assets are managed by the Sustainable Investment team who fully integrate ESG issues into their investments and we continue to develop and launch new funds to meet client demand for a more sustainable investment approach.

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

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

We have engaged MSCI to provide us with ESG analytics for all of our investments to ensure we are aware of controversial holdings and to allow us to engage with companies where we believe this is appropriate. The chart below shows the distribution of the ESG ratings of our 690 holdings as at 31 March 2018:

ESG Rating Distribution



Human Rights and Slavery

Liontrust has committed to the preservation of human rights. Liontrust is vehemently opposed to the use of slavery in all forms; cruel, inhuman or degrading punishments; and any attempt to control or reduce freedom of thought, conscience and religion. Liontrust will not knowingly enter into any business arrangement with any person, company or organisation which fails to uphold the human rights of its workers or who breach the human rights of those affected by the organisation's activities.

Purchasing, Procurement and Bribery

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

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

Tax

Liontrust aims to pay the appropriate levels of tax in a timely manner and this means that we comply with our tax filing, reporting and payment obligations globally. Our Board are developing a formal tax strategy to detail how tax risks are managed including governance, systems and controls, Board oversight and our attitude to tax planning. As part of our adoption of the UN Principles for Responsible Investment, we will be reviewing their tax guidance as part of the development of our tax strategy.

Following the introduction of new laws, we completed a tax evasion risk assessment in 2017 and have reviewed our procedures to prevent the facilitation of tax evasion. We do not tolerate tax evasion, nor do we tolerate the facilitation of tax evasion by any person(s) acting on the Group's behalf.

Financial Crime and Cybersecurity

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

Environment and Sustainability

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

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

Environmental KPI's

Commercial Waste

Liontrust aims to minimise its commercial waste and to recycle as much of its commercial waste as possible, with any non-recyclable items being incinerated to produce energy. In the year to 31 March 2017, Liontrust recycled 13,000kg of materials saving 20,000kg of CO2 (year to 31 March 2017: 6,030kg, 8,030kg CO2).

Emissions Intensity per member of staff

Using the most recent data available from our landlords, we have identified an emissions intensity per member of staff (employees and members) of 0.71 tC02 per annum (2017: 1.6 tCO2 per annum).

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

Climate Change

Climate change is a widely recognised threat to business and one which we are increasingly focusing on. Our commitment to the UN PRI includes detailed work on our investments' impact on climate change and in 2017, Liontrust became a signatory to the Carbon Disclosure Project, an independent organisation that measures corporate climate change and is involved in a number of other projects promoting good stewardship at the companies we invest in on behalf of our clients. We are currently reviewing the reporting recommendations in accordance with the Task Force on Climate-related Financial Disclosures.

The Board has discussed the impact of climate change on our business and our future strategy, in particular the impact on our ability to deliver long-term superior performance due to the climate change risk on our client's investments. The key climate change factors that may impact us are increasing climate change regulation, actual changes in climate and its impact on crops, water and extreme weather.

We are currently looking to integrate climate change risk into our standard risk framework as we try and understand how climate change will impact us and our investments.

Charitable Giving

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

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

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

Community engagement

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

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

Durham County Cricket Club

In March 2018, we signed an initial two-year partnership deal with Durham CCC, which includes sponsorship of the Durham Jets and the Emirates Riverside's Family Zone. We are supporting the development of the women's game and are the Women's Academy sponsor. We are also helping to enhance the club's community engagement through the Durham County Cricket Club Foundation and a new programme in Kenya.

We have chosen to partner with Durham CCC because of the club's fantastic track record of developing young cricketers into first class and international players. We have also been impressed by our shared values, including Durham's commitment to community engagement and social change in the north-east of England. We have been particularly attracted by the opportunity to support the development of women's cricket.

Animal Conservation

We have supported the Zoological Society of London (ZSL) for the past six years with their work in helping to protect the Asiatic lions in India and with the construction of the Land of the Lions exhibit at ZSL London Zoo. ZSL has been providing support and strengthening the conservation efforts of the Gujarat Forest Department (GFD). Thanks to the work of the GFD, along with the support of local communities, the population of Asiatic lions is steadily increasing and has now grown by more than 500 from the 20 or so living in Western India in the early 1990s.

ZSL has been supporting the GFD in the following ways:

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

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

Financial education

Liontrust and Oxford United Community Trust are working to improve numeracy for primary school children. We have joined forces with the literacy and numeracy charity Quest for Learning to develop interactive Numskills games to help children learn more about and understand how to manage money. This includes the creation of some football-themed games.

The Numskills interactive games are used with small groups of children to help them improve their mental maths and calculation skills. Through playing games and other activities, children learn and develop their mathematical skills. Liontrust fund managers and employees, as well as Oxford United men's and women's players and coaching staff, are being trained by Quest for Learning to play the games with primary school children.

The games have initially been incorporated into the teaching programme at Rose Hill primary school in Oxford, which is in the top 2% most deprived in England for education and skills. The three organisations will also be working together to introduce the games into other primary schools, including in London.
The project has been launched in response to the need for greater understanding of money. YouGov research into financial literacy reveals that just 8% of 18 to 24-year-olds in the UK are confident in handling money. The UK Government's Financial Capability Strategy recognises the vital window of opportunity that exists between the ages of 3 and 18 to transform the UK's future financial health.

Children who have taken part in Numskills show an increase in confidence, more willingness to engage in classroom maths activities and improved numeracy skills. Working with Oxford United Community Trust, Quest for Learning and Rose Hill primary school is a key first step in developing our financial education programme that we are looking to expand nationally.

Approval
The Strategic Report was approved by the Board on 26 June 2018 and Signed on its behalf by:

John Ions
Chief Executive
26 June 2018


LIONTRUST

Governance

Board of Directors

Adrian Collins, 64, (Chairman). Joined the Board in June 2009. Adrian has worked in the fund management business for over 40 years, a large part of which was at Gartmore Investment Management Limited where, latterly, he was the Managing Director. He is also a Director of Bahamas Petroleum Company Plc, Tristar Resources Plc, and CIP Merchant Capital Limited.

John Ions, 52, (Chief Executive). Joined the Board in May 2010. Prior to joining Liontrust in February 2010, John was Chief Executive of Tactica Fund Management since it was established in 2005. Previously, John was Joint Managing Director of SG Asset Management and Chief Executive of Société Generale Unit Trusts Limited, having been a co-founder of the business in 1998. John was also formerly Head of Distribution at Aberdeen Asset Management.

Vinay Abrol, 53, (Chief Operating Officer & Chief Financial Officer). Joined the Board in September 2004. Vinay is responsible for overseeing all finance, information technology, operations, risk and compliance of the Group. After obtaining a first class degree in computing science from Imperial College London, Vinay worked for W.I. Carr (UK) Limited specialising in the development of equity trading systems for their Far East subsidiaries, and then at HSBC Asset Management (Europe) Limited where he was responsible for global mutual funds systems. Following a short period at S.G. Warburg and Co., he joined Liontrust in 1995.

Alastair Barbour, 65, (Non-executive Director). Joined the Board in April 2011. Alastair is a chartered accountant with 25 years' experience spent auditing and advising boards and management of public companies in the UK and internationally, principally in the financial services industry. He trained with Peat, Marwick, Mitchell & Co in London before being admitted as a partner with KPMG in Bermuda in 1985. Alastair returned to the UK as a partner of KPMG in 1991 and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a Director of RSA Insurance Group Plc, Phoenix Group Holdings, The Bank of N.T. Butterfield & Son Limited, and CATCo Reinsurance Opportunities Fund Ltd.

Mike Bishop, 67, (Senior Independent Director). Joined the Board in May 2011. Mike has more than forty years' experience as a fund manager and is currently a Non-executive Director of RWC Focus Asset Management and an adviser to its UK equity activist funds. Before joining Hermes in 2005, Mike was Head of Pan-European Equities at Morley Fund Management Limited and a Director and fund manager at Gartmore Investment Management.

Sophia Tickell, 57, (Non-executive Director). Joined the Board in October 2017. Sophia is Founding Partner of Meteos Limited and a writer, facilitator and advocate with more than 15 years of experience working with asset managers and corporate executives to improve their appreciation of societal expectations and environmental constraints. Sophia designed and collaboratively ran the PharmaFutures, EnergyFutures and BankingFutures dialogues, which were multi-year, senior dialogues between fund managers, corporate executives, regulators and civil society. She has served on a number of commercial, financial, academic and charitable boards and advisory committees. Her current roles include being a member of the Advisory Committee of the Liontrust Sustainable Future Funds and external adviser to the Corporate Responsibility Committee of GlaxoSmithKline Plc's Board.

George Yeandle, 60, (Non-executive Director). Joined the Board in January 2015. George is a chartered accountant with over 30 years' experience having specialised throughout most of his career in advising clients on executive pay and remuneration issues. He has also held a number of internal leadership roles. He trained with Coopers & Lybrand (now PricewaterhouseCoopers LLP) before being admitted as a partner in 1989. More recently, George was Operational Leader of the London Region Human Resource Services Business and a Senior Partner of PricewaterhouseCoopers LLP, retiring in December 2013.

Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management PLC for the year ended 31 March 2018.

Principal activities

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

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

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

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

Results and dividends

Profit before tax was £12.313 million (2017: £9.103 million)

Adjusted profit before tax was £27.378 million (2017: £17.235 million) million after adding back expenses such as, share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

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

Review of the business and future developments

A review of the business and future developments is set out in the Chairman's statement, Chief Executive's statement and Strategic Report on page 3 and 6 to 37 respectively.

Directors

The Directors of the Company during the year and up to the date of the signing of the financial statements were as follows. Their interests in the share capital of the Company at 31 March 2018 are set out in the Remuneration report on page 56.

Adrian Collins
John Ions
Vinay Abrol
Alastair Barbour
Mike Bishop
Sophia Tickell (appointed on the 1st October 2017)
George Yeandle

Disclosure required under the Listing Rules

LR 4.1.5.(R) and DTR 4.1.8 R
Information which is the required content of the management report can be found in the Strategic report and in this Directors' report.

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

Information required	Location
Interest capitalised	Not applicable
Shareholder waiver of dividends	Note 21 page 100
Shareholder waiver of future dividends	Note 21 page 100
Agreements with controlling shareholders	Not applicable
Provision of services by a controlling shareholder	Not applicable
Key contracts	Risk Management and Internal Controls Report
Details of long-term incentive schemes	Remuneration report
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
Non-pre-emptive issues of equity for cash	Not applicable allotment of 1,105,198 fully paid ordinary shares of 1p each to Alliance Trust Plc on the 1st April 2017
Non-pre-emptive issues of equity for cash in relation to major subsidiary	Not applicable
Participation by parent of a placing by a listed subsidiary	Not applicable
Publication of unaudited financial information	Historical Summary

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

DTR 7.2 Structure of capital and voting rights

As at 31 March 2018, there were 49,532,347 fully paid ordinary shares of 1p amounting to £495,323. On 6 April 2018 Liontrust issued 1,015,198 shares. As at 26 June 2018 there were 50,547545 fully paid ordinary shares of 1p amounting to £505,475. Each share in issue is listed on the Official List maintained by the FCA in its capacity as the UK Listing Authority.

The Company has one class of ordinary shares which carry the right to attend, speak and vote at general meetings of the Company. The holders of ordinary shares have the right to participate in dividends and other distributions according to their respective rights and interests in the profits of the Company and a return of capital on a winding-up of the Company. Full details regarding the exercise of voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 25 September 2018 are set out in the Notice of Annual General Meeting.

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

Under Resolution 14 of the Annual General Meeting held on 12 September 2017, the shareholders authorised the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006. This authority is limited to the maximum number of 4,953,234 Ordinary shares of 1 pence each (equivalent to approximately ten per cent of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company or 11 December 2018 (whichever is the earlier). The maximum price that may be paid for an Ordinary share will be the amount that is equal to 5 per cent above the average of the middle market prices shown in quotations for an Ordinary share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased. The minimum price which may be paid for an Ordinary share is 1 pence.

Corporate governance

A report on corporate governance appears on pages 45 to 46.

Risks and uncertainties

A report on principal risks appears in the Strategic Review on pages 30 to 31 and a report on the risk management and internal controls appear on pages 47 to 49.

Corporate social responsibility

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

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

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

Employees

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

Financial instruments

The Group's financial instruments at 31 March 2018 comprise cash and cash equivalents, financial assets and receivable and payable balances that arise directly from its daily operations.

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

Financial assets comprise assets held at fair value through profit or loss and assets held as available-for-sale.

Assets held at fair value through profit or loss are unit trust units held in the 'manager's box' to ease the calculation of daily creations and cancellations.

Assets held as available-for-sale are shares in the sub-funds of the Liontrust Global Funds Plc.

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

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

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

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

Full details of the Group's financial risk management can be found in note on page 87.

Post Balance Sheet date event

On the 6th April 2018 the Company allotted a further 1,015,198 fully paid ordinary shares of 1p each to Alliance Trust Plc in settlement of part of the consideration for the acquisition of Alliance Trust Investments Limited which was completed on the 1 April 2017.

Annual General Meeting

The Annual General Meeting of the Company will be held at 2 Savoy Count, London, WC2R OEZ on 25 September at 2 p.m. A notice convening this meeting will be sent to shareholders in August 2018.

Section 992, Companies Act 2006

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

- The Company's capital structure and voting rights are summarised on page 42.
- Details of the most substantial shareholders in the Company are listed on page 46.
- The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 45.
- There are: no restrictions concerning the transfer of the securities in the Company; no special rights with the regard to control attached to securities; no agreement between holders of the securities regards their transfer known to the Company; and no agreement which the Company is party to that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office as at 31 March 2018.

Directors' Responsibility Statement

Basis of financial statements

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

Statement of disclosure of information to Auditors

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

Independent Auditors

PricewaterhouseCoopers LLP were the independent auditors to the Company during the year and have confirmed their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the 2018 Annual General Meeting.

Political donations

The Group made no political donations or contributions during the year. (2017: £nil).

By order of the Board
Mark Jackson
Company Secretary
26 June 2018

Statement of Directors' responsibilities

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

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

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

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

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

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

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

Each of the Directors, whose names and functions are listed on page 40 confirm that, to the best of their knowledge and belief:

- the Group and Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the Strategic Report contained on pages 6 to 37 includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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

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

By order of the Board
Vinay Abrol
Chief Operating Officer & Chief Financial Officer
26 June 2018

Compliance with the provisions of the Code

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

The Board

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

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

The Chief Executive's main responsibilities are the executive management of the Group, liaison with the Board and shareholders (as required by the Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Chief Executive discharges his responsibilities in relation to the executive management of the Group via two partnership management committees as detailed in the Risk management and internal controls report on page 47.

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

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

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

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

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

Directors

Biographical details of all current Directors can be found on page 40.

Sophia Tickell was appointed as a director on the 1 October 2017 and is a member of the Audit & Risk Committee, Remuneration Committee and Nomination Committee. There were no other changes to the Board during the financial year and up to the date of the signing of the financial statements. Attendance at meetings of the Board and the Audit & Risk, Nomination and Remuneration Committees is shown in the table on page 50.

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

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

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

None of the Executive Directors nor the Chairman are on the board of a FTSE 100 company.

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

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

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

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

Performance

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

The Executive Directors have been subject to a formal performance appraisal. These appraisals were carried out in 2018 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2018 has been reviewed by the Chairman. The review has confirmed that the performance of the Non-executive Directors is effective and appropriate.

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

Professional development and training

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

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

Communication with shareholders

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

Substantial shareholders

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

As at 31 March 2018

Name	Number of voting rights	Percentage of voting rights
Schroders Plc	7,363,630	14.87%
Blackrock Inc.	6,778,071	13.68%
Canaccord Genuity Group Inc.	4,379,632	8.84%
Legal & General Group Plc	2,016,355	4.07%
Castlefield Fund Partners Limited	1,528,500	3.09%

As at 26 June 2018

Name	Number of voting rights	Percentage of voting rights
Schroders Plc	7,043,630	13.93%
Blackrock Inc.	6,778,071	13.41%
Canaccord Genuity Group Inc.	4,379,632	8.66%
Slater Investments Limited	2,913,524	5.76%
Legal & General Group Plc	2,018,177	3.99%
Castlefield Fund Partners Limited	1,528,500	3.02%

Resources

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

Committees

Details of the chairmen and membership of the Audit & Risk, Nomination and Remuneration Committees are set out in the table on page 50 together with details of attendance at meetings.

Share buy backs

At the 2017 Annual General Meeting shareholders gave approval for the Company to buy back up to 4,953,234 Ordinary shares. Shareholders have also renewed the Directors' authority to issue ordinary shares up to an aggregate nominal value of £49,532. There have been no share buy-backs in the year.

Annual General Meeting

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

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

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

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

The Head of Risk is responsible for overseeing all risk management of the Group and monitors the Group's risks in a pro-active manner, with all departments fully aware of and managing the key risks appropriate to their responsibilities. All material risks to the business are monitored, appropriate mitigations for each risk are recorded and identified to the Board with markers for those with increased risk levels. Management recognise the importance of risk management and view risk management as an integral part of the management process which is tied into the business model and is described further in the Principal risks and mitigations section of the Strategic Report on pages 30 to 31.

Committee structure and delegation of powers

The Corporate Governance report on page 45 details the Board's and the Chief Executive's responsibilities for organising and directing the affairs of the Company. The Board has delegated a number of its powers to three subcommittees; the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee.

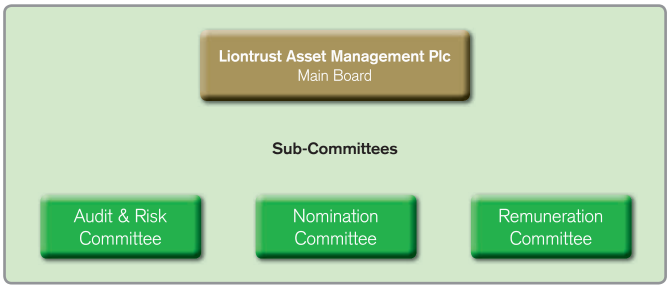


Fig 1: Board and Sub-Committees

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

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

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

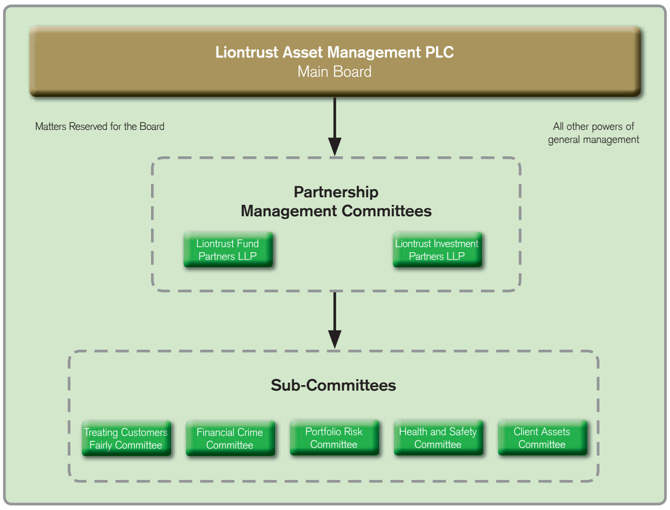


Fig 2: Board and Management committees and sub-committees

There are usually at least ten Partnership Management Committee Meetings held over the course of a financial year.

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

Treating Customers Fairly Committee

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

Financial Crime Prevention Committee

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

Portfolio Risk Committee

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

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

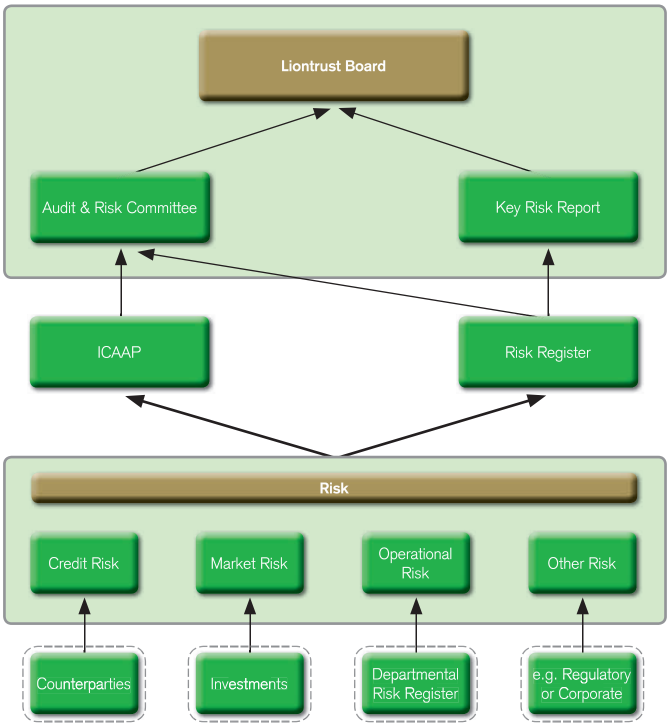
Health and Safety Committee
The Health and Safety Committee ("HSC") is responsible for all health and safety matters for the Group including the health and safety policy statement, any required health and safety related risk assessments for the Group, the first aid requirements, all fire safety and emergency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

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

Risk Management framework

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

The diagram below summarises the Group's Risk Framework.



There are two main elements to capturing and reviewing risk within the Group; the Risk Register and the Internal Capital Adequacy Assessment Process ("ICAAP"). The Risk Register records potential risks, their materiality and their likelihood of occurrence and is updated regularly with input from executives and function heads. The most material and likely risks from the complete Risk Register are reported to the main Board at each Board Meeting in a Key Risk Report. The ICAAP sets out the Group's risk appetite for the different business areas and brings the Risk Register together with scenario analysis and stress testing to determine how the realisation of risks might impact on the Group's financial position.

The Group breaks risk down into four main categories that feed into the Risk Register and the ICAAP: Credit Risk, Market Risk, Operational Risk and Other Risk. Further details of the risks are listed in the principal risks and mitigations section of the Strategic Report on pages 30 to 31. Each element of risk is formally reviewed by the Audit & Risk committee on a minimum of an annual basis, and the Group ensures appropriate controls are in place to manage these risks.

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

Internal controls

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

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

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

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

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

The Board has reviewed the effectiveness of the Group's system of internal controls for the financial year and up to the date of this annual report and financial statements. The Board has carried out a robust assessment of the principal risks affecting the business and has a process in place within the business to control and monitor risks on an ongoing basis, in accordance with the guidance from the Financial Reporting Council's Guidance on risk management, internal control and related financial and business reporting ('GRM') The Board is of the view that all necessary actions have been, or are being, taken to address matters identified as part of the ongoing risk management process and that no significant weaknesses were identified during the year.

Stakeholders and Key Contracts

Additionally the Group has a significant number of stakeholders whose future risks and uncertainties are linked to the Group. These significant stakeholders are: shareholders; clients; members; employees; service providers that provide the Group with outsourced functions; and industry bodies.

Each of these groups presents different risks and uncertainties and the Group ensures that there is regular contact and monitoring of the various bodies. Outsourcing is an integral part of the Liontrust operating model. Recent changes in legislation and renewed interest by the FCA in the topic have prompted the documenting of how the model operates and determining if any changes are required within the new regulatory environment. Liontrust outsources in two key areas, Transfer Agency and Fund Accounting & Fund Valuation Services across two main jurisdictions.

Transfer Agency

Liontrust appoints a trust company, bank or similar institution to maintain records of investors and account balances and transactions, to cancel and issue certificates, to process investor mailings and to deal with any associated problems.

Fund Accounting & Fund Valuation

Liontrust appoints a trust company, bank or similar institution to perform Net Asset Value ("NAV") calculations for each of the funds. The following services are also typically included in this service: processing of corporate actions and dividends, expense accrual management, cash management and reconciliation, calculation and timely payment of all management and performance fees, and preparation of interim and annual financial statements.

The table below details the companies that provide these outsourced functions:

Jurisdiction	Transfer Agent	Fund Accounting & Fund Valuation
UK	DST Financial Services International Limited	State Street Bank & Trust Company
		Bank of New York Mellon
	Bank of New York Mellon	
Ireland	Northern Trust International Fund Administration Services (Ireland) Limited	Northern Trust International Fund Administration Services (Ireland) Limited

Liontrust has detailed service level agreements in place with these key outsource providers and they are closely monitored to ensure these standards are met. The Board have agreed a counterparty selection policy and has appropriate business continuity plans in place with details on monitoring, contingency and resilience plans for all counterparties.

Assurance process

The senior management arrangements, systems and controls environment in place across the Group are reviewed by the Board and Audit & Risk Committee each year. It was decided in 2016 that, given the growth and increased complexity of the business, it was appropriate for the Group to appoint an internal audit function and delegate much of the task of monitoring the appropriateness and effectiveness of its systems and controls to this internal audit function. The Audit & Risk Committee and the Internal Auditors have agreed a rolling three year Internal Audit plan. This includes the following Audit areas: front office controls; data protection, security and governance; risk management; significant financial systems; outsourcing arrangements and CASS. The Internal Auditors will also perform a full systems and controls review every three years.

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

Directors' Board Attendance Report

Board and board committee membership and attendance

The number of Board and Board committee meetings attended by Directors in the year ended 31 March 2018 was as follows:

Total number of meetings during the year	Board[1]	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Adrian Collins*	9/9	–	–	2/2
John Ions	9/9	–	–	2/2
Vinay Abrol	9/9	–	–	2/2
Alastair Barbour	8/9	5/5*	5/5	2/2
Mike Bishop	9/9	5/5	5/5	2/2*
Sophia Tickell[2]	4/4	2/2	3/3	2/2
George Yeandle	9/9	5/5	5/5*	2/2

* Chairman of the Board or Committee

(1) Of the 9 board meetings that took place during the year, 6 were scheduled meetings.

(2) Sophia Tickell was appointed a non- executive director on the 1 October 2017

Audit & Risk Committee Report

Introduction by the Chairman of the Audit & Risk Committee

Dear shareholder,

On behalf of the Audit & Risk Committee (the "Committee"), I am pleased to present the Audit & Risk Committee report for the financial year ended 31 March 2018.

The Committee's principal duties are as follows:

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

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

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

During the year, a significant proportion of the Committee's time was spent reviewing the Group's system of risk management and internal control; the integrity of financial reporting; and the effectiveness of the Group's Finance, Risk and Compliance functions, and external audit. The Committee's focus was on the continuing appropriateness of the Group's financial reporting. In particular this included the significant financial judgements taken in the financial year ended 31 March 2018, and the ongoing assessment of risks faced by the business and management's response to these risks.

An important part of the role is of the Committee is to provide non-executive oversight to ensure management has an appropriate focus on high quality corporate reporting. In September 2017, the Group received a letter from the FRC, requesting information regarding investment performance metrics presented by asset management companies in their annual reports.

We provided the information as requested and in the 2018 financial statements have provided additional clarification where it has been determined appropriate.

In October 2017, we received a further letter from the FRC that noted our response and explanations in relation to their enquiry and welcomed the proposed clarifications to our disclosures within the financial statements. The letter concluded that the matter was closed and did not warrant further inspection.

Composition and attendance

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

- Alastair Barbour (Chairman)
- Mike Bishop
- Sophia Tickell (Joined on 1 October 2017)
- George Yeandle

The attendance record of members of the Committee during the year is shown in the table on page 50.

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

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

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

Alastair Barbour
Chairman of the Audit & Risk Committee
26 June 2018

Activities during the year

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

In respect of the financial year to 31 March 2018, the Committee met 5 times and its activities, amongst other things, covered the following matters:

- Reviewing the annual financial statements for the year ended 31 March 2018 and half year financial statements for the six months to 30 September 2017 with particular emphasis on their fair presentation, the reasonableness of judgements made and the valuation of assets and liabilities;
- The appropriateness of the accounting policies used in drawing up the Group's financial statements;
- Review of the Group's governance, risk framework, risk management, risk management processes and related policies;
- Consideration of the external auditors' report on the financial year ending 31 March 2018 audit and discussion of their findings with them;
- Consideration of the external auditors' report on the half year ending 30 September 2017 and discussion of their findings with them;
- Consideration and approval of the external audit plan for 2018;
- Review and approval of the Group's ICAAP;
- Consideration and approval of the external auditor's 2018 CASS audit reports;
- Review of the Group's compliance monitoring programme, compliance manual (including whistle blowing arrangements) and annual anti-money laundering report;
- Review and discussion of regular reports on financial reporting, Client Money & Assets, key risks, compliance and financial crime from the Head of Finance, Head of Risk and Head of Compliance & Financial Crime respectively;
- Consideration of the Group's taxation requirements.
- Review and discussion of the implementation of the requirements of MiFID II.
- Assessment of the performance, independence and objectivity of the external auditors;
- Review and approval of all non-audit services to be carried out by the external auditors; and
- Review of the Committee's terms of reference.

Significant accounting matters

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

i) Revenue recognition
The risk of recognising revenue in incorrect periods via management manipulation is significant in that revenue levels may affect management's levels of remuneration and incentivisation. Risks of such manipulation are heightened where there is judgement applied in calculation or recognition of revenue. Any such calculations are subject to internal approvals and sign offs and are subject to independent verification. Revenue is recognised in accordance with the accounting policy on Note 1m) on page 67. The Committee discussed recognition of revenue with management and questioned them on the application of the group's accounting policy with particular emphasis on fee income, performance fees and profits from dealing in unit trusts and ICVCs. Revenue recognition was also a key focus for the auditors and they reported to the Committee on their work and findings.

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

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

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

v) Acquisitions
The Committee reviewed and challenged the determination of fair value of goodwill and intangible assets (management contracts) arising on the acquisition of Alliance Trust Investments Limited ('ATI') as described in note 13 on page 95 and considered the allocation of the purchase consideration to the recognised assets and liabilities, taking into account the report and findings of the external audit.

Internal audit

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

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

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

External auditors

PricewaterhouseCoopers LLP ("PwC") are the Group's external auditors and having originally been appointed in February 2000, were re-appointed following a tender of the audit during 2015. Sally Cosgrove is the lead engagement partner. Each year they present to the Committee the proposed scope of their full-year audit plan. This includes their assessment of the material risks to the Group's audit and their proposed materiality levels, for the Committee's discussion and agreement.

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

Based on the satisfactory conclusions of the work described above carried out by the Committee to assess the performance of the external auditors and safeguard their independence, the Committee has recommended this to the Board. The Board has accepted the Committee's recommendation a resolution will be proposed at the 2018 Annual General Meeting for the reappointment of PwC as external auditors.

Non-audit services

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

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

During the year, the external auditors were, on a number of occasions, engaged as advisers. The range of non-audit services provided included tax compliance services related to the Group's retail funds, and technical support in relation to employee and member incentivisation services. The Committee is satisfied that the external auditors were best placed to provide these services because of their familiarity with the relevant areas of Group's business and that there are no matters that would compromise the independence of the external auditors or affect the performance of their statutory duties. The Committee receives a regular report setting out the non-audit services provided by the external auditors during the year and the fees charged. Details of fees paid to the auditors can be found in Note 6 of the financial statements on page 91. The non-audit services as identified in Note 6 have all complied with the policy as detailed above.

Alastair Barbour
Chairman of the Audit & Risk Committee
26 June 2018

Nomination Committee Report

Introduction by the Chairman of the Nomination Committee

Dear shareholder,

On behalf of the Nomination Committee (the "Committee"), I am pleased to present the Nomination Committee report for financial year ended 31 March 2018.

The Committee's principal duties are as follows:

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

The terms of reference of the Committee, which explains its role and the authority delegated to it by the Directors, are available on the Company's website or upon request from the Company Secretary. The terms and conditions of appointment of the Directors will be available for inspection at the 2018 Annual General Meeting.

This introduction is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach. During the year, the Board's structure, size, composition and succession planning remained a major focus. Also, I am delighted to say that Sophia Tickell joined the board on 1 October 2018. Sophia is Founding Partner of Meteos Limited and a writer, facilitator and advocate with more than 15 years of experience working with asset managers and corporate executives to improve their appreciation of societal expectations and environmental constraints.

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

Mike Bishop
Chairman of the Nominations Committee
26 June 2018

Composition and attendance

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

- Mike Bishop (Chairman)
- Alastair Barbour
- Adrian Collins
- John Ions
- Sophia Tickell (joined 1 October 2017)
- George Yeandle

The attendance record of members of the Committee during the year is shown in the table on page 50.

Activities during the year

In the financial year ended 31 March 2018, the Committee met two times and discussed, amongst other things, the subjects described below:

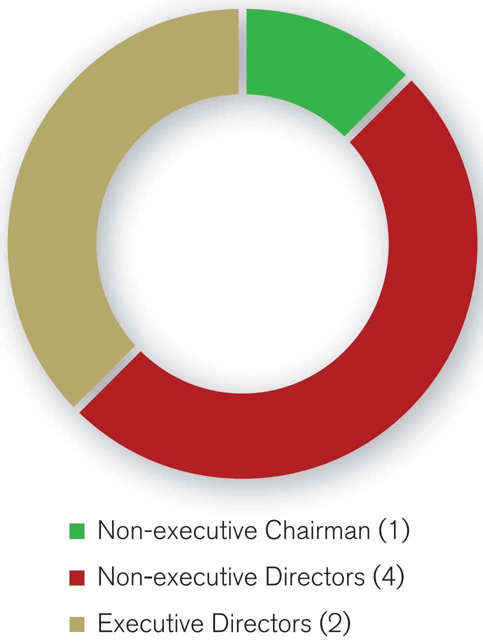
- completion of a committee led search process for a new Non-executive Director.
- reviewed the size and composition of the Board including reviewing Board diversity;
- consideration of succession planning for Directors and key executives, and initiating a Detailed Succession Planning and Talent Management Review;
- considered and approved a number of recommendations from the management committees of LIP and LFP for new SIF employees and members, including details of the controlled functions that they will perform;
- reviewed and approved the Compliance department's Annual Compliance Monitoring Review of Controlled Functions and approved the recommendations contained therein;
- reviewed submissions from Mr Barbour and Mr Collins relating to their time commitments to other public listed companies and overall work commitments; and
- discussed the gender pay gap in the asset management industry, and gender and diversity in general at Liontrust.

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

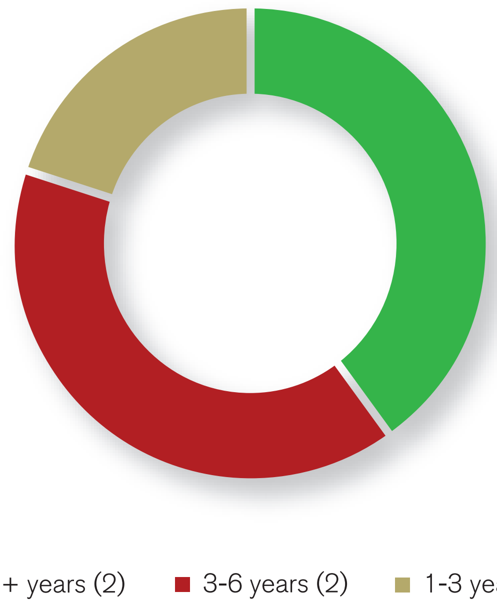
Board split and Tenure

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

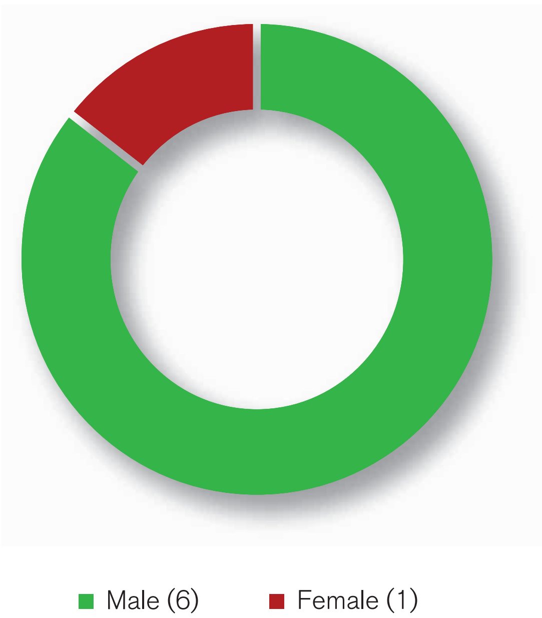
Board Split between Executive and Non-executive Directors



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



Gender diversity of the Board



Time commitment

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

- Alastair Barbour, on account of being on the boards of a number of public companies listed in the UK and/or Bermuda and chairing the audit and risk committee for all, has provided an analysis of his work commitments to the Committee, which shows the level of time commitment required for certain of his other roles and the complementary nature of his roles and the time committed to Liontrust; and
- Adrian Collins, on account of being the Non-executive Chairman of the Company and being on the boards of a number of public companies listed in the UK, has provided an analysis of his work commitments to the Committee, which shows the relatively low level of time commitment required for certain of his other roles and the time committed to Liontrust.

The Committee and Board confirmed their satisfaction with the time and overall commitment given to Liontrust by Mr Barbour and Mr Collins and all other Directors.

Diversity and Inclusion

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

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

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

Mike Bishop
Chairman of the Nomination Committee
26 June 2018

Remuneration Report

Introduction by the Chairman of the Remuneration Committee

Dear shareholder,

On behalf of the Remuneration Committee (the "Committee"), I am pleased to present the Remuneration Report for the year ended 31 March 2018.

Our full Directors' Remuneration Policy ("DRP"), which was approved by shareholders at a General Meeting in February 2016 with 96% of votes in favour, is available on the Company's website (in the Investor Relations section) and we have therefore only included the DRP's Elements of Reward table in this year's report.

The Annual Report on Remuneration outlines how our policy has been implemented in the financial year ended 31 March 2018 and how we intend to implement it in the financial year ending 31 March 2019 (subject to any changes that arise from renewing the DRP as set out below). As noted in my previous reports I remain committed to increased openness and consultation on remuneration matters with a greater transparency of, and weighting to, performance and outcomes and how this affects annual bonus/variable allocation and full transparency on the performance conditions on granted long-term incentive plan ("LTIP") awards. The Annual Report on Remuneration and this statement will be subject to an advisory vote at our 2018 Annual General Meeting, to be held on 25 September 2018. Although no changes are currently being proposed to the DRP, given it was approved by shareholders in February 2016, it is my intention to consult with our larger shareholders and investor bodies after the publication of the 2018 Annual Report, with a view to renewing the DRP in substantially the same form, but with amendments consistent with DRP related feedback received from our larger shareholders and investor bodies over the past few years and from feedback from the aforementioned consultation process. It is intended that a new DRP will be put to shareholders for approval at a General Meeting convened immediately after the Company's 2018 Annual General Meeting.

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

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

The Committee considered the Group's overall performance in the financial year ended 31 March 2018 and the executive Directors' role in delivering the strategic objectives of the Group when assessing Executive Directors' annual bonus/variable allocation for the financial year ended 31 March 2018 and LTIP allocations for the financial year ending 31 March 2019.

Over the past year the Group has continued the excellent progress made in previous years in:

- executing its business strategy, in particular, successfully completing the acquisition of Alliance Trust Investments Limited, and its subsequent successful integration, and the recruitment of David Roberts and Philip Milburn from Kames Capital, and Donald Phillips from Baillie Gifford to set up a new Global Fixed Income team;
- increasing revenues by 49%;
- increasing profitability (on an adjusted basis) by 59%;
- increasing profitability (on an adjusted basis excluding performance fee profits) by 62%;
- increasing assets under management by 61% to over £10 billion
- increasing net inflows by 108% to over £1 billion; and
- increasing dividends to shareholders by 40% (in pence per share terms) to 21 pence per year; and
- maintaining appropriate risk controls.

These achievements have been considered together with other key performance indicators set by the Committee for the Executive Directors (see the Annual Report on Remuneration for further details) in determining the overall remuneration package for the Executive Directors. They have been reflected when determining the Executive Directors' overall remuneration package and can be summarised as follows:

- Salary/fixed allocation for the Executive Directors to remain unchanged for the financial year ending 31 March 2019;
- Pension/cash payments in lieu of pension for the Executive Directors to remain unchanged at 10% salary/fixed allocation for the financial year ending 31 March 2019 (This percentage is the same for all employees and members);
- Annual bonuses and/or variable allocations to the Executive Directors of between 320% and 517% of base remuneration, with the cash element for John Ions capped at 200% of salary/fixed allocation. Between 50% and 61% of the award deferred into Group managed funds, in consideration of EU regulations (including AIFMD and UCITS V), which vest over a three year period. This represents a 31% increase in the aggregate annual bonus/variable allocation pool for the Executive Directors, which when compared with the 62% increase in Adjusted Profit before tax (excluding performance fee profits) delivers the aim of the Committee to restrict the change in the aggregate bonus/variable allocation pool for the Executive Directors to 50% of the change in Adjusted Profit before tax (excluding performance fee profits) for above target performance. Bonus/Variable allocations are subject to malus and clawback;
- LTIP awards of 250% and 175% of base annual remuneration for John Ions and Vinay Abrol respectively, for the financial year ended 31 March 2019, and will make these awards as soon as possible after the announcement of the Company's annual results; and
- Following a review by the Board, the base and component fees for the Non-executive Directors have increased by between 10% and 42% for the financial year ending 31 March 2019.

Annual bonus/variable allocation to the Executive Directors are made from an aggregate annual bonus/variable allocation pool in which all employees and members (excluding fund managers) participate and which is approved by the Committee each year. The Committee believes that the level of annual bonus/variable allocation and LTIP awards for the Executive Directors are commensurate with the exceptional corporate results and their personal performance over the financial year ended 31 March 2018, when measured against the key performance metrics for the annual bonus/variable allocation set by the Committee. In particular I want to highlight the very successful integration of the Alliance Trust Investments Limited acquisition and the recruitment of the highly rated Global Fixed Income team. Please see the Annual Report on Remuneration for further details.

As I have mentioned previous years, two very important components of the Company's remuneration policy are requiring a strong alignment between shareholders and the Executive Directors by requiring the Executive Directors to build up and retain a significant shareholding in the Company (2.5x salary/fixed allocation) and the significant deferral of variable remuneration. I am pleased to be able to confirm that John Ions and Vinay Abrol each have 11x and 15x salary/fixed allocation in Ordinary shares and are subject to the deferral of 74% and 68% of variable remuneration respectively.

The aggregate annual bonus/variable allocation for all employees and members including the Executive Directors for the financial year ended 31 March 2018, which is capped at 30% of pre-cash bonus/variable allocation Adjusted Profit before tax, is 23.7% of pre-cash bonus/variable allocation Adjusted Profit before tax (2017: 25.2%). The annual bonus/variable allocation for the Executive Directors as a percentage of the aggregate annual bonus/variable allocation pool for all employees and members (including fund managers) was 12% for the financial year ended 31 March 2018 (2017: 14%).

We hope to continue to receive your support at the forthcoming AGM.

George Yeandle
Chairman of the Remuneration Committee
26 June 2018

Directors' remuneration policy

This section of the Remuneration Report provides an overview of the key remuneration elements in place for Executive Directors. After the strong support received from shareholders at the 24 February 2016 General Meeting at which the revised Directors' Remuneration Policy ("the "Policy") was approved, we have not made any changes to our Policy and as such remain bound by the Policy. We have not reproduced the full Policy in this report. The summary below presents our approved Elements of Reward table for Executive Directors' and Non-executive Directors' for reference. A copy of our full Policy as approved by shareholders can be found in the February 2016 Notice of General Meeting, available within the 2016 Annual Report and Financial Statements on our website: www.liontrust.co.uk in the Investor Relations section.

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

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Base salary or Fixed allocations	To provide a satisfactory base salary/fixed allocation within a total package comprising salary/fixed allocation and bonus/variable allocation. The level of salary/fixed allocation broadly reflects the value of the individual, their role, skills and experience. It is also designed to attract and retain talent in the market in which the individual is employed and/or a member.	Salaries and fixed allocations are reviewed annually effective in April taking account of market levels, corporate performance, individual performance and levels of increase for the broader employee/member population. Reference is made to median – upper quartile levels within the FTSE and industry comparators.	There is no guaranteed or maximum annual increase. The Committee considers it important that base salary and fixed allocation increases are kept under tight control given the potential multiplier effect of such increases on future costs. The Committee will aim to keep, on a rolling five year basis, base salaries/fixed allocations in line with the cost of living.	Not applicable.

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Annual bonus or variable allocation	The annual bonus or variable allocation rewards good performance of the Group and individual Executive Director and is based on the Group's profits, which is considered one of the most prominent KPIs.	The annual bonus pool or variable allocation pool is based on a percentage of the Group's pre-cash bonus/variable allocation Adjusted Profit before tax. The Committee believes that this ensures that annual bonuses or variable allocations are affordable. Annual bonus/variable allocation payments to Executive Directors are made from this aggregate annual bonus/variable allocation pool in which all employees and members participate and which is approved by the Committee each year. The actual level of annual bonus/variable allocation payment to the individual Executive Director takes into account a number of factors relating to the individual's role and performance from both a personal and corporate perspective. In addition, the Committee will also apply further measures such as assets under management, gross/net flows, cost control, corporate governance and risk management. Details of the performance metrics used to measure performance in each financial year will be disclosed where appropriate in the annual report on remuneration. The structure of the annual bonus or variable allocation is reviewed annually at the start of the financial year to ensure that it is appropriate and continues to support the Group's strategy. The Committee will determine how much of the bonus/variable allocation is deferred into funds.	Liontrust does not explicitly link total incentive awards to a multiple of base salary or fixed allocation or cap total awards to individuals but it should be noted that the aggregate annual bonus and variable allocation pool for all employees and members including Executive Directors is capped. This is to ensure that high performers can be rewarded in line with the market on a total cash (salary/fixed allocation plus bonus/variable allocation) basis. This also reduces the need to increase base salaries/fixed allocations and thereby increase fixed costs. The aggregate pool is capped at no more than 30% of pre-cash bonus/variable allocation Adjusted Profit before tax. There will also be an individual cap for Executive Directors in relation to the cash element of the annual bonus/variable allocation of 200% of salary/fixed allocation, in order to increase deferral potential and place more value at risk for the Executive Directors. The Committee will review these caps after three years to ensure that they remain appropriate. Due to the nature of the factors used by the Committee to determine level of annual bonus/variable allocation it is not possible to set out the minimum level of performance and any further levels of performance. However, annual bonuses/variable allocations will be conservative at threshold levels of corporate performance. The risk controls incorporated in the Group's investment process and financial controls ensures that the uncapped annual bonus and variable allocations encourage both excellent performance and prudent risk management.	Individual risk and compliance behaviour is also considered in detail for relevant roles and factored into the assessment of performance and the determination of the bonus/variable allocation amount payable. The Chief Operating Officer & Chief Financial Officer, who is responsible for risk and compliance at board level, attends at least two Committee meetings each year to provide input on risk and compliance. A claw back principle applies to the annual bonus and/or variable allocations. This enables the Committee to recoup annual bonus or variable allocations in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct of an individual.

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Deferred Bonus and Variable Allocation Plan ("DBVAP")	The DBVAP provides a deferral element to annual bonuses and variable allocations, to ensure a link to longer term performance and to align the interests of Executive Directors with shareholders.	The DBVAP offers deferral into Liontrust funds, in line with the current regulatory landscape and to create alignment directly with core business performance. Release will occur annually over three years (subject to a continuing employment and/or membership requirement). The Committee may award dividend/distribution equivalents on Liontrust funds to the extent that awards are released.	Awards under the DBVAP are compulsory and are calculated on a formulaic basis such that a proportion of annual bonuses or variable allocations take the form of an award under the DBVAP, subject to an individual cap for Executive Directors in relation to the cash element of the annual bonus/variable allocation of 200% of salary/fixed allocation. The deferred amount will be a minimum of 33.3% of the (total) annual bonus/variable allocation, subject to the cap on the cash bonus and variable allocation as detailed above.	No further performance conditions apply to DBVAP awards as, in determining the original annual bonus or variable allocation amount, the Committee has been satisfied that performance objectives have been met.

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Long Term Incentive Plan ("LTIP")	The LTIP is intended to provide long term reward, incentivise strong performance and retain the Executive Directors. Vesting will be subject to a continuing employment/membership requirement and performance conditions which are linked to the Company's strategy/KPIs.	LTIP awards are granted annually and vesting is dependent on the achievement of performance conditions (including a shareholding requirement). Performance is measured over a three-year period. The operation of the LTIP is reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances. Awards will then be released on a staggered basis over five years as follows: • 60% will be released immediately on vesting, three years after grant; • 20% will be released four years after grant; and • 20% will be released five years after grant. The Committee may award dividend equivalents on shares to the extent that they vest.	The maximum annual award which can be made under the LTIP relating to any financial year is equal to 250% of base salary/ fixed allocation (based on the market value at the grant date). At target performance 20% of the award vests.	Awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are linked closely to the Company's business strategy/KPIs. The current performance criteria are total shareholder return (40%), earnings per share (30%) and other strategic objectives (30%) which include net inflows, growth in assets under management, fund performance and other strategic measures. There is also a shareholding requirement of 2.5x salary/fixed allocation for Executive Directors that is linked to LTIP awards as follows: • if the target shareholding is met on the vesting date of the first LTIP award (i.e. three years from the grant date) then this award will vest in full; • if less than 50% of the target shareholding is met then the first award will lapse in full; • if between 50% and 100% is met, vesting will be scaled back proportionately on a straight-line basis; • participants will be required to build up and retain at least one-third of their target shareholding within 12 months of the date of grant of the first award and must maintain at least 50% of the target during the following two-year period. Failure to do so will impact the grant of subsequent awards; • for subsequent LTIP awards, vesting is conditional on the target shareholding level being maintained; and • the shareholding requirement can be satisfied through unexercised options under the Company's existing long term incentive plans, shares acquired through own resources and/or the deferral of annual bonuses/variable allocation into Company shares.

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Share Incentive Plan ("SIP")	The SIP allows the Executive Directors to purchase Company shares with a matching element, to build up an interest in Company shares and increase alignment of interests with shareholders.	An all-employee HMRC approved share plan that allows the Executive Directors to purchase shares, in a tax efficient manner and subject to limits, which are matched by the Company. In line with the normal operation of a SIP envisaged by HMRC, there are no performance conditions on matching shares.	The maximum opportunity for benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such insurance benefits varies according to premium rates and the cost of other benefits is dependent on market rates and other factors, there is no formal maximum monetary value.	No performance conditions apply. Claw back provisions apply on matching shares during the vesting period in the event the recipient is a bad leaver.
Benefits	To provide benefits which are appropriately competitive.	Executive Directors are entitled to a range of benefits including: • Private Medical Insurance • Life Assurance; • Disability Assurance; and • access to an Employee / Member Assistance Programme Where relocation payments or allowances are paid it will be limited to 50% of salary/fixed allocation.	The maximum opportunity for other benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such insurance benefits varies according to premium rates and the cost of other benefits is dependent on market rates and other factors, there is no formal maximum monetary value.	Not applicable.
Pension	To provide competitive levels of retirement benefit	Executive Directors' pension contributions are made at percentage of salary/fixed allocation into the Liontrust Group Pension Plan. Executive Directors have the choice of taking an equivalent cash payment/fixed allocation in lieu of pension contributions.	The current Executive Directors receive a contribution or cash equivalent payment equal to 15% of base salary or fixed allocation.	Not applicable.

Non-Executive Directors

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

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

Annual report on remuneration

Remuneration Committee composition and attendance

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

- George Yeandle (Chairman)
- Alastair Barbour
- Mike Bishop
- Sophia Tickell (joined 1 October 2017)

The attendance record of members of the Committee during the year is shown in the table on page 50.

Activities during the year

In the financial year to 31 March 2018, the Committee met five times and discussed, amongst other things, the subjects described below:

- Approval of the 2017 Remuneration Report;
- Review and approval of the bonuses and variable allocations for the Executive Directors (including the Executive Chairman) for the financial year ended 31 March 2017;
- Review and approval of the bonuses and variable allocations for the employees and members (excluding the Executive Directors and Executive Chairman) for the financial year ended 31 March 2017
- Approval of the mechanism to implement DBVAP and the approval and granting of DBVAP awards for the financial year ended 31 March 2017;
- Review and approval of the Bonus/Variable Allocation Methodology and Metrics for the financial year ending 31 March 2018;
- Review and approval of the Committee's terms of reference;
- Purchase of incentive capital interests from a member;
- Approval of LTIP allocation for the financial year ending 2016 and 2018 for the Executive Directors and key executives;
- Review and approval of the internal Compliance Report on remuneration;
- Approval of an HMRC Approved share option plan for employees;
- Review and approval of fund manager remuneration and approval of profit allocation plans, which include provision for deferral of bonus/variable allocations over three years, and malus and claw back provisions for various fund management teams;
- Review of the Investment Association's principles of remuneration;
- Approval of Director, employee and member appraisal process for the financial year ended 31 March 2018; and
- Review and approval of the fixed allocations and salaries for the Executive Directors for the financial year ending 31 March 2019.

Single total figure for remuneration

Executive Directors (audited information)

	Adrian Collins(1) Year to 31 March 2018 £'000	Adrian Collins(1) Year to 31 March 2017 £'000	John Ions Year to 31 March 2018 £'000	John Ions Year to 31 March 2017 £'000	Vinay Abrol Year to 31 March 2018 £'000	Vinay Abrol Year to 31 March 2017 £'000
A. Fixed pay						
Base salary/Fixed allocation		69	348	332	328	312
Benefits in kind(2)	–	2	4	4	2	3
Cash in lieu of pension	–	7	35	33	33	31
Total Fixed pay	**–**	**78**	**387**	**369**	**363**	**346**
B. Annual Bonus/Variable Allocation						
Cash bonus/variable allocation	–	–	696	663	525	402
DBVAP(3)	–	–	1,104	715	525	402
Total Annual Bonus/Variable Allocation	**–**	**–**	**1,800**	**1,378**	**1,050**	**804**
C. Total pay for the financial year						
Sub-total (A+B)	**–**	**78**	**2,187**	**1,747**	**1,413**	**1,150**
D. Vesting of LTIP awards	–	–	–	–	–	–
Total LTIP awards vesting	**–**	**–**	**–**	**–**	**–**	**–**
E. Other						
SIP matching shares(4)	–	4	4	4	4	4
Total Other	**–**	**4**	**4**	**4**	**4**	**4**
Total remuneration (C+D+E)	**–**	**82**	**2,191**	**1,751**	**1,417**	**1,154**

(1) Adrian Collins stepped down as Executive Chairman on 14 September 2016 to become Non-executive Chairman and the fixed pay relates to that period. No variable pay award was made to Adrian Collins for the financial year ended 31 March 2017 or 31 March 2018;

(2) Benefits in kind comprise private medical insurance.

(3) Deferred Bonus (for employees) or Variable Allocations (for members) to be linked to the performance of Group managed funds and deferred over the period 1 April 2018 to 31 March 2021 for awards for the financial year ended 31 March 2018 (2017: 1 April 2017 to 31 March 2020) and to be linked to the performance of the relevant Group managed funds. For the year ended 31 March 2018, between 61% (for John Ions) and 50% (for Vinay Abrol) of the annual bonus/variable allocation has been deferred (2017: 52% and 50% respectively). The vesting of DBVAP Awards are not subject to any performance condition, but are subject to continuous service conditions

(4) Matching shares granted under the SIP (Adrian Collins, John Ions and, Vinay Abrol on 26 April 2017). The vesting of matching shares awarded are not subject to any performance condition, but are subject to continuous service conditions.

Non-executive Directors (audited information)

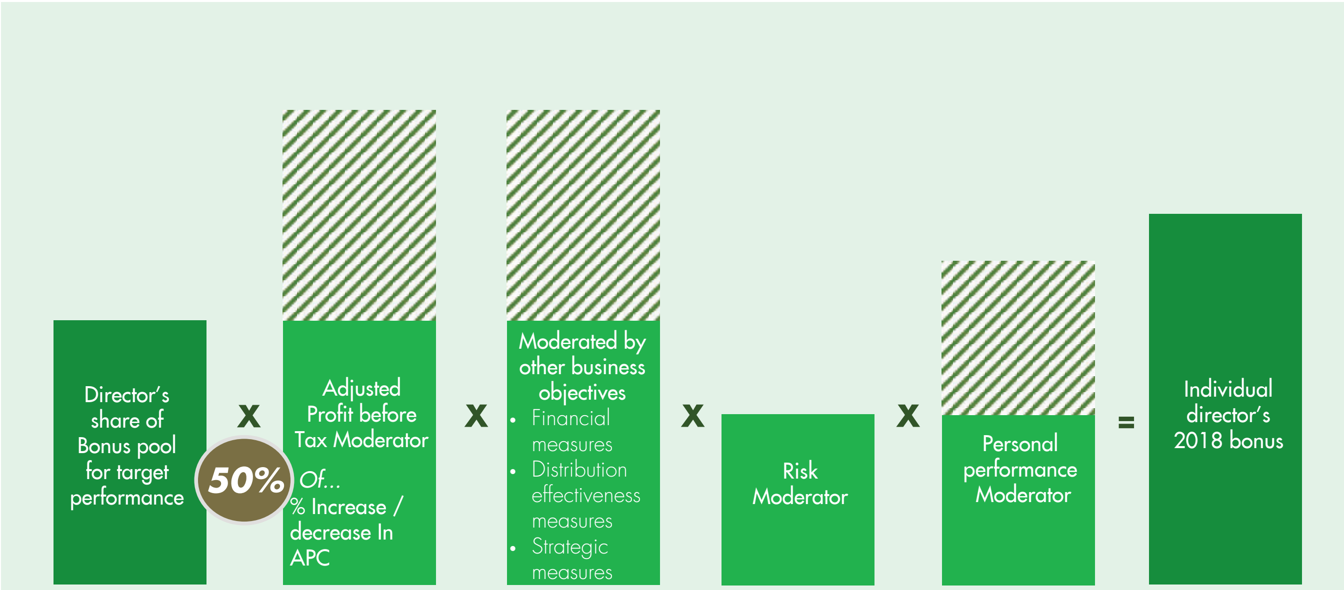
	Adrian Collins(1) Year to 31 March 2018 £'000	Adrian Collins(1) Year to 31 March 2017 £'000	Alastair Barbour Year to 31 March 2018 £'000	Alastair Barbour Year to 31 March 2017 £'000	Mike Bishop Year to 31 March 2018 £'000	Mike Bishop Year to 31 March 2017 £'000	Sophia Tickell Year to 31 March 2018 £'000	Sophia Tickell Year to 31 March 2017 £'000	George Yeandle Year to 31 March 2018 £'000	George Yeandle Year to 31 March 2017 £'000
Basic fee	103	55	48	48	50	50	24	–	48	48
Benefits(2)	5	7	3	5	–	–	4	–	–	–
Total	**108**	**62**	**51**	**53**	**50**	**50**	**28**	**–**	**48**	**48**

(1) Adrian Collins stepped down as Executive Chairman on 14 September 2016 to become Non-executive Chairman.

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

Annual bonus/variable allocations (audited information)

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



The annual bonus/variable allocations for the financial year ended 31 March 2018 are based on the following key performance metrics. The performance outcomes for each key performance indicator are also shown below:

Performance Metric	Threshold	Target	Actual	Result
Financial Measures				
Change in Adjusted Profit Before Tax (excluding Performance fees profits)	15%	20%	62%	✓✓✓✓
Operating Margin	32.5%	33.5%	35.6%	✓✓✓✓
Non-Financial Measures				
Distribution effectiveness				
Net flows compared to budget of £781 million (percentage of budget)	75%	100%	129%	✓✓✓✓
Broadening International sales (increase in AuM compared to last year)	30%	50%	27%	✓
Broadening Multi-Asset sales (increase in AuM compared to last year)	30%	50%	14%	↓
Investment performance, (Percentage of UK Retail AuM over 1, 3 and 5 years in 1st or 2nd Quartile)	50%	75%	91%	✓✓✓✓
Strategic Measures				
Broadening the product range	Two Discussions	One Addition	One addition and one discussion	✓✓✓✓
Talent management (Key Executive turnover)	Medium	Low	No loss	✓✓✓✓
Risk management, compliance and conduct	n/a	Strong	Strong	✓✓✓
Personal performance	n/a	Strong	Very Strong	✓✓✓✓
Overall outcome				✓✓✓✓

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

Executive Director	Result	Key performance in the financial year ended 31 March 2018
John Ions	✓✓✓✓	John Ions has led the senior executive team to achieve continued very strong investment outperformance, excellent financial results and over £1 billion net flows. In addition, excellent progress has been made on the key strategic objectives set by the Board to broaden our product range with successful integration of the Alliance Trust Investments Limited acquisition. Led the reorganization of the Global Distribution team, headed by Ian Chimes, by moving from a channel based approach to a product based approach, including the reinforcement of the International Sales effort by hiring a Frankfurt based Sales Director to cover Germany, Nordics and Austria. Continued the work from previous years in building an effective and highly thought off Marketing function, which is headed by Simon Hildrey. We continue to score highly in terms of brand recognition and awareness, matching awareness levels of much larger fund management organisations. Alongside Vinay Abrol, led the recruitment process for David Roberts and Phil Milburn from Kames Capital, and the recruitment of Donald Phillips from Baillie Gifford, for form the new Global Fixed Income team. Alongside Vinay Abrol, led external shareholder relations, with positive feedback on strategy and performance from these meetings, and developing a strong relationship with our larger shareholders. Alongside Vinay Abrol, successfully led the process to acquire Alliance Trust Investments Limited ("ATI") from Alliance Trust Plc, which completed on 1 April 2018 and successfully led the integration, distribution and marketing efforts with regards to Sustainable Investment team. Always ensured that risk and compliance were important factors when managing the Group, including meeting with the heads of Risk, Compliance and Financial Crime on a regular basis.
Vinay Abrol	✓✓✓✓	Vinay Abrol has shown strong leadership of the Finance, Operations, Risk, Compliance, Information Technology, Human Resources and Trading functions. Delivered budget and cost controls in the financial year, and led the Group through the annual and interim reporting cycles. Alongside John Ions, led the recruitment process for David Roberts and Phil Milburn from Kames Capital, and the recruitment of Donald Phillips from Baillie Gifford, for form the new Global Fixed Income team. Alongside John Ions, led external shareholder relations, and also continued the initiative to have greater engagement with the Proxy Voting Agencies. Vinay has been instrumental in leading the Group's relationships with the Financial Analysts, with KBW initiating coverage during the financial year, bringing the total number of broker firms covering the Company to seven (Numis, Macquarie, N+1 Singer, Canaccord Genuity, Cantor Fitzgerald, Cenkos and KBW). Vinay Abrol successfully led the integration project to bring the Sustainable Funds, which were part of the Alliance Trust Investments Limited acquisition, on to the Liontrust platform. This included the setting up of an office in Edinburgh and the transfer of the ATI Edinburgh based staff to this new office and the transfer of the ATI London based staff to the Liontrust offices at 2 Savoy Court. Led the project to review the Group's outsourcing arrangements with the aim of moving to a simplified target operating model working with a single provider, which led to a recommendation to the Board to consolidate the current arrangements with Bank of New York Mellon and to outsource the middle office function to them as well. Always ensured that risk and compliance were important factors when making decisions including meeting with the heads of Risk, Compliance and Financial Crime on a regular basis.

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

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

The Committee has used the overall outcome of Above Target performance to approve a 31% increase in the aggregate annual bonus/variable allocation pool for the Executive Directors, which when compared to the 62% increase in Adjusted Profit before tax (excluding performance fee profits) supports the aim of the Committee to keep the change in the aggregate bonus/variable allocation pool for the Executive Directors to 50% of the change in Adjusted Profit before tax (excluding performance fee profits) for Above Target performance. The Committee considered that no further adjustments up or down should be made on account of the Risk and personal performance moderator. The 31% increase in the aggregate bonus/variable allocation pool for the Executive Directors translates into individual annual bonuses/variable allocations to the Executive Directors of between 320% and 517% of base remuneration(2017: 258% and 416%), an increase of 24% when compared to last year), with between 50% and 61% deferred into Group managed funds.

John Ions' cash bonus has been capped at 200% of salary/fixed remuneration, and for the year ended 31 March 2018, between 61% (for John Ions) and 50% (for Vinay Abrol) of the annual bonus/variable allocation has been deferred (2017: 52% and 50% respectively) into Group managed funds and deferred over the period 1 April 2018 to 31 March 2021 and therefore linked to the performance of the relevant Group managed funds. The vesting of DBVAP Awards are not subject to any performance condition, but are subject to continuous service conditions.

In determining the Annual bonus/variable allocations for the Executive Directors, the allocation of awards under the LTIP for the financial year ending 31 March 2019 (see below) has been taken into consideration in terms of total variable remuneration for the Executive Directors. There are no vesting of awards previously granted under the LTIP until March 2019.

LTIP Awards

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

LTIP awards for the financial year ending 31 March 2018 of 250% and 175% of base annual remuneration for John Ions (share options over 184,072 shares equivalent to £829,000) and Vinay Abrol (share options over 121,310 shares equivalent to £546,000) respectively were awarded on 22 June 2017 and vest, subject to performance conditions being met, on 22 June 2020. On vesting 60% of the LTIP awards are released, 20% are released after a further year and 20% a year later.

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

- total shareholder return (40%), with a starting price of 454.81p;
- earnings per share (30%), with a starting EPS of 27.45p; and
- other strategic objectives (30%) which include net inflows, growth in assets under management, fund performance and other strategic measures, which are commercially sensitive and will be disclosed after initial vesting.

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

There is also a shareholding requirement of 2.5x salary/fixed allocation for Executive Directors that is linked to LTIP awards as follows:

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

Deferral of variable remuneration

The significant deferral of variable remuneration (deferral of bonus/variable allocation and LTIP awards) is an important component of the Company's remuneration policy, and I am pleased to be able to confirm that John Ions and Vinay Abrol are deferring 74% and 68% respectively, of their variable remuneration.

Director	Type of variable remuneration	Value (£'000)	% deferred
John Ions	Cash bonus/variable allocation	696	n/a
	DBVAP	1,104	41%
	LTIP award[1]	870	33%
	Total	**2,670**	**74%**
Vinay Abrol	Cash bonus/variable allocation	525	n/a
	DBVAP	525	32%
	LTIP award[1]	573	35%
	Total	**1,623**	**68%**

[1] LTIP awards for the financial year ending 31 March 2019 (see LTIP Awards section on page 69 for further details).

Shareholding requirement (audited information)

A key component of the Company's remuneration policy is a shareholding requirement of 2.5x salary/fixed allocation for Executive Directors. As at 31 March 2018 the Executive Directors held:

	Ordinary shares held[1]	Value[2] (£'000)	Multiple of salary/fixed allocation
Executive Directors			
John Ions	696,532	3,878	11x
Vinay Abrol	892,974	4,966	15x

[1] Ordinary shares held but excludes unvested shares, unvested LTIP awards and DBVAP share options; and
[2] Value calculated using the closing share price on 31 March 2018, which was 544 pence per share.

Malus and claw back

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

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

Compensation for loss of office (audited information)

No payments for loss of office were made during the financial year ended 31 March 2018 (2017: Nil).

Payments to former Directors (audited information)
Jonathan Hughes-Morgan stepped down from the Board on 15 December 2014 and retired as a member of Liontrust Fund Partners LLP on 31 July 2017. His fixed allocation for the period 1 April 2017 to 31 July 2017 was £54,230. He received no payment for loss of office.

Implementation in the financial year ending 31 March 2019

Annual fixed remuneration
The Committee has not changed the base remuneration of the Executive Directors for the financial year ending 31 March 2019.

The Board itself determines the fees of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to his own position. Following a detailed review of Non-executive Director fees by considering lower quartile, median and higher quartile data of 11 selected firms split between the Chairman and other Non-executive Directors, PricewaterhouseCoopers NED report on FTSE 250 and Small Cap companies, and a target company analysis of 10 firms of similar size and assets under management, the Board has increased the base fee for the Non-executive directors (including the Non-executive Chairman and the Senior Independent Director) by £10,000 per annum and also increased the component fees to:

- Senior Independent Director fee increased to £6,000 (2017: £5,000);
- Committee chairmanship fee increased to £8,000 (2017: between £2,500 and £7,500); and
- Committee membership fee increased to £4,000 (2017: between £2,500 and £5,000).

The base remuneration for each of the Directors (includes component fees for Non-executive Directors) for the financial year ended 31 March 2019. The increase compared to the previous year is as follows:

Director	Salary (for employees), Fixed Allocations (for members) and Fees for the year ending 31 March 2019 (£)	Increase compared to the previous year (%)
Adrian Collins	114,500(1)	10%
John Ions	348,100	Nil
Vinay Abrol	327,700	Nil
Alastair Barbour	61,000(2)	28%
Mike Bishop	71,000(3)	42%
Sophia Tickell	61,000(4)	28%
George Yeandle	61,000(5)	28%

(1) Base fee plus Nomination Committee Member fee.
(2) Base fee plus Audit & Risk Committee Chairman fee, Remuneration Committee Member fee and Nomination Committee Member fee.
(3) Base fee plus Senior Independent Director fee, Nomination Committee Chairman fee, Remuneration Committee Member fee, Audit & Risk Committee Member fee and Portfolio Risk Committee Member fee.
(4) Base fee plus Remuneration Committee, Audit & Risk Committee Member fee, Nomination Committee and Sustainable Future Investment Advisory Committee Member fee.
(5) Base fee plus Remuneration Committee Chairman fee, Audit & Risk Committee Member fee, and Nomination Committee Member fee.

Non-executive Directors are reimbursed for reasonable business expenses.

Annual bonus/variable allocation
Annual bonus/variable allocation for the financial year ending 31 March 2019 will be determined using the same structure that was used in the financial year ended 31 March 2018. In summary, this will comprise:

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

The Committee sets ranges ("Target" and "Threshold") around the agreed budget figures for the main financial measures and non-financial measures. There ranges consider the level of stretch in the budget and perceived potential for out-performance and under-performance. There will be disclosure of the ranges for the relevant performance metrics in the 2019 Annual Report on Remuneration as the Board consider the ranges to be commercially sensitive.

The results against the performance metrics will be determined using the same structure that was used in the financial year ended 31 March 2018. In summary, this will comprise of rating performance into one of five bands from Above Target to Below Threshold, with the Committee's aim that Above Target performance will mean that the aggregate bonus pool for the Executive Directors will increase by 50% of the change in Adjusted Profit before tax (excluding performance fee profits).

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

LTIP awards for the financial year ending 31 March 2019 will be 250% and 175% of base annual remuneration for John Ions (equivalent to £870,000) and Vinay Abrol (equivalent to £573,000) respectively and will be awarded later within a 42 day period following the date of the preliminary announcement of the Company's annual results for the financial year ended 31 March 2018.

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

- total shareholder return (40%);
- earnings per share (30%); and
- other strategic objectives (30%) which include net inflows, growth in assets under management, fund performance and other strategic measures.

External directorships
Adrian Collins is a Non-executive director of the following companies (and retains fees as detailed) Bahamas Petroleum Company Plc (£25,000 for the financial year ended 31 December 2017), City Natural Resources High Yield Trust Plc (£19,000 for the financial year to 30 June 2017, retired from the board on 28 November 2017), Tristar Resources Plc (£30,000 for the financial year ended 31 December 2017), CQS New City High Yield Trust Plc (£25,000 for the financial year ended 30 June 2017, retired from the board on 28 November 2017) and CIP Merchant Trust Limited (£35,000 per annum, appointed to the board 22 December 2017).

Directors' Shareholdings (audited information)

The interests of the Directors and their families in the share capital of the Company at 31 March 2018 were as follows:

	Ordinary shares	Unvested Ordinary Shares[2]	Total Ordinary shares	Vested but unexercised option	Options subject to perf. conditions	Options not subject to perf. Conditions[2]	Total options over Ordinary shares
Executive Directors							
John Ions[1]	696,532	3,466	699,998	–	805,704	209,863	1,015,567
Vinay Abrol[1]	892,974	3,466	896,440	–	530,987	131,164	662,151
Non-executive Directors							
Adrian Collins	6,249		6,249	–	–	26,232	26,232
Alastair Barbour[1]	32,000	–	32,000	–	–	–	–
Mike Bishop	25,106	–	25,106	–	–	–	–
Sophia Tickell	–	–	–	–	–	–	–
George Yeandle	20,000	–	20,000	–	–	–	–

(1) Includes holdings of persons closely associated with the relevant Director.

(2) Unvested Ordinary shares and Options not subject to performance conditions but are subject to continuing service conditions.

There were the following changes to the Directors' interests between 1 April 2018 and 26 June 2018: John Ions and Vinay Abrol each purchased 305 additional Ordinary shares and were each allocated 610 unvested Ordinary shares pursuant to their participation in the SIP.

Share Awards

LTIP Awards (audited information)

Director	Financial year ended 31-Mar	Face value[1]	Share price used to determine the award[2]	Number of options held at 1 April 2017	Options granted	Number of options held at 31 March 2018	Exercise Price	Date of grant
John Ions	2016 (in respect of 2016/17/18)	£828,750	254.0p	329,279	–	329,279	Nil	20 June 2016
	2017 (in respect of 2017/18/19)	£828,750	280.6p	295,353	–	295,353	Nil	5 September 2016
	2018 (in respect of 2018/19/20)	£828,750	450.2p	–	184,072	184,072	Nil	22 June 2017
Vinay Abrol	2016 (in respect of 2016/17/18)	£546,175	254.0p	215,029	–	215,029	Nil	20 June 2017
	2017 (in respect of 2017/18/19)	£546,175	280.6p	194,648	–	194,648	Nil	5 September 2016
	2018 (in respect of 2018/19/20)	£546,175	450.2p	–	121,310	121,310	Nil	22 June 2017

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

(2) For the LTIP awards for the financial year ended 31 March 2016 the share price used to determine the awards is the share price as at close of business on 21 March 2016, which is the date on which the LTIP was adopted by the Board and the date on which the Committee intended to grant LTIP awards to the Executive Directors, but due to the proposed acquisition of the European Income fund management business of Argonaut Capital Partners LLP, which was announced on 7 April 2016, the Committee was unable to grant these awards prior to entering into a close period for dealing in the Company's shares. For the LTIP awards for the financial year ended 31 March 2017 the share price used to determine the awards is the 30 day average closing share price to 9 August 2016, which is the previous business day to the Remuneration Committee meeting that approved the granting of these awards. For the LTIP awards for the financial year ended 31 March 2018 the share price used to determine the awards is the 30 day average closing share price to 14 June 2017, which is the previous business day to the Remuneration Committee meeting that approved the granting of these awards. The share price on 20 June 2016 was 295.0p, 344p on 5 September 2016 and 460.0p on 22 June 2017;

(3) LTIP awards are exercisable between 20 March 2019 and 20 March 2026 for the LTIP awards granted on 20 June 2016, between 10 August 2019 and 10 August 2026 for the LTIP awards granted on 5 September 2016, and between 22 June 2020 and 22 June 2027 for the LTIP awards granted on 22 June 2017;

(4) For the LTIP awards granted on 20 June 2016 the performance period ends on 20 March 2019, for LTIP awards granted on 5 September 2016 the performance period ends on 10 August 2019 and for LTIP awards granted on 22 June 2017 the performance period ends on 22 June 2020;

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

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

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

LTIP Performance Conditions (audited information)

Financial year ended 31-Mar	Total Shareholder Return target (40%)	EPS target (30%)	Strategic targets (30%)			
			Net inflows (7.5%)	Growth in assets under management (7.5%)	Investment Performance (7.5%)	Other strategic targets (7.5%)
Performance condition	**TSR performance (% growth per annum): Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.**	**EPS growth per annum: Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.**	**Net inflows compared to target (25% of Strategic targets portion): Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.**	**'Growth in assets under management compared to target (25% of Strategic targets portion): Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.**	**Investment performance (25% of Strategic targets portion): Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 20% vests and at 75% of funds and above 100% vests. Straight line vesting between 50% of funds and 75% of funds.**	**Developing existing employees/members and recruiting new talent (25% of other strategic targets portion).Providing the products and services that clients require (25% of other strategic targets portion). Broadening the client base in the UK and internationally (25% of other strategic targets portion). Maintaining an appropriate risk controls and compliance environment (25% of other strategic targets portion).**
2016 (in respect of 2016/17/18)	Start of the performance period: 21 March 2016, Starting share price: 265.32p, End of the performance period: 21 March 2019	Starting EPS (Diluted Adjusted EPS excluding performance fees): 19.10p for the financial year ending 31 March 2015.	Starting quarter for net inflows: Quarter ending 31 December 2015. Ending quarter for net inflows: Quarter ending 31 December 2018. Actual target for net inflows are commercially sensitive and will disclosed after initial vesting.	Starting year for growth in assets under management: Year ending 31 March 2016. Ending year for growth in asset management: Year ending 31 March 2018. Actual target for growth in assets under management are commercially sensitive and will disclosed after initial vesting.	Starting year for investment performance: Year ending 31 March 2016. Ending year for investment performance: Year ending 31 March 2018. Actual target for investment performance are commercially sensitive and will disclosed after initial vesting.	Actual target for investment performance are commercially sensitive and will disclosed after initial vesting.
2017 (in respect of 2017/18/19)	Start of the performance period: 5 September 2016, Starting share price: 315.40p, End of the performance period: 10 August 2019	Starting EPS (Diluted Adjusted EPS excluding performance fees): 21.50p for the financial year ending 31 March 2016.	Starting year for net inflows: Year ending 31 March 2017. Ending year for net inflows: Year ending 31 March 2019. Actual target for net inflows are commercially sensitive and will disclosed after initial vesting.	Starting year for growth in assets under management: Year ending 31 March 2017. Ending year for growth in asset management: Year ending 31 March 2019. Actual target for growth in assets under management are commercially sensitive and will disclosed after initial vesting.	Starting year for investment performance: Year ending 31 March 2017. Ending year for investment performance: Year ending 31 March 2019. Actual target for investment performance are commercially sensitive and will disclosed after initial vesting.	Actual target for investment performance are commercially sensitive and will disclosed after initial vesting.
2018 (in respect of 2018/19/20)	Start of the performance period: 22 June 2017, Starting share price: 454.81p, End of the performance period: 22 June 2020	Starting EPS (Diluted Adjusted EPS excluding performance fees): 27.45p for the financial year ending 31 March 2017.	Starting year for net inflows: Year ending 31 March 2018. Ending year for net inflows: Year ending 31 March 2020. Actual target for net inflows are commercially sensitive and will disclosed after initial vesting.	Starting year for growth in assets under management: Year ending 31 March 2018. Ending year for growth in asset management: Year ending 31 March 2020. Actual target for growth in assets under management are commercially sensitive and will disclosed after initial vesting.	Starting year for investment performance: Year ending 31 March 2018. Ending year for investment performance: Year ending 31 March 2020. Actual target for investment performance are commercially sensitive and will disclosed after initial vesting.	Actual target for investment performance are commercially sensitive and will disclosed after initial vesting.

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

Director	Financial year ended 31-Mar	Face value[3]	Share price used to determine the grant or award	Options/ Shares held 1 April 2017	Options/ Shares exercised/ vested[4]	Options/ Shares awarded	Number of shares/ options held at 31 March 2018	Exercise price	Issue date
Adrian Collins[1]	2015 (in respect of 2014)	£57,500	261.5p	21,988	(21,988)	–	–	Nil	19-Jun-14
	2016 (in respect of 2015)	£75,000	285.9p	26,232		–	26,232	Nil	18-Jun-15
	2017 (in respect of 2016)	£65,000		See Group managed funds table below for further details				Nil	21-Jun-16
John Ions	2015 (in respect of 2014)	£345,000	253.0p	106,657	(106,657)	–	–	n/a	30-Jun-14
	2016 (in respect of 2015)	£600,000	285.9p	209,863		–	209,863	Nil	18-Jun-15
	2017 (in respect of 2016)	£550,000		See Group managed funds table below for further details				Nil	21-Jun-16
	2018 (in respect of 2017)	£715,000		See Group managed funds table below for further details				Nil	21-Jun-17
Vinay Abrol	2015 (in respect of 2014)	£230,000	253.0p	71,104	(71,104)	–	–	n/a	30-Jun-14
	2016 (in respect of 2015)	£375,000	285.9p	131,164		–	131,164	Nil	18-Jun-15
	2017 (in respect of 2016)	£325,000		See Group managed funds table below for further details				Nil	21-Jun-16
	2018 (in respect of 2017)	£402,000		See Group managed funds table below for further details				Nil	21-Jun-17

(1) Adrian Collins stepped down as Executive Chairman on 14 September 2016 to become Non-executive Chairman;

(2) DVBAP awards for the financial year ended 2016 and 2017 have been deferred into Group managed funds;

(3) Face value of the share or option award is equivalent to 50% of the annual bonus/variable allocation for the financial year ended 31 March 2014 and 31 March 2015, and 46% for the financial year ended 31 March 2016. For the year ended 31 March 2017, between 52% (for John Ions) and 50% (for Vinay Abrol) of the annual bonus/variable allocation has been deferred. For the year ended 31 March 2018, between 61% (for John Ions) and 50% (for Vinay Abrol) of the annual bonus/variable allocation has been deferred. The number of share options granted is calculated as the face value divided by the share price used to determine the grant or award, which is calculated as average share price during the period of five business days prior to the date of grant. For shares awarded the number of shares is calculated as the number of shares purchased on the Issue date;

(4) For Adrian Collins, Options exercised on 28 June 2017; For John Ions and Vinay Abrol, shares vested on 30 June 2017. The market value of Adrian Collins share options on the date of exercise were £94,548 (21,988 share options at 430p per share, the market value of John Ions and Vinay Abrol's vested shares on the date of vesting was £478,890 (106,657 shares at 449 per share) and £319,257 (71,104 shares at 449p per share) respectively;

(5) Share options issued under the DVBAP in June 2014 are exercisable between 18 June 2017 and 18 June 2018, share options issued under the DVBAP in June 2015 are exercisable between 17 June 2018 and 17 June 2019. Options on Group managed funds issued under the DVBAP in June 2016 are exercisable between 21 June 2017 and 21 June 2020, and options on Group managed funds issued under the DVBAP in June 2017 are exercisable between 21 June 2018 and 21 June 2021;

(6) Shares issued and share options awarded in June 2014 vest on 19 June 2017. Share options awarded in June 2015 vest on 18 June 2018. Options over Group managed funds awarded in June 2016 vest on 21 June 2017 (33.3%), 21 June 2018 (33.3%) and 21 June 2019 (33.3%). Options over Group managed funds awarded in June 2017 vest on 21 June 2018 (33.3%), 21 June 2019 (33.3%) and 21 June 2020 (33.3%);

(7) No performance conditions are attached to options granted or shares awarded under the DBVAP but they are subject to continuing service conditions. Claw back provisions apply, see Directors' remuneration policy table for further details;

(8) Exercise price for options granted is nil pence; and

(9) The share price used to determine the number of shares which shall be subject to the option grant or share award is calculated using the average share price during the period of five business days prior to the date of option grant or share award.

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

Director	Financial year ended 31-Mar	Face value	Fund name	Unit price(pence) used to determine grant	Options held at 1 April 2017	Options vested/ exercised over units	Options granted over units	Options over units at 31/03/2018
Adrian Collins	2017	£13,000	Liontrust Global Income Fund	139.85	9,295.6710	(3,098.5570)	–	6,197.1140
	(in respect of 2016)	£13,000	Liontrust Macro Equity Income Fund	187.24	6,942.9600	(2,314.3200)	–	4,628.6400
		£13,000	Liontrust UK Growth Fund	343.62	3,783.2490	(1,261.0830)	–	2,522.1660
		£13,000	Liontrust SF Managed Fund[2]	180.00	7,222.1760	(2,407.3920)	–	4,814.7840
		£13,000	Liontrust Asia Income Fund	103.86	12,516.8490	(4,172.2830)	–	8,344.5660
		£65,000						
John Ions	2017	£110,000	Liontrust Global Income Fund	139.85	78,655.7010	(26,218.5670)	–	52,437.1340
	(in respect of 2016)	£110,000	Liontrust Macro Equity Income Fund	187.24	58,748.1300	(19,582.7100)	–	39,165.4200
		£110,000	Liontrust UK Growth Fund	343.62	32,012.1060	(10,670.7020)	–	21,341.4040
		£110,000	Liontrust SF Managed Fund[2]	180.00	61,110.7410	(20,370.2470)	–	40,740.4940
		£110,000	Liontrust Asia Income Fund	103.86	105,911.8020	(35,303.9340)	–	70,607.8680
		£550,000						
	2018	£119,167	Liontrust European Growth Fund	2.1099	18,826.5900	–	–	18,826.5900
	(in respect of 2017)	£119,167	Liontrust Macro Equity Income Fund	2.0451	19,423.1200	–	–	19,423.1200
		£119,167	Liontrust Special situations Fund	3.7960	10,464.2310	–	–	10,464.2310
		£119,167	Liontrust European Income Fund	1.3951	28,472.6706	–	–	28,472.6706
		£119,167	Liontrust Asia Income Fund	1.3696	29,002.7890	–	–	29,002.7890
		£119,167	Liontrust SF Managed Fund	1.7340	16,306.4630	–	–	16,306.4630
		£715,000						
Vinay Abrol	2017	£65,000	Liontrust Global Income Fund	139.85	46,478.3670	(15,492.7890)	–	30,985.5780
	(in respect of 2016)	£65,000	Liontrust Macro Equity Income Fund	187.24	34,714.8030	(11,571.6010)	–	23,143.2020
		£65,000	Liontrust UK Growth Fund	343.62	18,916.2450	(6,305.4150)	–	12,610.8300
		£65,000	Liontrust SF Managed Fund[2]	180.00	36,110.8920	(12,036.9640)	–	24,073.9280
		£65,000	Liontrust Asia Income Fund	103.86	62,584.2480	(20,861.4160)	–	41,722.8320
		£325,000						
	2018	£67,000	Liontrust European Growth Fund	2.1099	9,295.6710	–	–	9,295.6710
	(in respect of 2017)	£67,000	Liontrust Macro Equity Income Fund	2.0451	6,942.9600	–	–	6,942.9600
		£67,000	Liontrust Special situations Fund	3.796	3,783.2490	–	–	3,783.2490
		£67,000	Liontrust European Income Fund	1.3951	3,783.2490	–	–	3,783.2490
		£67,000	Liontrust Asia Income Fund	1.3696	1,507.0539	–	–	1,507.0539
		£67,000	Liontrust SF Managed Fund	1.734	12,516.8490	–	–	12,516.8490
		£402,000						

(1) The unit price used to determine the number of units which shall be subject to the option grant is calculated using the unit price on the date of grant.
(2) Was the Liontrust GF Global Strategic Equity Fund, which closed in May 2017 and the proceeds reinvested in Liontrust SF Managed Fund.

SIP Shares (audited information)

Director	Awards held start of year: Number of shares as at 01-Apr-17	Face value	Awards held at the end of the year: Grant/Vesting date	Number of shares granted/ (vested)	Number of shares as at 31-Mar-18	Earliest vesting date
John Ions	1,368	£3,600	25-Apr-17	(1,368)	–	
	1,250	£3,600			1,250	29-Apr-18
	1,396	£3,600			1,396	27-Jun-19
	–	£3,600	26-Apr-17	820	820	26-Apr-20
Vinay Abrol	1,368	£3,600	25-Apr-17	(1,368)	–	
	1,250	£3,600			1,250	29-Apr-18
	1,396	£3,600			1,396	27-Jun-19
	–	£3,600	26-Apr-17	820	820	26-Apr-20

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

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

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

Pensions (audited information)

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

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

Service Contracts

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

Director	Type of contract	Date of contract	Notice period
Executive Directors			
John Ions	Director Letter of appointment	23 January 2014	6 months
	LLP membership Deed of Adherence	08 July 2010	6 months
Vinay Abrol	Director Letter of appointment	23 January 2014	12 months
	LLP membership Deed of Adherence	08 July 2010	12 months
Non-executive Directors			
Adrian Collins	Director Letter of appointment	8 September 2016	6 months
Alastair Barbour	Director Letter of appointment	1 April 2011	3 months
Mike Bishop	Director Letter of appointment	1 May 2011	3 months
Sophia Tickell	Director Letter of appointment	13 September 2017	3 months
George Yeandle	Director Letter of appointment	16 December 2014	3 months

Dilution and employee benefit trust

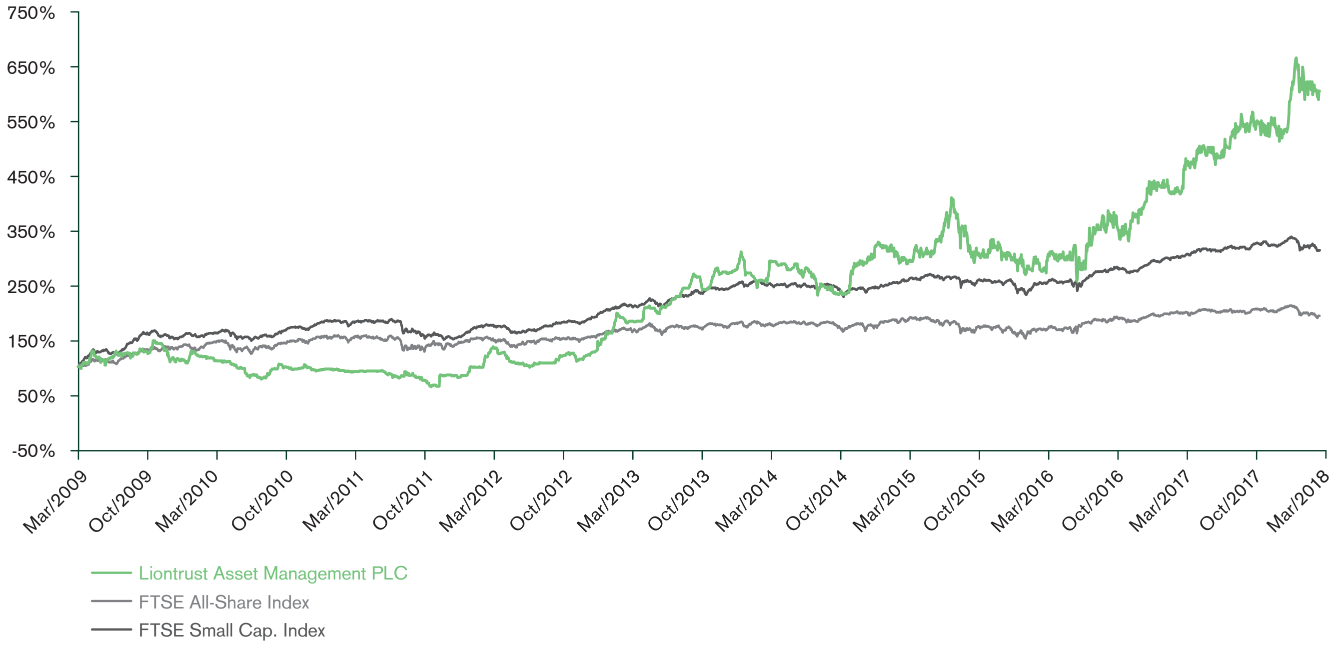
Our policy regarding dilution from employee share awards and member incentivisation has been, and will continue to be, to ensure that dilution will be no more than 10% in any rolling ten year period.

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

Pay versus performance

Share price performance

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



The indices were chosen as follows:

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

Table of historic levels of Chief Executive remuneration

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

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

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

Percentage change in Chief Executive's remuneration

The percentage change in the Chief Executive's pay (defined for these purposes as salary, fixed allocation, taxable benefits, annual bonus/variable allocation and DBVAP awards in respect of the relevant year) between the year ended 31 March 2018 and the prior year and the same information, on an averaged basis, for all employees and members (excluding the Chief Executive and fund managers) is shown in the table below:

	Chief Executive percentage change year ended 31 March 2017 to 2018	Employees and Members year ended 31 March 2017 to 2018
Salary/Fixed allocation[1]	5%	4%
Benefits[2]	6%	19%
Bonus/Variable allocation[3]	31%	21%

[1] The 5% increase in the Chief Executive's pay in the year ended 31 March 2018 was the first increase for 3 years, so over a 3 year period is equivalent to 1.7% per annum.

[2] Benefits comprise private medical insurance and pension contributions.

[3] Includes the DBVAP, but excludes any revenue share arrangements for fund managers.

The table below shows the advisory vote on the 2016 Directors' Remuneration Report at the Annual General Meeting held on 13 September 2016:

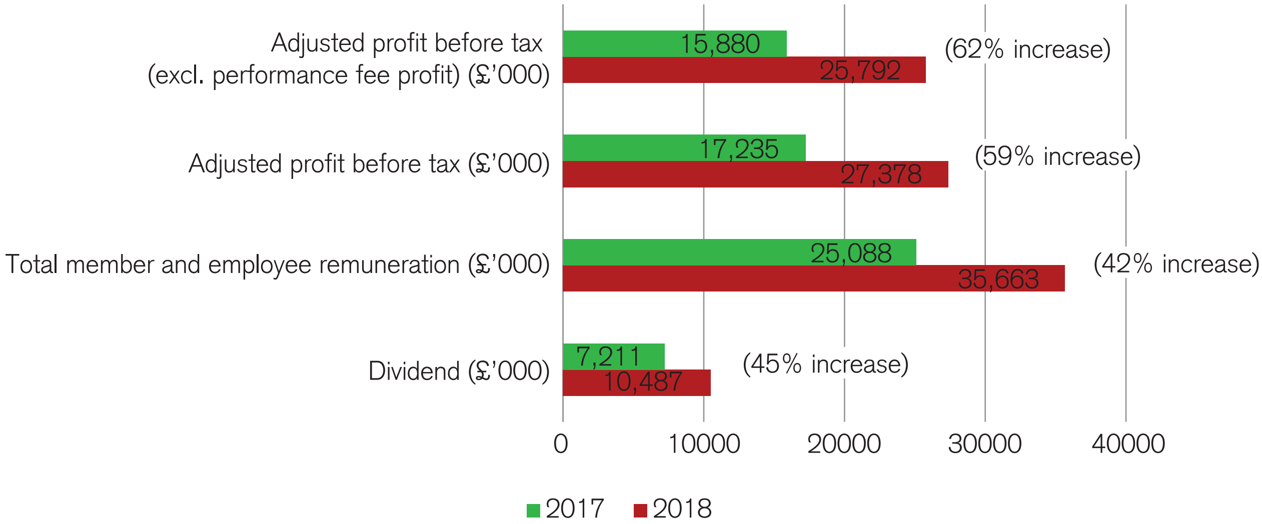
	Votes for	%	Votes Against	%	Votes withheld
2017 Annual report on remuneration	28,920,172	93.8	1,895,304	6.2	736,151

The table below shows the vote on the Directors' remuneration policy at the February 2016 General Meeting held on 24 February 2016:

	Votes for	%	Votes Against	%	Votes withheld
Directors' remuneration policy	24,522,957	95.9	1,051,496	4.1	6,000

Relative importance of spend on pay

The following chart shows the Group's Adjusted Profit after tax (excluding and including performance fee profits), total member and employee remuneration and dividends declared on Ordinary shares for the financial year ended 31 March 2018 and 31 March 2017.



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

(2) Adjusted Profit before tax has been used as a comparative measure in order to provide a clearer indication of the profitability of the Group (see note 1c of the Notes to the Financial Statements on page 83 for further information).

Advisers

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

In the performance of its duties, the Committee is able to seek assistance from external advisers. However, during the year ended 31 March 2018 no external advisers were appointed by the Committee.

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

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

Best practice

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

The Chairman of the Committee will attend the 2018 Annual General Meeting and will be available to answer Shareholders' questions regarding remuneration.

George Yeandle

Chairman of the Remuneration Committee

26 June 2018

Financial Statements

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2018

	Note	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Revenue	4	76,861	51,508
Cost of sales	4	(50)	(50)
Gross profit		**76,811**	**51,458**
Realised profit on sale of financial assets		3	6
Unrealised (loss)/profit on financial assets		(142)	134
Contingent consideration on ATI acquisition	13	(912)	–
Administration expenses	5	(63,450)	(42,506)
Operating profit	6	**12,310**	**9,092**
Interest receivable	8	3	11
Profit before tax		**12,313**	**9,103**
Taxation	10	(3,590)	(2,275)
Profit for the year		**8,723**	**6,828**
Other comprehensive income:			
Unrealised profit on financial assets		33	–
Total comprehensive income		**8,756**	**6,828**

		Pence	Pence
Earnings per share			
Basic earnings per share	12	17.76	15.15
Diluted earnings per share	12	16.78	14.75

The notes on pages 82 to 102 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet
as at 31 March 2018

	Note	As at 31-Mar-18 £'000	As at 31-Mar-17 £'000
Assets			
Non current assets			
Intangible assets	14	13,521	3,640
Goodwill	13	11,872	–
Property, plant and equipment	15	207	195
Deferred tax assets	11	–	964
Total non current assets		**25,600**	**4,799**
Current assets			
Trade and other receivables	16	79,080	68,066
Financial assets	17	2,076	1,404
Cash and cash equivalents	1(j)	30,775	16,956
Total current assets		**111,931**	**86,426**
Liabilities			
Non current liabilities			
Deferred tax liability	11	(918)	–
DBVAP liability		(838)	(322)
ATI acquisition related contingent consideration	13	(2,912)	–
Total non current liabilities		**(4,668)**	**(322)**
Current liabilities			
Trade and other payables	18	(83,104)	(63,960)
Corporation tax payable		(1,403)	(393)
Total current liabilities		**(84,507)**	**(64,353)**
Net current assets		**27,424**	**22,073**
Net assets		**48,356**	**26,550**
Shareholders' equity			
Ordinary shares	19	495	454
Share premium		15,796	–
Deferred consideration	13	3,959	–
Capital redemption reserve		19	19
Retained earnings		31,853	28,936
Own shares held	21	(3,766)	(2,859)
Total equity		**48,356**	**26,550**

The notes on pages 82 to 102 form an integral part of these consolidated financial statements.

The financial statements on 78 to 102 were approved and authorised for issue by the Board of Directors on 26 June 2018 and signed on its behalf by V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

Company Number 2954692

Consolidated Cash Flow Statement
for the year ended 31 March 2018

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Cash flows from operating activities		
Cash received from operations	88,032	56,460
Cash paid in respect of operations	(60,783)	(42,489)
Net cash paid from changes in unit trust and ICVC receivables and payables	92	(363)
Net cash generated from operations	27,341	13,608
Interest received	3	11
Tax paid	(2,774)	(2,705)
Net cash generated from operating activities	24,570	10,914
Cash flows from investing activities		
Purchase of property and equipment	(159)	(73)
Acquisition of Argonaut funds		(4,083)
Acquisition of ATI (net of cash acquired)	(929)	–
Purchase of ICIs	–	(95)
Purchase of DBVAP Financial Asset	(920)	(940)
Purchase of Seeding investments	–	(252)
Sale of Seeding investments	54	151
Net cash used in investing activities	(1,954)	(5,292)
Cash flows from financing activities		
Purchase of own shares	(930)	(1,738)
Dividends paid	(7,867)	(5,895)
Net cash used in financing activities	(8,797)	(7,633)
Net increase in cash and cash equivalents*	**13,819**	**(2,011)**
Opening cash and cash equivalents*	16,956	18,967
Closing cash and cash equivalents*	**30,775**	**16,956**

* Cash and cash equivalents consist only of cash balances.

The notes on pages 82 to 102 form an integral part of these consolidated financial statements.

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

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

Consolidated Statement of Changes in Equity
for the year ended 31 March 2017

	Note	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
Balance at 1 April 2016 brought forward		**454**	**17,692**	**19**	**9,330**	**(1,317)**	**26,178**
Profit for the year		–	–	–	6,828	–	6,828
Total comprehensive income for the year		–	–	–	6,828	–	6,828
Dividends paid	9	–	–	–	(5,895)	–	(5,895)
Capital reorganisation		–	(17,692)	–	17,692	–	–
Purchase of own shares		–	–	–	–	(1,738)	(1,738)
Purchase of ICI's	21	–	–	–	(95)	–	(95)
EBT share option settlement	21	–	–	–	(133)	196	63
Equity share options issued	5	–	–	–	1,209	–	1,209
Balance at 31 March 2017		**454**	**–**	**19**	**28,936**	**(2,859)**	**26,550**

Notes to the Financial Statements

1 Principal accounting policies

a) Basis of preparation

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

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

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

The financial information has been prepared based on the IFRS standards effective as at 31 March 2018.

Accounting developments

The Group did not implement the requirements of any Standards or Interpretations which were in issue and which were not required to be implemented at the year end date.

The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, amendments to existing standards and interpretations. The following new standards are not applicable to these financial statements, but may have an impact when they become effective. The Group plans to apply these standards in the reporting period in which they become effective.

Standard	*Effective date*
IFRS 9 Financial Instruments	1 January 2018
IFRS15 Revenue from Contracts with Customers	1 January 2018
IFRS16 Leases	1 January 2019

IFRS 9 Financial Instruments

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

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

Under IAS 39 impairment provisioning is historical performance based whereas IFRS 9 will bring an expected credit loss model where credit loss provisioning will be required to be based on expected future credit losses. The majority of the Group's revenue comes from investment management fees due from the retail investment funds we manage. These fees are paid to the Group on a monthly basis. For segregated accounts, the majority of fees are paid on a monthly basis with some paying on a quarterly basis. Typically, receivables comprise unpaid sales contracts and cancellations (together, settlement accounts), which are receivables in transit between funds and end clients. These are contractually required to be settled within four days. In line with the above considerations it is not expected that adoption of the expected credit loss model for provisioning of impairment will result in a material impact to the Group. Based on our assessment for the Group, the adoption of IFRS9 will not result in any material changes. If IFRS9 had been applied during the year ended 31 March 2018 there would have been no material impact on the Group's financial statements.

IFRS15 Revenue from Contracts with Customers

IFRS 15 has been endorsed by the EU and will replace the current requirements contained in IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations when it becomes effective on 1 January 2018.

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

The standard introduces a five step model for recognising revenue as follows: Identifying the contract with the customer; identifying the relevant performance obligations of the contract ; determining the amount of consideration to be received under the contract; allocating the consideration to the relevant performance obligation; and accounting for the revenue as the performance obligations are satisfied. In preparation for the implementation of the standard the Group has carried out a detailed review of its contracts with customers. Following this review The Group does not anticipate that the implementation of the standard will have a material impact on its results, though some minor changes to diclosures around the payments of rebates and commissions will be required.

1 Principal accounting policies (continued)

Currently under IAS 18 presentation, revenue is presented net of rebates and commission. Under the requirements of IFRS 15 revenue will be presented gross with rebates and commission presented in cost of sales.

IFRS16 Leases

IFRS 16 provides a single accounting model for leases, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. It will supersede the current guidance found in IAS 17 Leases.

The Group expects the adoption of IFRS 16 to significantly increase the Group's total assets and liabilities as a result of the requirement to capitalise both the right to use leased assets and the contractual payments to be made under lease obligations, the amounts of which will be driven by the Group's outstanding lease commitments at the date of adoption. Adoption will also adversely impact the Group's regulatory capital position as the capitalised asset will meet the definition of an illiquid asset and will therefore be deducted from the Group's capital, thereby reducing the Group's regulatory capital surplus. As a result of uncertainty around the discount rate which will be used on adoption of the standard, we are unable to reliably quantify its financial impact, but we do not expect this to create any significant issues for the Group. The impact will be disclosed in the financial year to 31 March 2019.

b) Basis of consolidation

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

– Power over the entity;

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

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

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

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

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

c) Adjusted profit or loss

The Group provides additional disclosure in the form of an adjusted profit/ loss note (note 7, page 92) in order to provide shareholders with a clearer indication of the profitability of the Group. Adjusted Profit is profit before interest, taxation, depreciation and amortisation, share incentivisation expenses and non-recurring items which include cost reduction expenses, professional services (restructuring, acquisition related and other), integration costs and severance compensation.

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

d) Significant accounting estimates and judgements

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

i) Accounting judgements

Accounting for business combinations

Acquisition of Alliance Trust Investments Limited ('ATI') Determining whether a transaction is acquisition of a business or a separately identifiable asset is a matter of significant judgement. It involves determining whether a particular set of assets and activities are capable of being conducted and managed as a business by a market participant. Directors have considered all relevant aspects of the acquisition in conjunction with the guidance under the relevant accounting standards and concluded that the ATI acquisition was an acquisition of a business because the assets purchased by the Group were capable of being managed as a business in their own capacity. As such assets acquired have been recognised within the Group consolidated accounts according to the accounting standard. (see note 13)

ii) Accounting estimates

Impairment of intangible assets

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

1 Principal accounting policies (continued)

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

Impairment losses on goodwill are not reversed.

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

e) Property, plant and equipment

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

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

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

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

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

f) Trade and other receivables

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

g) Trade and other payables

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

h) Intangible assets

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

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

i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and loans and receivables

The Group holds the following assets as available-for-sale:

The Group's assets held as available-for-sale represent shares in the sub-funds of Liontrust Global Funds PLC as detailed in note 16 and are valued on a bid price basis.

Financial assets are classified as available-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses, on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in 'other comprehensive income' is included within 'Realised gain/(loss) on sale of financial assets' in the Consolidated Statement of Comprehensive Income. Assets categorised as available-for-sale are reviewed at the end of each reporting period for impairment.

1 Principal accounting policies (continued)

Financial assets are classified as held at fair value through profit or loss if their carrying amounts will be recovered through continuing use. These financial assets consist of units held in the Group's collective investment schemes as part of a 'manager's box (as detailed below) and assets held by the EBT in resepect of the Liontrust DBVAP.

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

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

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

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

The Group holds the following assets as available-for-sale:

The Group's assets held as available-for-sale represent shares in the sub-funds of Liontrust Global Funds PLC as detailed in note 16 and are valued on a bid price basis.

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

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

j) Cash and cash equivalents

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

k) Own shares

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

l) Operating leases

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

m) Income and expenses

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

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

Performance fees are recognised in the period in which they become due and collectable. Any portion of performance fees that are not due and collectable, and whose future entitlement is not certain, is not recognised but noted as a contingent asset.

n) Taxation

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

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

1 Principal accounting policies (continued)

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

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

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

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

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

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

– Liontrust Deferred Bonus and Variable Allocation Plan ("DBVAP")
  No fair value model is used. The fair value is determined on initial cost of shares.

– Liontrust Long Term Incentive Plan ('LTIP') with performance conditions attached
  A Monte Carlo simulation model is used to value the award with the following assumptions having been made:
  The fair values spread over the vesting period which is 5 years with an exercise price of nil;
  The options are expected to be exercised at the point they become exercisable;
  The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term. No expected dividends have been factored into the model.

– Liontrust Members Reward Plan ('LMRP') with performance conditions attached
  A Monte Carlo simulation model is used to value the award with the following assumptions having been made:
  The fair value is spread over the vesting period which is 5 years with an exercise price of nil;
  The awards are expected to be exercised at the point they become exercisable;
  The risk-free interest rate has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term. No expected dividends have been factored into the model.

r) Dividends
Dividend distributions to the shareholders of the Company are recognised as a liability in the period during which they are declared. In the case of final dividends they are recognised as a liability in the period that they are declared and approved by shareholders.

s) Holiday pay accrual
Under IAS 19, all accumulating employee compensated absences that are unused at the balance sheet date are recognised as a liability. The Group's entitlement period runs for the financial year and any employees with unused holiday allowance at the period end have no contractual entitlement to this.

t) Foreign currency gains/losses
Items in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (The 'functional currency'). The consolidated financial statements are presented in Sterling ('£') which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

u) Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme understands the unpredictable nature of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The Group uses a number of analytical tools to measure the state of the business. The financial review on pages 26 to 29 of the Strategic Report identifies some of these measures.

a) Market risk

i) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as current financial assets (either held at fair value through profit or loss or held as available-for-sale).

The Group holds the following types of investment as assets held at fair value through profit or loss or assets held as available-for-sale (see note 16):

Operational investments
1. Units in UK Authorised unit trusts.
2. shares in the sub-funds of Liontrust Global Funds Plc ;
3. shares in the sub-funds of Liontrust Investment Funds ICVC; and
4. shares in the sub-funds of Liontrust Sustainable Funds ICVC.

Investments held by the EBT
1. Units in UK Authorised unit trusts.
2. shares in the sub-funds of Liontrust Sustainable Funds ICVC.

For UK Authorised unit trusts and the ICVC's, the units and shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units or shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The manager's box for each fund is reviewed daily. If there is a negative box position then units or shares are created to bring the box level positive. Three control levels of the manager's box exist for each fund and each level is required to be signed off by progressively more senior staff. There are clearly defined maximum limits, over which manager's box levels cannot exceed.

The units in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis and held at fair value through profit and loss. The shares in the 'manager's box' are accounted for on a trade date basis. These units are valued on a mid price basis and held at fair value through profit and loss.

For UK Authorised unit trusts, the units held in the EBT are selected as part of the DBVAP to align the interests of the Directors with the wider business. The units are accounted for on a trade date basis and valued on a bid price basis and held at fair value through profit and loss.

For the shares in the sub-funds of Liontrust Sustainable Funds ICVC held in the EBT are selected as part of the DBVAP to align the interests of the Directors with the wider business. The shares are accounted for on a trade date basis and held at fair value through profit and loss.

The operational investment in the sub-funds of Liontrust Global Funds Plc, (an Ireland domiciled open ended investment company) have been undertaken as an investment to aid incorporation and will be redeemed when the sub funds grow in size. The Group has a regular review process for the investments which identifies specific criteria to ensure that investments are within agreed limits.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £20,000 (2017: £45,000). Based on the holdings in the Liontrust Authorised Unit Trusts and UK ICVC'sat the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £182,000 (2017: £95,000).

The Group monitors its investments with respect to its regulatory capital requirements and reviews its investments' values with respect to overall Group capital on a monthly basis.

ii) Cash flow interest rate risk

Interest rate risk is the risk that the Group will sustain losses from the fair value or future cash flows of adverse movements in interest bearing assets and liabilities and so reduce profitability.

The Group holds cash on deposit in GBP. The interest on these balances is based on floating rates. The Group monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Management consider that given current interest rate levels a sensitivity rate of 1% is appropriate for GBP cash. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £264,000 increase or a decrease to nil in interest receivable (2017: £195,000 increase or decrease to nil).

iii) Foreign exchange risk

Foreign exchange risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. The Group's policy is to hold the minimum currency exposure required to cover operational needs and, therefore, to convert foreign currency on receipt.

2 Financial risk management (continued)

The Group is currently exposed to foreign exchange risk in the following areas: Investments denominated in US Dollars and income receivable in Euro and US Dollars.

In calculating the sensitivity analysis below it has been assumed that expenses/income will remain in line with budget in their relative currencies year on year.

Management consider that a sensitivity rate of 10% is appropriate given the current level of volatility in the world currency markets. In respect of investments denominated in foreign currencies a 10% movement in the UK Sterling vs. the relevant exchange rate would lead to an exchange gain or loss as follows:

Sterling vs. Euros - a movement of 10% would lead to a movement of £6,000 (2017: £5,000).

Sterling vs. US Dollar - a movement of 10% would lead to a movement of less than £1,000 (2017: less than £1,000).

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £236,000 (2017: £92,000) in the income statement.

In respect of Income receivable in US Dollar a 10% movement in the exchange rate would result in a movement of £29,000 (2017: £25,000) in the income statement.

b) Credit risk

Credit risk is managed at a Group level. The Group is exposed to credit risk primarily on its trade receivables and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Fees receivable arise mainly from the Group's investment management business and amounts are monitored regularly. Historically, default levels have been insignificant and the Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

Maximum exposure to credit risk	31-Mar-18	31-Mar-17
Cash and cash equivalents	30,775	16,956
Trade receivables	79,080	68,066

For banks and financial institutions only independently rated parties with a minimum rating of 'A-2' are used and their ratings are regularly monitored by the Portfolio Risk Committee.

For receivables the Group takes into account the credit quality of the client and credit positions are monitored. The Group has three main types of receivables: management and performance fees, settlement due from investors in its funds and from the funds themselves for unit/share liquidations. For management and performance fee receivables, the Group proactively manages the invoicing process to ensure that invoices are sent out on a timely basis and has procedures in place to chase for payment at pre-determined times after the despatch of the invoice to ensure timely settlement. For receivables due from investors, the Group has rigorous procedures to chase investors by phone/letter to ensure that settlement is received on a timely basis. For settlement due from the fund for liquidations, the settlement of these types of receivables are governed by regulation and are monitored on an exception basis. In all cases, detailed escalation procedures are in place to ensure that senior management are aware of any problems at an early stage.

During the year there have been no losses due to non-payment of receivables and the Group does not expect any losses from the credit counterparties as held at the balance sheet date.

c) Liquidity risk

Prudent liquidity risk management requires the maintenance of sufficient net cash and marketable securities. The Group monitors rolling forecasts of the Group's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flows.

The Group has categorised its financial liabilities into maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

As at 31 March 2018	Due within 3 months	Due between 3 months and one year	Due in over one year
Payables	83,104	–	4,668

As at 31 March 2017	Due within 3 months	Due between 3 months and one year	Due in over one year
Payables	63,960	–	322

2 Financial risk management (continued)

d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders whilst maintaining an optimal company structure to reduce the cost of capital and meet working capital requirements.

The Group's policy is that it and its subsidiaries should have sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements at both a Group and subsidiary level. Management reviews the Group's assets on a monthly basis and will ensure that operating capital is maintained at the levels required. Management consider capital to comprise of cash and net assets. As at 31 March 2018 the Group has cash and net assets of £27.4 million (2017: £22.1 million). In order to maintain or adjust the capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell financial assets which will increase cash and reduce capital requirements.

Regulatory risk capital

Recognised regulatory bodies, such as the FCA in the UK, oversee the activities of a number of the Group's operating subsidiaries and impose minimum capital requirements on the subsidiaries. The Group is regulated by the FCA as a UK consolidation Group. The FCA issued revised rules on Capital Adequacy following the implementation of the Capital Requirements Directive IV which came into force on 1 January 2016. Having reviewed the new rules, Liontrust remains subject to the BIPRU regulations. Further details are available in the Liontrust Pillar III disclosure.

The FCA requires the Group to hold more regulatory capital resources than the total capital resource requirement as defined in the Capital Requirements Directive. The total capital requirement for the Group is the base and variable capital resource requirement (the Pillar 1 requirement) and any additional requirements identified during the Internal Capital Adequacy Assessment Process (the Pillar 2 requirement).

The total capital requirement for the Group is £8.0 million (2017: £6.5 million).

As at 31 March 2018, the Group has regulatory capital resources of £23.0 million (2017: £21.2 million), significantly in excess of the Group's total capital requirement.

During the period the Group and its subsidiary entities complied with all regulatory capital requirements.

3 Segmental reporting

The Group operates only in one operating segment – Investment Management.

Management offers different fund products through different distribution channels. All key financial, business and strategic decisions are made centrally by the Executive Directors of the Board, which determines the key performance indicators of the Group. The Group reviews financial information presented at a Group level. The Board, is therefore, the chief operating decision-maker for the Group. The information used to allocate resources and assess performance is reviewed for the Group as a whole. On this basis, the Group considers itself to be a single-segment investment management business.

Revenue by location of client

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
United Kingdom	73,512	50,215
Europe (ex UK)	3,126	1,029
USA	27	23
Canada	28	36
Australia	168	192
Cayman Islands	–	13
	76,861	51,508

During the year ended 31 March 2018 the Group had one customer contributing more than 10% of total revenue (2017: one customer).

4 Revenue and cost of sales (Gross profit)

Revenue from earnings includes:

Investment management, performance and administration fees net of rebates and commissions paid; the net value of sales and repurchases of units in unit trusts and shares in open-ended investment companies (net of discounts); the net value of liquidations and creations of units in unit trusts and shares in open-ended investment companies; and foreign currency gains and losses.

The cost of sales includes:

Sales commission paid or payable and external investment advisory fees paid or payable.

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Revenue		
- Revenue	72,411	47,459
- Performance fees	4,450	4,049
Total Revenue	**76,861**	**51,508**

5 Administration expenses

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Employee related expenses		
Director and employee costs(1)	9,721	5,721
Pensions	585	305
Share incentivisation expense	2,929	1,487
DBVAP expense	805	188
Severance compensation	430	53
	14,470	7,754
Non employee related expenses		
Members drawings charged as an expense	25,357	19,062
Share incentivisation expense members	1,296	1,762
Member severance compensation	339	165
Professional services (restructuring, acquisition related and other)(2)	5,840	1,359
Depreciation and Intangible asset amortisation	2,481	3,118
Other administration expenses	13,667	9,286
	48,980	34,752
	63,450	42,506

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Share incentivisation expense		
- Share option expense employees	2,234	972
- Share option expense members	1,296	1,762
- Share option NIC expense	310	134
- Share incentive plan expense	221	163
- Share option related expenses	164	218
	4,225	3,249

(1) Full details of the Directors emoluments can be found in the Directors Remuneration Report on page 63

(2) Includes costs in connection with replacement of front office systems, costs relating to the acquisition of ATI, legal costs relating to claim by former member and costs relating to a claim relating to the acquisition of Walker Crips Asset Managers Limited.

5 Administration expenses (continued)

The average number of members and employees of the Group (as calculated on a weighted average basis over the year), excluding Non-executive Directors, was 106 (2017: 72). All employees are involved in the investment management business of the Group. The costs incurred in respect of the Directors, members and employees was:

	Member and employee expenses Year ended 31-Mar-18	Employees			Members
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000	Members drawings charged as an expense £'000
General management	4	663	23	686	1,322
Fund management	34	2,066	267	2,333	18,990
Finance, Operations and IT	32	2,309	275	2,584	1,727
Risk management and Compliance	5	251	28	279	1,006
Sales and Marketing	31	3,101	411	3,512	2,312
Non-executive directors	5	274	53	327	–
	111	8,664	1,057	9,721	25,357

	Member and employee expenses Year ended 31-Mar-17	Employees			Members
	Average number of employees during the year	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000	Members drawings charged as an expense £'000
General management	3	396	78	474	1,878
Fund management	22	961	118	1,079	13,546
Finance, Operations and IT	24	1,509	167	1,676	965
Risk management and Compliance	4	132	15	147	765
Sales and Marketing	25	1,893	227	2,120	1,908
Non-executive directors	4	201	24	225	–
	82	5,092	629	5,721	19,062

6 Operating profit

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
The following items have been included in arriving at operating profit:		
Foreign exchange losses	33	13
Depreciation	147	125
Amortisation of initial commission asset	15	25
Amortisation of intangible asset	2,119	2,993
Operating lease costs	838	654
Costs relating to Directors, members and employees (Note 5)	39,827	26,816
Auditors remuneration:		
Fees payable to the Company's auditors and its associates for the audit of the parent Company and consolidated financial statements	124	51
Fees payable to the Company's auditors and its associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	190	60
- audit related assurance services to the Company's subsidiaries	230	120
- Taxation services	–	50
- Other services	70	36

7 Adjusted profit

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

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Profit for the year	8,723	6,828
Taxation	3,590	2,275
Profit before tax	12,313	9,103
Share incentivisation expense	4,225	3,249
Other comprehensive income	33	–
DBVAP expense	805	188
Severance compensation	769	218
Contingent consideration on ATI acquisition	912	–
Professional services(1)	5,840	1,359
Depreciation, Intangible asset amortisation and impairment	2,481	3,118
Adjustments	15,065	8,132
Adjusted profit before tax	27,378	17,235
Interest receivable	(3)	(11)
Adjusted operating profit	27,375	17,224

Adjusted earnings per share is reconciled in the tables below:

	Year ended 31-Mar-18	Year ended 31-Mar-17
Basic earnings per share	**17.76**	**15.15**
Adjustments:		
Taxation	7.31	5.05
Share incentivisation expense	8.60	7.21
Other comprehensive income	0.07	–
DBVAP expense	1.64	0.42
Severance compensation	1.57	0.48
Contingent consideration on ATI acquisition	1.86	–
Professional services(1)	11.87	3.02
Depreciation and Intangible asset amortisation	5.05	6.92
Adjustments:	37.97	23.10
Taxation at 19%	(10.59)	(7.65)
Adjusted basic earnings per share	**45.14**	**30.60**
Peformance fees(2)(3)	2.61	2.41
Adjusted basic earnings per share (excluding performance fees)	**42.53**	**28.19**

7 Adjusted profit (continued)

Adjusted earnings per share is reconciled in the tables below:

	Year ended 31-Mar-18	Year ended 31-Mar-17
Diluted earnings per share	**16.78**	**14.75**
Adjustments:		
Taxation	6.91	4.92
Share incentivisation expense	8.13	7.02
Other comprehensive income	0.06	–
DBVAP expense	1.55	0.41
Severance compensation	1.48	0.47
Contingent consideration on ATI acquisition	1.75	–
Professional services[1]	11.24	2.94
Depreciation and Intangible asset amortisation	4.77	6.74
Adjustments:	35.89	22.48
Taxation at 19%	(10.00)	(7.45)
Adjusted diluted earnings per share	**42.67**	**29.79**
Peformance fees[2][3]	2.48	2.34
Adjusted diluted earnings per share (excluding performance fees)	**40.19**	**27.45**

(1) Includes costs in connection with replacement of front office systems, costs relating to the acquisition of ATI, legal costs relating to claim by former member and costs relating to a claim relating to the acquisition of Walker Crips Asset Managers Limited.

(2) Assumes a taxation rate of 19% (2017: 20%)

(3) Performance fee revenues contribution calculated in line with adjusted operating margin of 35.6% (2017: 33.5%)

8 Interest receivable

Disclosures relating to the Group's financial instruments risk management policies are detailed in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.1% (2017: 0.1%).

9 Dividends

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Ordinary Shares		
First interim at 11 pence per share (2017: 9 pence)	5,409	4,092
Second interim at 5 pence per share (2017: 4 pence)	2,458	1,803
Total	7,867	5,895

In addition, the Directors are proposing an iterim dividend in respect of the financial year ending 31 March 2018 of 16p per share which will absorb an estimated £8 million of shareholders' funds. It will be paid on 10 August 2018 to shareholders who are on the register of members at 6 July 2018, with shares going XD on 5 July 2018.

10 Taxation

		Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
(a)	Analysis of charge in year		
	Current tax:		
	UK corporation tax at 19% (2017: 20%)	4,217	2,040
	Adjustment in respect of prior periods	(433)	147
	Total current tax	3,784	2,187
	Deferred tax:		
	Deferred tax originated from timing differences	(194)	36
	Deferred tax charged in respect of future rate change to 19%	–	52
	Total charge in year	3,590	2,275
(b)	Factors affecting current tax		
	Profit on ordinary activities before tax	12,313	9,103
	Profit on ordinary activities at UK corporation tax rate of 19% (2017: 20%)	2,339	1,821
	Effects of:		
	Expenses not deductible for tax purposes	1,770	199
	Depreciation in excess of capital allowances	–	3
	Adjustment to deferred tax in respect of tax rate change	–	52
	Net Members drawings not taxable	108	59
	Tax relief on exercise of unapproved options	–	(42)
	Deferred tax originated from timing differences	(194)	36
	Adjustment in respect of prior periods	(433)	147
	Total taxation	3,590	2,275

11 Deferred tax

Deferred tax liabilities	2018 £'000	2017 £'000
Balance as at 1 April	–	–
Deferred tax recognised on acquired intangible asset (See note 13)	2,076	
Deferred tax reversed on timing differences	(228)	–
Balance as at 31 March	1,848	–

Deferred tax assets	2018 £'000	2017 £'000
Balance as at 1 April	964	1,052
Deferred tax recognised on acquired intangible asset	–	–
Deferred tax reversed on timing differences	(34)	(36)
Movement in deferred tax on change in tax rate to 19% (2017: 20%)	–	(52)
Balance as at 31 March	930	964
Net Deferred tax (liability)/asset	(918)	964

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £930,000 (2017: £964,000).

The standard rate of corporation tax in the UK will change from 19% to 17% with effect from April 2020. Deferred tax has been recognised at a level to reflect these future reductions.

12 Earnings per share

The calculation of basic earnings per share is based on profit after taxation for the year and the weighted average number of Ordinary Shares in issue for each year. The weighted average number of Ordinary Shares was 49,125,724 for the year (2017:45,059,188). Shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Diluted earnings per share are calculated on the same bases as set out above, after adjusting the weighted average number of Ordinary Shares for the effect of options to subscribe for new Ordinary Shares or Ordinary Shares held in the Liontrust Asset Management Employee Trust that were in existence during the year ended 31 March 2018. The adjusted weighted average number of Ordinary Shares so calculated for the year was 51,681,894 (2017: 46,285,217). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	As at 31-Mar-18 number	As at 31-Mar-17 number
Weighted average number of Ordinary Shares	49,125,724	45,059,188
Weighted average number of dilutive Ordinary shares under option:		
– to the Liontrust Long Term Incentive Plan	1,463,856	789,963
– to the Liontrust Option Plan	–	30,949
– to the DBVAP	372,620	395,144
– to the LMIP	–	9,973
– shares related to ATI acquisition	1,015,198	–
Adjusted weighted average number of Ordinary Shares	51,977,398	46,285,217

Details of the options outstanding at 31 March 2018 to Directors are set out in the Directors' Remuneration Report on page 68.

13 Acquisition of Alliance Trust Investments Limited

On 1 April 2017 ("Completion Date"), the Company acquired the entire issued share capital and obtained control of Alliance Trust Investments Limited ("ATI") at a cost of £31.425 million (the "Acquisition") from Alliance Trust Plc ("AT Plc"). As a result of the Acquisition, the Group is expected to increase its offerings to investors, both domestically and across Europe. It expects to reduce costs and benefit from economies of scale following a process of restructuring and integration.

The goodwill of £11.9 million arising from the Acquisition is attributable to the acquired customer base and the expected economies of scale and efficiency increases from combining the operations of ATI and the Group.

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

Consideration at 1 April 2017	£'000
Cash	9,629
Equity instruments (amount on completion) – 4,060,792	15,837
Equity instruments (deferred consideration) – 1,015,198 shares	3,959
Contingent consideration	2,000
Total consideration	**31,425**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	8,700
Trade and other receivables	4,603
Trade and other payables	(3,674)
Investment Management contracts	12,000
Deferred tax liabilities	(2,076)
Total identifiable net assets	**19,553**
Goodwill	11,872
Total	**31,425**

Acquisition related costs of £576,000 have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2017. Since the Completion Date, the ATI business has contributed revenue of £10.9 million and a net loss of £0.3 million (including reorganisation costs).

Equity instruments issued

The equity instruments issued on the Completion Date comprise of 4.061 million of the Company's ordinary shares ("Ordinary Shares"). The Share Purchase Deed relating to the Acquisition stipulated that Liontrust pay an initial consideration of £13.6 million to be satisfied in Ordinary Shares in a number of shares calculated with reference to the 30 day average of the Company's share price as at 15 December 2016. The fair value of the 4.061 million shares on the Completion Date was £15.8 million.

13 Acquisition of Alliance Trust Investments Limited (continued)

The Group agreed to pay AT Plc an initial consideration of £15.8 million on the Completion Date, which was satisfied by the allotment and issue of 4.061 million of Ordinary Shares calculated with reference to the 30 day average of the Company's share price as at 15 December 2016.

Additionally, the Group has agreed to pay AT Plc additional consideration of £3.4 million on the first anniversary of the Completion Date, which will be satisfied by the allotment and issue of 1.015 million of Ordinary Shares calculated with reference to the 30 day average of the Company's share price as at 15 December 2016. The Group has included £3.9 million as deferred consideration related to the additional consideration, which represents its fair value at the Completion Date.

The identifiable net assets acquired were accounted for at fair value. The fair value of the intangible assets acquired was calculated using a Multiple Periods Excess Earnings Model ('MPEEM') which takes into account the future expected revenue and costs linked to the assets acquired. The MPEEM model assisted the Group in arriving at the valuation of £12 million which management believe is appropriate.

There is an additional contingent consideration that may become payable if, on the second anniversary of the completion date, the average assets under management managed by the Sustainable Investment team (the investment team acquired pursuant to the Acquisition) for the 3 month period prior to this date is in excess of £3 billion then the Group will pay an additional £3,000,000 in cash to AT Plc.

Based on facts and circumstances known at the interim accounting date (30 September 2017) the fair value of the contingent consideration was assessed as nil and and no liability recorded. Prior to the year end, with the assets under management having grown considerably, the fair value of this liability was re-assessed. Based on the assessment, it was identified that at acquisition date, certain conditions existed which were not previously considered when assessing the fair value of the liability.

Following the completion of the acquisition, the positive fundflows were significantly higher than initially expected. The perception of corporate instability surrounding AT Plc and to what extent it would suppress demand for ATI's retails funds had not been fully considered. UK investment consumer demand for 'Sustainable' investments had been underestimated.

These two factors were considered in the re-evaluation of whether a liability should be recognised on acquisition date. Based on a probability assessment model a measurement period adjustment was recorded at a discounted value of £2,000,000 (£2,175,000 undiscounted value) which increased the Goodwill by a corresponding amount. Further, £175,000 is expected to be recorded over a period of 2 years (£87,000 in current financial year and £88,000 in the next financial year) through the Statement of Comprehensive Income to account for the difference between the discounted and undiscounted values.

Further, the balance of £825,000 is recorded through the Statement of Comprehensive Income to reflect that the entire £3,000,000 will be payable.

Goodwill on acquisition is allocated to the Sustainable funds cash generating unit ('CGU'). An assessment was made in relation to impairment of the Goodwill where the recoverable amount was calculated using an earnings model which used key assumptions such as growth rate and discount rate. A reasonably possible change in these assumptions would not result in an impairment.

14 Intangible assets

Year to 31 March 2018

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Argonaut	3,538	3 Years
Investment management contacts acquired as part of ATI acquisition	10,800	9 Years

	Investment management contracts £'000
Cost	
At 1 April 2017	18,489
Additions:	
Investment management contacts acquired as part of ATI acquisition*	12,000
Other intangible assets acquired as part of ATI acquisition#	215
At 31 March 2018	30,704

14 Intangible assets (continued)

Accumulated amortisation and impairment	
At 1 April 2017	14,849
Amortisation charge for the year	2,119
Impairment of other intangible assets acquired	215
At 31 March 2018	17,183
Net Book Value	
At 31 March 2018	13,521
At 31 March 2017	3,640

Year to 31 March 2017	Investment management contracts £'000
Cost	
At 1 April 2016	14,406
Additions	4,083
At 31 March 2017	18,489
Accumulated amortisation and impairment	
At 1 April 2016	11,856
Amortisation charge for the year	2,993
At 31 March 2017	14,849
Net Book Value	
At 31 March 2017	3,640
At 31 March 2016	2,250

* See note 13

\# following the completion of acquisition of ATI management took the decision to fully impair any intangible assets to which they were unable to attribute a fair value to.

15 Property, plant and equipment

Year to 31 March 2018	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2017	313	342	391	1,046
Additions	93	27	39	159
At 31 March 2018	406	369	430	1,205
Accumulated depreciation				
At 1 April 2017	263	271	317	851
Charge for the year	67	33	47	147
At 31 March 2018	330	304	364	998
Net Book Value				
At 31 March 2018	76	65	66	207
At 31 March 2017	50	71	74	195

15 Property, plant and equipment (continued)

Year to 31 March 2017	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2016	313	324	336	973
Additions	–	18	55	73
At 31 March 2017	313	342	391	1,046
Accumulated depreciation				
At 1 April 2016	207	243	276	726
Charge for the year	56	28	41	125
At 31 March 2017	263	271	317	851
Net Book Value				
At 31 March 2017	50	71	74	195
At 31 March 2016	106	81	60	247

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

16 Trade and other receivables

	As at 31-Mar-18 £'000	As at 31-Mar-17 £'000
Trade receivables		
– Fees receivable	10,946	11,695
– Unit trust and ICVC sales and cancellations	65,826	53,990
Prepayments and accrued income	2,308	2,380
Initial commission asset	–	1
	79,080	68,066

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

Trade receivables that are less than 3 months past due are not considered impaired. As at 31 March 2018, trade receivables of £nil (2017: £nil) were past due but not impaired.

17 Financial assets

The Group holds financial assets that have been categorised within one of three levels using a fair value hierarchy that reflects the significance of the inputs into measuring the fair value. These levels are based on the degree to which the fair value is observable and are defined as follows:

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

As at the balance sheet date all financial assets are categorised as Level 1.

Assets held at fair value through profit and loss.

The Group's assets held at fair value through profit and loss represent shares in the Liontrust GF Global Strategic Equity Fund, and units in the Liontrust Global Income Fund, the Liontrust Macro Equity Income Fund, the Liontrust UK Growth Fund and the Liontrust Asia Income Fund. Any Foreign currency assets are translated at rates of exchange ruling at the balance sheet date and any exchange rate differences arising are shown in note 17.

17 Financial assets (continued)

Assets held as available-for-sale:

The Group's assets held as available-for-sale represent shares in the GF Global Strategic Equity Fund, the GF European Smaller Companies Fund, the GF European Strategic Equity Fund, The GF Asia Income Fund, the GF Macro Equity Income Fund and the GF UK Growth Fund (all sub-funds of Liontrust Global Funds PLC) and are valued at mid price; and units in the Liontrust Global Income Fund, The Liontrust Macro Equity Income Fund, The Liontrust Asia Income Fund and the Liontrust UK Growth Fund. The gain on the fair value adjustments during the year net of tax was £33,000 (2017:£nil). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date and any exchange rate differences arising are shown in note 17.

	As at 31-Mar-18			As at 31-Mar-17		
	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
Financial assets in Level 1						
UK authorised unit trusts & UK authorised ICVC's	1,815	–	1,815	953	–	953
Ireland Open Ended Investment company		261	261	173	278	451
	1,815	261	2,076	1,126	278	1,404
Total Financial Assets	**1,815**	**261**	**2,076**	**1,126**	**278**	**1,404**

18 Trade and other payables

	As at 31-Mar-18 £'000	As at 31-Mar-17 £'000
Current Liabilities		
Trade payables – unit trusts and ICVC's repurchases and creations	65,023	53,094
Other payables including taxation and social security	373	139
Other payables	17,708	10,727
	83,104	63,960

	As at 31-Mar-18 £'000	As at 31-Mar-17 £'000
Non current Liabilities		
DBVAP liability	838	322
ATI acquisition related contingent consideration	2,912	–
	3,750	322

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

19 Ordinary Shares

	2018 Shares	2018 £'000	2017 Shares	2017 £'000
Authorised ordinary shares of 1 pence				
As at 1 April	60,000,000	600	60,000,000	600
As at 31 March	60,000,000	600	60,000,000	600
Allotted, called up and fully paid ordinary shares of 1 pence				
As at 1 April	45,471,555	454	45,471,555	454
Issued during the year (See note 13)	4,060,792	41	–	–
As at 31 March	49,532,347	495	45,471,555	454

20 Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings which is set out in this note. Related undertakings comprise subsidiaries, joint ventures, associates and other significant holdings. Significant holdings are where the Group either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the Group's assets.

a) The direct related undertakings of the Company as at 31 March 2018 are listed below

Name of undertaking	country of incorporation	% held
Liontrust Investment Funds Limited*	UK	100
Liontrust Investment Services Limited*	UK	100
Liontrust Investment Solutions Limited*	UK	100
Liontrust Investments Limited*	UK	100
Liontrust GF UK Growth Fund C1	Ireland	100
Liontrust GF UK Growth Fund C3	Ireland	2
Liontrust GF Asia Income Fund B4	Ireland	1
Liontrust GF European Strategic Equity Fund CF	Ireland	100
Liontrust GF European Smaller Companies A5	Ireland	98
Liontrust GF European Smaller Companies X	Ireland	<1
Liontrust GF European Smaller Companies CF	Ireland	100

b) The indirect related undertakings of the Company as at 31 March 2018 are listed below

Name of undertaking	country of incorporation	% held
Liontrust Fund Partners LLP*	UK	100
Liontrust Investment Partners LLP*	UK	100
Liontrust Members Reward Partnership LP*	Jersey	100

* The entities are Subsidiaries of the Group.

21 Own shares

Approval was given at a General Meeting in February 2016 for the grant of options under the Liontrust Long Tern Incentive Plan (the "LTIP"). The Board adopted the Liontrust Option Plan (the "LOP") in December 2009 and the Deferred Bonus and Variable Allocation Plan ("DBVAP") in June 2013. The options granted under the DBVAP and LOP, including to the Executive Directors (in the case of DVAB), were as follows:

Issue Date	1 April 2017	Options Granted	Options Exercised	Lapsed	31 March 2018	Exercise price	Scheme
19 June 2014	21,988	–	(21,988)	–	–	Nil	DBVAP
18 June 2015	367,259	–	–	–	367,259	Nil	DBVAP
20 June 2016	573,984	–	–	–	573,984	Nil	LTIP
5 September 2017	599,766	–	–	–	599,766	Nil	LTIP
22 June 2017	–	387,948	–	–	387,948	Nil	LTIP

* Options that are exercisable as at 31 March 2018

Issue Date	1 April 2016	Options Granted	Options Exercised	Lapsed	31 March 2017	Exercise price	Scheme
10 February 2010	56,786	–	56,786	–	–	110.5 pence	LOP
21 June 2013	13,623	–	13,623	–	–	Nil	DBVAP
19 June 2014	21,988	–	–	–	21,988	Nil	DBVAP
18 June 2015	367,259	–	–	–	367,259	Nil	DBVAP
20 June 2016	–	573,984	–	–	573,984	Nil	LTIP
5 September 2016	–	599,766	–	–	599,766	Nil	LTIP

21,988 DVAB options were exercised in June 2017.

21 Own shares (continued)

Under the Liontrust Members Reward Plan ('LMRP') certain individual members have been allocated profits with which they have made a capital contribution to the Liontrust LLP Members Reward Limited Partnership ('LLMRLP') , which entitle such individual member to a future amount dependant on performance conditions being met. The entitlement which the member of LLMRLP would have is calculated on the basis of the application of a percentage to the initial Capital contribution. The amounts allocated, in terms of number of Ordinary shares, to individual members were as follows:

Issue Date	1 April 2017	Granted	Exercised	Lapsed	31 March 2018	Exercise price	Scheme
6 September 2017	493,447	–	–	–	493,447	Nil	LMRP
22 June 2017	–	189,692	–	–	189,692	Nil	LMRP

Details of the share options can be found in the Directors' Remuneration report on pages 68 and 71 to 72.

DBVAP operates in conjunction with the Liontrust Asset Management Employee Trust on the basis that at 100% of the options for DBVAP will be satisfied by market purchased shares. This is to ensure that dilution of shareholders' interest is limited. At 31 March 2018 the weighted average remaining life of the options was 1.3 years (2017: 2.0 years).

At 31 March 2018, the Liontrust Asset Management Employee Trust owned 367,257 shares (2017: 359,796) at a cost of £1,201,178 (2017: £1,119,191). Dividends on these shares have been waived and they are treated as cancelled for the purposes of calculating the earnings per share of the Group. As at 31 March 2018 the market value of the shares was £2,035,000 (2017: £1,403,000).

22 Operating lease commitments

The Group and Company are committed to making the total of future minimum lease payments for office properties under non-cancellable operating leases in each of the following periods:

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Amounts due		
within one year	821	654
Between one year and five years	2,287	2,162
Later than five years	–	–
	3,108	2,816

There are no special terms for renewal or purchase options for the Group's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

23 Related party transactions

During the year the Group received fees from unit trusts under management of £46,785,000 (2017: £36,079,000). Transactions with these unit trusts comprised creations of £958,063,000 (2017: £935,850,000) and liquidations of £380,684,000 (2017: £575,684,000). Directors can invest in unit trusts managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31 March 2018 the Group owed the unit trusts £14,976,000 (2017: £16,301,000) in respect of unit trust creations and was owed £28,547,000 (2017: £29,082,000) in respect of unit trust cancellations and fees.

During the year the Group received fees from ICVC's under management of £11,293,000 (2017: £0). Transactions with these ICVCs comprised creations of £430,829,000 (2017: £0) and liquidations of £112,223,000 (2017: £0). Directors can invest in ICVCs managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31 March 2018 the Group owed the ICVCs £7,102,000 (2017: £0) in respect of ICVC creations and was owed £2,976,000 (2017: £0) in respect of ICVC cancellations and fees.

During the year the Group received fees from offshore funds under management of £2,236,000 (2017: £1,375,000). Transactions with these funds comprised purchases of £Nil (2017: £110,000) and sales of £54,000 (2017: £85,000). As at 31 March 2018 the Group was owed £361,000 (2017: £667,000) in respect of offshore fund fees.

During the year members received loans totalling £Nil (2017: £Nil) from Liontrust Fund Partners LLP and Liontrust Investment Partners LLP (the 'LLPs'), these loans were provided in connection with the relevant members' duties as a member of the relevant LLP. As at 31 March 2018 members owed the LLP's £Nil (2017: £489,000).

Compensation to key management personnel (executive directors) is disclosed in the Directors' Remuneration Report on page 63

24 Contingent assets and liabilities

The Group can earn performance fees on some of the segregated and fund accounts that it manages. In some cases a proportion of the fee earned is deferred until the next performance fee is payable or offset against future underperformance on that account. As there is no certainty that such deferred fees will be collectable in future years, the Group's accounting policy is to include performance fees in income only when they become due and collectable and therefore the element (if any) deferred beyond 31 March 2018 has not been recognised in the results for the year.

25 Post balance sheet event

On the 6th April 2018 the Company allotted a further 1,015,198 fully paid ordinary shares of 1p each to Alliance Trust Plc in settlement of part of the consideration for the acquisition of Alliance Trust Investments Limited which was completed on the 1st April 2017.

Company Statement of Comprehensive Income
for the year ended 31 March 2018

	Note	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 (restated) £'000
Revenue		–	2,775
Dividends received from subsidiary companies	41	12,500	8,111
Gross profit		12,500	10,886
Realised gain/(loss) on sale of financial assets		3	6
Unrealised loss on financial assets		(142)	–
Contingent consideration on ATI acquisition	13	(912)	–
Administration expenses	29	(6,642)	(6,920)
Operating profit	30	4,807	3,972
Interest receivable	31	1	1
Profit before tax		4,808	3,973
Taxation	32	(34)	(88)
Profit for the year		**4,774**	**3,885**
Unrealised profit on financial assets		33	–
Total comprehensive income		**4,807**	**3,885**

The notes on pages 107 to 114 form an integral part of these Company financial statements.

Company Balance Sheet
as at 31 March 2018

	Note	31-Mar-18 £'000	31-Mar-17 (restated) £'000
Assets			
Non current assets			
Property, plant and equipment	34	207	195
Intangible assets	35	–	102
Investment in subsidiary undertakings	36	42,893	15,071
Deferred tax assets	33	930	964
Loan to Employee Benefit Trust	28	2,694	1,971
Total non current assets		**46,724**	**18,303**
Current assets			
Trade and other receivables	37	7,644	9,373
Financial assets	38	261	278
Cash and cash equivalents		2,444	1,340
Total current assets		**10,349**	**10,991**
Liabilities			
Non current liabilities			
DBVAP liability		(838)	(322)
ATI acquisition related contingent consideration	13	(2,912)	–
Total non current liabilities		**(3,750)**	**(322)**
Current liabilities			
Trade and other payables	39	(7,931)	(1,857)
Total current liabilities		**(7,931)**	**(1,857)**
Net current assets		**2,418**	**9,134**
Net assets		**45,392**	**27,115**
Shareholders' equity			
Ordinary shares	40	495	454
Share premium		15,796	–
Capital redemption reserve		19	19
Deferred consideration	13	3,959	–
Retained earnings		25,123	26,642
Total equity		**45,392**	**27,115**

The notes on pages 107 to 114 form an integral part of these Company financial statements.

The financial statements on pages 103 to 114 were approved and authorised for issue by the Board of Directors on 26 June 2018 and signed on its behalf by V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

Company Number 2954692

Company Cash Flow Statement
for the year ended 31 March 2018

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 (restated) £'000
Cash flows from operating activities		
Cash received from operations	17,879	1,177
Cash paid in respect of operations	(7,010)	(2,637)
Net cash generated from operations	10,869	(1,460)
Interest received	1	1
Tax paid	(2,774)	-
Net cash generated from operating activities	8,096	(1,459)
Cash flows from investing activities		
Purchase of property and equipment	(159)	(73)
Investment in subsidiary	(9,629)	-
Loan to the EBT	(1,002)	(940)
Purchase of Seeding investments	-	(251)
Sale of Seeding investments	54	121
Net cash used in investing activities	(10,736)	(1,143)
Cash flows from financing activities		
Dividends received	12,500	8,111
Dividends refunded to subsidiaries	(889)	-
Dividends paid	(7,867)	(5,895)
Net cash used in financing activities	3,744	2,216
Net increase in cash and cash equivalents*	1,104	(386)
Opening cash and cash equivalents*	1,340	1,726
Closing cash and cash equivalents*	2,444	1,340

* Cash and cash equivalents consist only of cash balances.

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

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

	Note	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Deferred Consideration £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2017 brought forward		**454**	**–**	**19**	**–**	**26,642**	**27,115**
Profit for the year		–	–	–	–	4,774	4,774
Amounts recycled through the Statement of Comprehensive Income		–	–	–	–	33	33
Total comprehensive income for the year		–	–	–	–	4,807	4,807
Dividends paid	9		–	–	–	(7,867)	(7,867)
Shares issued	13	41	15,796				15,837
Purchase of own shares		–	–	–	–	–	–
Deferred consideration ATI acquisition	13	–	–	–	3,959	–	3,959
Equity share options issued		–	–	–	–	1,541	1,541
Balance at 31 March 2018		**495**	**15,796**	**19**	**3,959**	**25,123**	**45,392**

Company Statement of Changes in Equity
for the year ended 31 March 2017

	Note	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings (retstated) £'000	Total Equity £'000
Balance at 1 April 2016 brought forward		**454**	**17,692**	**19**	**10,121**	**28,286**
Profit for the year		–	–	–	3,885	3,885
Total comprehensive income for the year		–	–	–	3,885	3,885
Dividends paid	9	–	–	–	(5,895)	(5,895)
Capital reorganisation		–	(17,692)	–	17,692	–
EBT option settlement	21	–	–	–	(133)	(133)
Equity share options issued	21	–	–	–	972	972
Balance at 31 March 2017		**454**	–	**19**	**26,642**	**27,115**

The notes on pages 107 to 114 form an integral part of these Company financial statements.

26 Significant Accounting policies

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations issued by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors as adopted by the European Union ('IFRS'), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial information has been prepared based on the IFRS standards effective as at 31 March 2018.

The financial statements have been prepared on the going concern basis under the historical cost convention. The principle accounting policies are the same as those set out in note 1. The financial statements for the year ended 31 March 2017 have been restated see note 41.

Investment in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Notes 25 to 43 reflect the information for the Company.

27 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk, capital risk and liquidity risk. The Company is covered by the Group's overall risk management programme. The risk management policies are the same as those set out in note 2 and elsewhere in the report and financial statements.

The specific risks affecting the Company are as follows:

Market risk
The investments in the sub-funds of Liontrust Global Funds PLC are valued on a daily basis at bid price. The investments are held as available-for-sale financial assets and are held at fair value and any permanent impairment in the value of the shares held would be taken to revenue.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £20,000 (2017: £13,000).

Cash flow interest rate risk
The Company holds cash on deposit. The interest on these balances is based on floating rates and fixed rates. The Company monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £20,000 increase or decrease in interest receivable (2017: £5,000).

In addition to the risks covered by the Group risk management polices. The Company is subject to some specific risks relating to its interaction with other Group companies. The company reviews its balances due to and from other Group companies on a regular basis.

Prudent liquidity risk management required the maintenance of sufficient cash and marketable securities. The Company monitors rolling forecasts of the it's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flow.

The Company has analysed its financial liabilities into maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

As at 31 March 2018	within 3 months	Between 3 months	Over one year
Payables	13,370	–	–

As at 31 March 2018	within 3 months	Between 3 months	Over one year
Payables	1,857	–	–

28 Loan to the Employee Benefit Trust

The company is the sponsor of Liontrust Asset Management Employee Trust (the 'Trust'). An annual impairment review was carried out under the appropriate accounting standards and the value of the loan to the EBT was calculated at £3,218,000 (2017: £1,094,000). The current value of the shares in the trust are disclosed in Note 20.

29 Administration expenses

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Employee costs		
- Director, member and employee costs	904	753
- Pension costs	9	27
- Share incentivisation expense	2,230	1,461
- DBVAP expense	698	188
- Severance compensation	376	53
	4,217	2,482
Non employee costs		
Other administration expenses	2,425	4,438
	6,642	6,920

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Share incentivisation expense		
- Share option expense	1,543	972
- Share option NIC expense	309	134
- Share incentive plan expense	221	163
- Share option related administration expenses	157	192
	2,230	1,461

The average number of members and employees engaged in business for the Company excluding non-executive directors, was 7 (2017: 6). All members and employees are involved in the investment management business of the Group. The costs incurred in respect of the directors, members and employees was:

	Year ended 31-Mar-18			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	4	298	58	356
Finance, Operations and IT	3	111	21	132
Non-executive directors	3	348	68	416
	10	757	147	904

	Year ended 31-Mar-17			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	3	285	44	329
Finance, Operations and IT	3	125	19	144
Non-executive directors	3	242	38	280
	9	652	101	753

30 Operating profit

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
The following items have been included in arriving at operating profit:		
Foreign exchange gains	–	3
Depreciation	147	125
Amortisation of intangible asset	102	2,448
Staff costs (note 28)	4,217	2,482
Services provided by the Company's auditors:		
Fees payable to the company's auditors for the audit of the company's annual financial statements	124	51

Fees paid to PricewaterhouseCoopers LLP for non-audit services to the Company are not disclosed in the financial statements because the Group's consolidated financial statements are required to disclose such fees on a consolidated basis.

31 Interest receivable

The Company follows the same risk management policies as detailed for the Group in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2017: 0.0%).

32 Taxation

		Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
(a)	Analysis of charge in year		
	Current tax:		
	UK corporation tax at 19% (2016: 21%)*	–	–
	Adjustments in respect of prior year	–	–
		–	–
	Total current tax (note (b))	–	–
	Deferred tax		
	Deferred tax originated from timing differences	34	36
	Deferred tax charged in respect of future rate change to 19%	–	52
	Total charge in period	34	88
(b)	Factors affecting current tax		
	Profit on ordinary activities before tax	4,808	3,973
	Profit on ordinary activities at UK corporation tax rate of 19%	913	795
	Effects of:		
	Group dividends not deductible for tax purposes	(2,375)	(1,800)
	Expenses not deductible for tax purposes	1,121	198
	Depreciation in excess of capital allowances	(2)	3
	Tax relief on exercise of unapproved options	–	(41)
	Taxation relief given to other Group companies	342	668
	Deferred taxation	34	88
	Total Taxation	34	(89)

33 Deferred tax

Deferred tax assets	31-Mar-18 £'000	31-Mar-17 £'000
Balance as at 1 April	964	1,052
Deferred tax reversed on timing differences	(34)	(36)
Deferred tax on current year losses	–	–
Movement in deferred tax on change in tax rate to 19% (2017: 20%)	–	(52)
Balance as at 31 March	930	964

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £930,000 (2017: £964,000).

34 Property, plant and equipment

Year to 31 March 2018	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2017	313	342	391	1,046
Additions	93	27	39	159
At 31 March 2018	406	369	430	1,205
Accumulated depreciation				
At 1 April 2017	263	271	317	851
Charge for the year	67	33	47	147
At 31 March 2018	330	304	364	998
Net Book Value				
At 31 March 2018	76	65	66	207
At 31 March 2017	50	71	74	195

Year to 31 March 2017	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2016	313	324	336	973
Additions	–	18	55	73
At 1 April 2017	313	342	391	1,046
Accumulated depreciation				
At 1 April 2016	207	243	276	726
Charge for the year	56	28	41	125
At 1 April 2017	263	271	317	851
Net Book Value				
At 31 March 2017	50	71	74	195
At 31 March 2016	106	81	60	247

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

35 Intangible assets

Year to 31 March 2018

The Company holds the following intangible asset

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from ATI	–	9 Years

	Investment management contracts £'000
Cost	
At 1 April 2017	12,240
At 31 March 2018	12,240
Accumulated amortisation and impairment	
At 1 April 2017	12,138
Amortisation charge for the year	102
At 31 March 2018	12,240
Net Book Value	
At 31 March 2018	–
At 31 March 2017	102

Year to 31 March 2017	Investment management contracts £'000
Cost	
At 1 April 2016	12,240
At 31 March 2017	12,240
Accumulated amortisation and impairment	
At 1 April 2016	9,690
Amortisation charge for the year	2,448
At 31 March 2017	12,138
Net Book Value	
At 31 March 2017	102
At 31 March 2016	2,550

Amortisation has been recorded within administration expenses.

36 Investment in subsidiary undertakings

The Company's investment in subsidiary undertakings represents 100% interests (unless otherwise stated) in the ordinary shares, capital, voting rights (unless stated otherwise) of Liontrust Investment Funds Limited and Liontrust Investment Services Limited, both registered in England whose principal activity is as operating companies for the Group's investment management LLP's; Liontrust Investment Limited, whose principal activity is investment management. all subsidiary undertakings have the same accounting date as the parent company. Full details of the Company's subsidiary undertakings can be found on page 100.

	2018 £'000	2017 £'000
Balance at 1 April	15,071	15,071
Additions during the year	31,425	–
Reductions during the year	(3,603)	–
Balance at 31 March	42,893	15,071

During the year the Company aquired the entire share capital of Alliance Trust Investments Limited (renamed Liontrust Investments Limited) (see note 13). During the year the company redeemed its entire holding of preference shares in Liontrust Investment Funds Limited.

37 Trade and other receivables

	31-Mar-18 £'000	31-Mar-17 (restated) £'000
Receivables due from subsidiary undertakings	7,359	9,139
Prepayments and accrued income	285	234
	7,644	9,373

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.

38 Financial assets

Assets held as available-for-sale:

The Company's financial assets held as available-for-sale represent shares in the sub funds of the Liontrust Global Fund PLC and units in Liontrust UK authorised Unit Trusts and are valued at bid price. The assets are all categorized as Level 1 in line with the categorization detailed in note 16.

	31-Mar-18			31-Mar-17		
Financial assets	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
Ireland Open Ended Investment Company	–	261	261	–	278	278
	–	261	261	–	278	278

39 Trade and other payables

Current payables	2018 £'000	2017 £'000
Other payables including taxation and social security	199	136
Payables due to subsidiary undertakings	2,719	–
Other payables	5,013	1,721
	7,931	1,857

Non current payables	2018 £'000	2017 £'000
DBVAP liability	838	322
ATI acquisition related contingent consideration	2,912	–
	3,750	322

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

40 Ordinary Shares

	2018 Shares	2018 £'000	2017 Shares	2017 £'000
Authorised shares of 1 pence				
As at 1 April	60,000,000	600	60,000,000	600
As at 31 March	60,000,000	600	60,000,000	600
Allotted, called up and fully paid shares of 1 pence				
As at 1 April	45,471,555	454	45,741,555	454
Issued during the year	4,005,165	41	–	–
As at 31 March	49,476,720	495	45,741,555	454

41 Dividends received from subsidiary companies (restatement)

During the year the Company received an interim dividend of £9,000,000 from its subsidiary Liontrust Investment Funds Limited ('LIF'). Subsequently, it has been found that LIF did not have adequate distributable reserves to pay a part (£889,000) of this dividend as required under the Companies Act. Consequently, as the statutory procedures in respect of this dividend were not complied with, £889,000 was concluded as unlawful. As such the 2017 financial statements have been restated to reflect this. This resulted in a reduction of dividends received from subsidiary companies, retained earnings, receivables due from subsidiary undertakings by £889,000 each. LIF subsequently recovered the unlawful dividend from the parent company on 17 August 2017.

42 Operating lease commitments

The Company is committed to making the total of future minimum lease payments on office properties under non-cancellable operating leases in each of the following periods:

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Amounts due		
within one year	740	573
Between one year and five years	2,044	2,061
Later than five years	–	–
	2,784	2,634

There are no special terms for renewal or purchase options for the Group's leasehold property, nor are there any restrictions on dividends, additional debt or further leasing imposed from the leasing arrangements.

43 Related Party Transactions (restated)

As at 31 March 2018 the Company owed the following intercompany balances to:
Liontrust Investment Funds Limited - £1,172,000 (2017: £nil), this amounts arose from Group operations
Liontrust Investment Partners LLP - £1,547,000 (2017: £nil), this amounts arose from Group operations

As at 31 March 2018 the Company was owed the following intercompany balances by:

Liontrust Fund Partners LLP - £3,887,000 (2017: £3,170,000); and
Liontrust Investment Partners LLP - £nil (2017: £697,000); and
Liontrust Investment Funds Limited - £nil (2017: £1,218,000); and
Liontrust Investment Solutions Limited - £1,000 (2017: £68,000); and
Liontrust Investment Services Limited - £2,302,000 (2017: £3,986,000); these amounts arose from Group operations.
Liontrust Investments Limited - £1,169,000 (2017: £nil); these amounts arose from Group operations.

The Liontrust Asset Management Employee Trust - £980,000 (2017: £898,000).

44 Post balance sheet event

On the 6th April 2018 the Company allotted a further 1,015,198 fully paid ordinary shares of 1p each to Alliance Trust Plc in settlement of part of the consideration for the acquisition of Alliance Trust Investments Limited which was completed on the 1st April 2017.

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

Report on the audit of the financial statements

Opinion

In our opinion, Liontrust Asset Management PLC's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2018 and of the Group's and the Company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report & Financial Statements 2018 (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 March 2018, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Cash Flow Statements, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

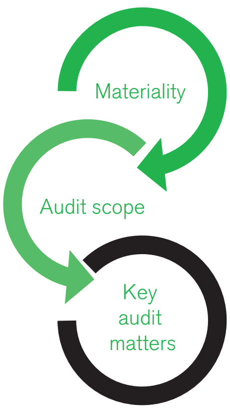
Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 April 2017 to 31 March 2018.

Our audit approach

Context

Liontrust Asset Management PLC ('Liontrust') is a FTSE Small Cap listed fund manager that was launched in 1995 and listed in 1999. Liontrust has a large presence in the UK covering both retail and institutional clients. Liontrust offers a range of products such as Unit Trusts, Offshore funds, Sustainable funds, Segregated Mandates and Discretionary Portfolio Management Services. On 1 April 2017 Liontrust acquired Alliance Trust Investments Limited and expanded its funds range with Sustainable funds.

Overview



- Overall Group materiality: £661,000 (2017: £455,000), based on 5% of profit before tax adjusted for contingent consideration expense recorded through statement of comprehensive income.
- Overall Company materiality: £571,000 (2017: £301,000), based on 1% of total assets.

- Full scope audits of Liontrust Investment Partners LLP, Liontrust Fund Partners LLP and Liontrust Investments Limited because these are the financially significant entities and, together, represent more than 95% of the profit before tax of the Group.
- Full scope audits of Liontrust Investment Solutions Limited, Liontrust Investment Funds Limited, and Liontrust Investment Services Limited as a number of financial statements items, including cash and cash equivalents, are material to the Group financial statements.

- Revenue recognition (Group).
- Share based payments (Group and Company).
- Acquisition of Alliance Trust Investments Limited (Group and Company).
- Impairment of Goodwill (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, Companies Act 2006 and UK Tax Legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of the correspondence with the regulators and enquiries of management. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Revenue recognition (Group) *Refer to note 4. Revenue and note 1 (m). Principal accounting policies.* **Management fees** In 2018, management fees net of rebates made up the majority of revenue. The recognition of management fees is dependent on the terms of the underlying investment management contracts ('IMCs') between the Group and its clients and/or the funds it manages. It is calculated as a percentage of Assets Under Management ('AUM') and the percentage applied varies across different funds and products. The risk relates to incorrect calculation or risk of recording fees in the incorrect period. Rebates are calculated as a percentage of the value of the unit holdings of an individual account and the percentage applied is based on underlying rebate agreements. **Box Profits** Box profits vary from day to day and result from the daily creations and cancellations of fund units. The risk relates to incorrect calculation given its complexity with significant number of transactions each day which increases the risk of error.	For all the revenue streams we understood and evaluated the design and implementation of key controls, including relevant Information Technology systems and controls, in place. This included both in-house and outsourced activities at the administrators, State Street, BNY Mellon, Northern Trust and DST Financial Services ('DST'), ('outsourced providers'). To obtain audit evidence over the key controls at Liontrust and at the outsourced providers supporting the calculation and recognition of revenue, we: • Performed testing of key Liontrust controls to obtain evidence of operational effectiveness of those key controls; and • Assessed the control environment in place at outsourced service providers to the extent that it was relevant to our audit. This assessment of the operating and accounting structure in place involved obtaining and reading the report issued by the independent service auditor of the outsourced providers in accordance with generally accepted assurance standards for such work. We then identified those key controls on which we could place reliance to provide audit evidence. Where the controls reports had not been prepared for year ended 31 March 2018, we assessed the gap period and obtained bridging letters where necessary.

Key audit matter	*How our audit addressed the key audit matter*
Performance fees Performance fees are standard industry practice but are often one-off or infrequent. Performance fees were largely driven by the outperformance of one segregated mandate and a fund from the Sustainable funds range.	We found that the key controls on which we sought to place reliance for the purposes of our audit on were designed, implemented and operating effectively. We also obtained substantive audit evidence as set out below: **Management fees** For management fees from Units Trusts, Sustainable funds and Offshore funds, we re-calculated the fees based on AUM data obtained from outsourced providers (State Street, BNY Mellon and Northern Trust respectively) and management fee rates from prospectuses and IMCs and reconciled these back to the Group records. For other management fees, we re-performed a sample of management fee calculations by using independently confirmed AUM and fee rates obtained from the IMCs as inputs or tied back independently obtained fee calculations to the Group records. In respect of Unit Trusts, Sustainable and Offshore funds, to test for completeness we checked that management fees were recognised for all funds. For segregated funds, on a sample basis, we compared the management fees recognised in the current year to previous years to assess for completeness. In respect of rebates for the Unit Trusts, we performed data auditing on information independently provided by DST and reconciled the amounts back to financial statements. For a sample of rebates, we agreed rates to rebate forms signed by the clients. In respect of rebates for Offshore and Sustainable Funds, for a sample, we recalculated the rebates and agreed the rebate fee rates to corresponding mandates. We also agreed the rebate amounts paid by tracing to bank statements. **Box Profits** In respect of box profits, we reconciled the revenue recognised in the accounting records to supporting values obtained independently from DST. We relied on information independently obtained from DST for which controls evidence was obtained. Using daily box units and prices for all funds we performed data auditing to re-calculate the box profits and compared the results to the financial statements. To test for completeness we checked that box profits were recognised for all Unit Trusts. **Performance fees** For a sample of performance fees, we assessed whether the fee had crystallised and therefore had been recognised in the appropriate period. For the same sample, we re-calculated the fee to check that it had been calculated in accordance with the IMCs. To test for completeness we assessed whether a sample of funds and segregated mandates were eligible for a performance fee and compared to the accruals in the financial statements. Based on work performed for revenue, we identified no matters which required reporting to those charged with governance.

Key audit matter	How our audit addressed the key audit matter
Share based payments (Group and Company) *Refer to the Remuneration report, note 21. Own shares and note 1 (d) ,(k) and (q). Principal accounting policies.* Due to the complex and judgemental nature of share schemes and incentive plans, there is an increased risk of error. The likelihood of an error occurring is driven by a number of factors such as the complexity of the schemes, the required record keeping and manual calculations.	We understood and evaluated the design and operating effectiveness of the control environment in place over the share based payment expense and performed the following to address the risks identified for each type of share based payment transaction: • We obtained and read the deed of grant for the new awards issued during the year. For these new awards, we verified that they were appropriately authorised, consistent with scheme plans, classified correctly as equity or cash settled and used the correct share price. • We obtained and read external valuation reports for new awards which used an industry accepted model to compute the grant date fair value. Using our valuation experts we recalculated the fair value and also assessed the reasonableness of the inputs used within these external valuation reports. • We tested the reasonableness of the estimates in relation to performance and/or service conditions for the existing awards. We tested the reasonableness of management's judgements by reference to historical data (i.e. schemes that have already vested). • We tested a sample of options exercised during the year to ensure they were exercised in accordance with the terms of the grant, recorded at the correct value and appropriately authorised. • We obtained details of all the outstanding awards and checked that the charge was spread over the period of the award. Based on work performed for share schemes and incentive plans, we identified no matters which required reporting to those charged with governance.
Acquisition of Alliance Trust Investments Limited (Group and Company) *Refer to note 13 Acquisition of Alliance Trust Investments Limited and note 1 (d). Principal accounting policies.* On 1 April 2017, Liontrust acquired Alliance Trust Investments Limited ('the acquisition'). The acquisition was accounted for as a business combination. Consideration for the acquisition consisted of four elements – an initial share issue on acquisition, a cash payment on acquisition date for the net assets acquired, a deferred share issue on first anniversary of acquisition and a cash payment as contingent consideration payable on completion of the second anniversary of the acquisition. In respect of the contingent consideration, a measurement period adjustment was recorded in order to update the fair value of this liability.	With respect to the acquisition, we inspected the purchase agreement and assessed the acquisition date fair values of consideration and assets and liabilities acquired. We assessed whether the classification as a business combination and treatment of the various aspects of the transaction were in accordance with IFRS 3 'Business Combinations'. In respect of assets and liabilities that existed on the acquisition balance sheet, we performed procedures on a sample basis to test their existence and accuracy. In respect of other assets and liabilities not existing on the acquisition balance sheet, we reviewed management's assessment of the identification of such assets and liabilities – the most significant of them being the intangible assets in relation to IMCs and related deferred tax liabilities. For the valuation of these, involving our valuation experts, we reviewed the valuation report prepared by management. We considered the appropriateness of the model used and the reasonableness of the key assumptions used within the model.

Key audit matter	*How our audit addressed the key audit matter*
Assets and liabilities existing on the date of acquisition were recorded on the Group Balance Sheet. The difference between the fair value of assets and liabilities acquired and the fair value of consideration paid was recorded as Goodwill. Due to the complex and judgemental aspects of the accounting and measurement of consideration paid and assets and liabilities acquired under a business combination, there is inherently a significant risk in relation to error and judgement.	In respect of the fair value of consideration paid, we reviewed management's basis of valuation and assessed them for reasonableness. In respect of the measurement period adjustment on contingent consideration, we reviewed management's rationale and valuation model used to compute the adjustments recorded through the Balance Sheet and the Statement of Comprehensive Income. We considered the reasonableness of the rationale, the calculation provided and the amounts recorded through the Balance Sheet and the Statement of Comprehensive Income respectively. We recalculated the Goodwill as the difference between fair value of assets and liabilities acquired and the fair value of the consideration paid. Based on the work performed, we identified no matters which required reporting to those charged with governance.
Impairment of Goodwill (Group) *Refer to note 13 Acquisition of Alliance Trust Investments Limited and note 1 (d). Principal accounting policies.* The goodwill arose on the acquisition of Alliance Trust Investments Limited on 1 April 2017 and was assessed for impairment by management for the period ended 31 March 2018. Management prepared an impairment assessment paper where they compared the carrying value to its fair value using an earnings model. Due to the complex and judgemental nature of the model and the assumptions used there is inherently a significant risk in relation to error and judgement.	We obtained management's impairment assessment paper where they compared the carrying value to its fair value using an earnings model. Management determined there was reasonable headroom and therefore concluded there was no impairment. Using our valuation experts, we evaluated management's models checking the relevant inputs to supporting documentation, this included challenging management on key assumptions such as growth rate and discount rate. We performed sensitivity analysis over the key assumptions and considered the likelihood impacts of such changes. Based on the work performed, we identified no matters which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

The Group is structured along a single business line being investment management. The Group financial statements are a consolidation of the Company and six subsidiary entities all of which are based in the United Kingdom. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed over the Company and each of the subsidiaries by us, as the Group engagement team, and also as auditors for each of the subsidiaries to be able to conclude whether sufficient appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole had been obtained. We therefore performed full scope audits on the complete financial information of Liontrust Investment Partners LLP, Liontrust Fund Partners LLP and Liontrust Investments Limited because they are financially significant components, together representing more than 95% of Group profit before tax. We performed a full scope audit of Liontrust Investment Solutions Limited, Liontrust Investment Funds Limited, and Liontrust Investment Services Limited as a number of balances, including cash and cash equivalents, are material to the Group financial statements.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	*Company financial statements*
Overall materiality	£661,000 (2017: £455,000).	£571,000 (2017: £301,000).
How we determined it	5% of profit before tax adjusted for contingent consideration expense recorded through statement of comprehensive income.	1% of total assets.
Rationale for benchmark applied	In the prior years we have applied a 5% profit before tax benchmark because it is a benchmark against which the Group's performance is commonly measured, a recognised statutory measure and most stakeholders also utilise this measure for performance assessment. For the current year we have adjusted the profit before tax for the contingent consideration expense recorded through the statement of comprehensive income as it is considered a one-off expense which stakeholders would typically adjust to measure performance.	In arriving at this judgement we have had regard to the carrying value of the Company's assets, acknowledging that the primary measurement attribute of the Company is the carrying value of its investment in subsidiaries. This represents a consistent year-on-year basis for determining materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £35,000 and £661,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £33,000 (Group audit) (2017: £22,000) and £28,000 (Company audit) (2017: £15,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	*Outcome*
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CAo6)*

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CAo6)*

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 49 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 28 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 44, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 52 describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 44, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 1 February 2000 to audit the financial statements for the year ended 31 March 2000 and subsequent financial periods. The period of total uninterrupted engagement is 19 years, covering the years ended 31 March 2000 to 31 March 2018.

Sally Cosgrove (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 June 2018

Shareholder information

Directors and Advisers

Registered Office and Company number
2 Savoy Court, London WC2R 0EZ
Registered in England with Company Number 02954692

Company Secretary
Mark Jackson
2 Savoy Court
London
WC2R 0EZ

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London, Riverside
London, SE1 2RT

Legal Advisers
Macfarlanes LLP
20 Cursitor Street
London EC4A ILT

Bankers
Royal Bank of Scotland Plc
280 Bishopsgate
London EC2M 4RB

Financial Adviser and Corporate Broker
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Macquarie Capital (Europe) Ltd
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD

Financial Calendar

Year End	31 March
Half Year End	30 September
Results announced:	Full year: June, half year: November
Interim report available:	December
Annual Report available:	July
Annual General Meeting:	September

Share price information:

The Company's shares are quoted on the London Stock Exchange and the price appears daily in The Financial Times, (listed under 'General Financial').

UK authorised unit trusts:

Liontrust UK Growth Fund
Liontrust Global Income Fund
Liontrust UK Smaller Companies Fund
Liontrust UK Micro Cap Fund
Liontrust Special Situations Fund
Liontrust FTSE 100 Tracker Fund
Liontrust European Growth Fund
Liontrust European Income Fund
Liontrust European Enhanced Fund
Liontrust Asia Income Fund
Liontrust Macro Equity Income Fund
Liontrust Macro UK Growth Fund

Liontrust Investment Funds ICVC, comprising 2 sub funds

Liontrust Monthly Income Bond Fund
Liontrust Strategic Bond Fund

Liontrust Sustainable Future ICVC, comprising 9 sub funds

Liontrust Sustainable Future Absolute Growth Fund
Liontrust Sustainable Future Cautious Managed Fund
Liontrust Sustainable Future Corporate Bond Fund
Liontrust Sustainable Future Defensive Managed Fund
Liontrust Sustainable Future European Growth Fund
Liontrust Sustainable Future Global Growth Fund
Liontrust Sustainable Future Managed Fund
Liontrust Sustainable Future UK Growth Fund
Liontrust UK Ethical Fund

Ireland domiciled open-ended investment company

Liontrust Global Funds PLC, comprising six sub funds:
Liontrust GF European Strategic Equity
Liontrust GF European Small Cap Fund
Liontrust GF Macro Equity Income Fund
Liontrust GF Special Situations Fund
Liontrust GF UK Growth Fund
Liontrust GF Asia Income Fund
Liontrust GF Strategic Bond Fund
Liontrust GF European Corporate Bond Fund
Liontrust GF High Yield Bond Fund
Liontrust GF Absolute Return Bond Fund

Unit trust prices:

The prices of Liontrust's range of authorised unit trusts are listed on our website www.liontrust.co.uk.

Further information:

For further information on the Company's range of funds and services please contact our Broker Services Department at:
Liontrust Fund Partners LLP

2 Savoy Court
London WC2R 0EZ

Telephone: 020 7412 1700
Facsimile: 020 7412 1779
e-mail: info@liontrust.co.uk
or visit: www.liontrust.co.uk

Group subsidiary entities – board members:

Liontrust Investment Funds Limited
V.K. Abrol
J.S. Ions

Liontrust Fund Partners LLP
A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

Liontrust Investment Services Limited
V.K. Abrol
J.S. Ions

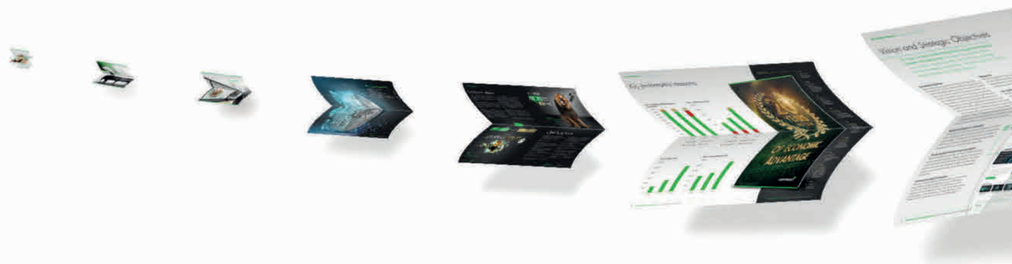
Liontrust Investment Partners LLP
A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

Liontrust Investment Solutions Limited
V.K. Abrol
J.S. Ions

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

Investment companies – board members:

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



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