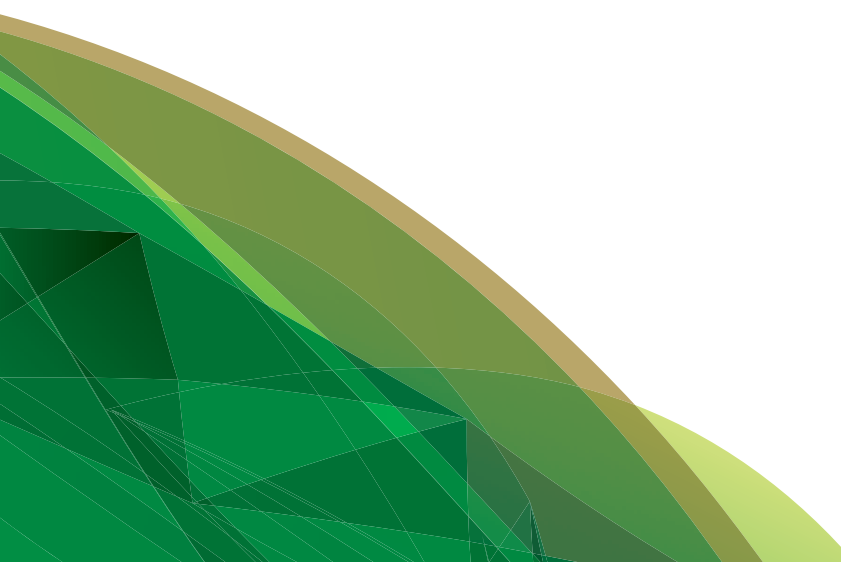


PRIDE IN OUR PERFORMANCE

LIONTRUST ASSET MANAGEMENT PLC
ANNUAL REPORT & FINANCIAL STATEMENTS 2021





LIONTRUST

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



COURAGE

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



EXCELLENCE

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



GOOD CITIZENSHIP

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

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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.

Highlights

Sustained growth of our AuM from £16,078 million to £30,929 million demonstrates the substantial progress made in this year. To have recorded 11 consecutive years of net inflows shows the progress the business has made.

31 March
2021

£30,929 million

31 March
2020

£16,078 million

	2021	2020		
2017	Assets under management and Advice*	£30.9 billion	£16.1 billion	92% increase ↑
2016	Net flows*	£3,498 million	£2,695 million	30% increase ↑
	Gross profit	£163.8 million	£106.6 million	54% increase ↑
	Profit before tax	£34.9 million	£16.5 million	111% increase ↑
2015	Adjusted profit before tax*	£64.3 million	£38.1 million	69% increase ↑
	Adjusted diluted earnings per share*	87.4 pence	56.7 pence	54% increase ↑
2014	Total Dividend per share	47 pence	33 pence	42% increase ↑

* These are alternative performance measures ('APM'). See p.29 for further details.

What differentiates Liontrust



EXPERTISE

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



PROCESS DRIVEN

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



INVESTMENT FOCUSED

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



CULTURE

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



ACTIVE MANAGEMENT

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



STRONG AND DISTINCTIVE BRAND

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



COMMUNITY ENGAGEMENT

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

Chairman's Statement

Introduction

I am delighted at the accomplishments of your Company over the past year, with Liontrust reacting impressively to the onset of Covid-19 and the series of lockdowns. We have seen many positive characteristics of the business during this period and as a result the Company has been able to make significant progress and maintain its growth. I want to extend the Board's recognition and thanks for the commitment and professionalism of John Ions, Vinay Abrol and colleagues at Liontrust.

The most important consideration of all has been the safety and wellbeing of the Liontrust team and our clients and stakeholders throughout the year. Employees have been actively engaged through regular company updates and were encouraged to take time off work through a holiday allowance bonus scheme. Those with additional demands, such as dealing with the challenges of home-schooling, were given due consideration and flexibility.

The Company has a responsibility to society as well, which is why Liontrust extended its support to community engagement partners in 2020.

Liontrust has enjoyed a strong increase in revenues and adjusted profit before tax, which have been driven by strong net inflows, significant growth in AuMA and better than expected performance fee revenues.

This has contributed to a rise in the dividend payment by 42%, with the details outlined below. This increase continues the trend we have seen over the past few years; from 2017 to 2021, the dividend has grown by an average of 33% per annum.

Among the key accomplishments of the Company has been the acquisition of the Architas UK Investment Business, which Liontrust started and completed during lockdowns. This demonstrates the effectiveness of the management of the business and its ability to adapt successfully to take advantage of opportunities whatever the circumstances. The acquisition contributes to one of the key strategies of the Company which is to expand Liontrust's distribution and products.

Liontrust's success is benefiting employees, shareholders and other stakeholders, which is important to the Board and helping to achieve our strategic objectives for the business, one of which is to retain talented employees. Liontrust is investing in training and development as we encourage our employees to fulfil their talent and potential.

The Board has a key commitment to diversity across Liontrust. As part of this, Liontrust has established a Diversity and Inclusion Committee chaired by Vinay Abrol that is looking at preventing and eliminating discrimination; raising awareness of the importance and benefits of diversity; ensuring policies and procedures promote diversity; increasing awareness through training, mentoring and coaching; and attracting people from diverse backgrounds.

Liontrust has also made progress elsewhere in the sustainability of the business, especially in being a responsible investor. The fund management teams have been incorporating ESG considerations into their distinct processes to complement and enhance their approach to investment including stewardship and the management of sustainability risk.

I would like to thank Mike Bishop for his significant contribution to Liontrust and welcome Quintin Price to the Board of the Company as a Non-Executive Director.

Mike will be retiring from the Company after the 2021 Annual General Meeting in September. The Board and your Company are very grateful to Mike for his work, wisdom and support over many years which has contributed to Liontrust enjoying such success. He has been a massive help to me personally as a Non-executive Director and now Chairman. Mike will be much missed by the Board and we wish him all the very best for the future.

Quintin joins on 1 July, becoming a member of the Audit & Risk, Remuneration and Nomination Committees. Quintin has a wealth of experience, knowledge and insights from a 30-year career working at a senior level for several investment companies including BlackRock. He will be an invaluable addition as Liontrust continues to expand our investment capability and proposition.

Results

Profit before tax is £34.929 million (2020: £16.508 million), an increase of 112%. The Profit before tax for the financial year ended 31 March 2021 includes £15.025 million of acquisition and re-organisation related costs incurred as a result of the acquisition of Architas Multi-Manager Limited ("**AMML**") and Architas Advisory Services Limited ("**AASL**", together, the "**Architas UK Investment Business**") which completed on 30 October 2020 and the re-organisation costs incurred as a result of the acquisition of Neptune Investment Management Limited ("**Neptune**"), see note 5 below for further information.

Adjusted profit before tax was £64.308 million (2020: £38.054 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 before tax.

Dividend

The success in fund performance and distribution has resulted in a 30% increase in net inflows, and along with the acquisition of the Architas UK Investment Business a 92% increase in assets under management and a 44% increase in revenues excluding performance fees when compared to last year. This has enabled the Board to declare a second interim dividend of 36.0 pence per share (2020: 24.0 pence). The total dividend for the financial year ending 31 March 2021 is 47.0 pence per share (2020: 33.0 pence per share), an increase of 42% compared with last year.

The second interim dividend will be payable on 6 August 2021 to shareholders who are on the register as at 2 July 2021, the shares going ex-dividend on 1 July 2021. Last day for Dividend Reinvestment Plan elections is 16 July 2021

Shareholder services

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

Alastair Barbour
Chairman
22 June 2021

20 YEARS OF SUSTAINABLE INVESTING 2001 - 2021



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Chief Executive's Report

Introduction

The last year has shown the robustness and resilience of Liontrust. We have continued executing our strategy and accelerated the pace of growth of the business despite the pandemic and all the pressure and stress this has brought for everyone.

We increased significantly our net flows over the year to £3.5 billion, which contributed to a rise of 92% in our AuMA along with the acquisition of the Architas UK Investment Business at the end of October 2020 and market movements.

Liontrust has a successful track record of acquisitions and the Architas UK Investment Business was quickly integrated, ensuring as seamless a transition as possible for clients. We have created a significant multi-asset, multi-manager proposition and enhanced our distribution potential and quality of service to financial advisers.

The achievements of the past year are even more impressive when compared to the asset management industry generally. According to the Pridham Report, Liontrust had the sixth highest net retail sales in the UK in 2020 and the eighth best gross retail sales. In the final three months of our financial year, the relative performance is even better. In the first quarter of 2021, Liontrust had the third highest net retail sales in the UK and were fifth best for gross retail sales.

This success is testament to the strength and excellence of our business processes, investment teams, distribution, communications, brand, administration and colleagues across Liontrust.

Liontrust's investment teams have continued to deliver strong long-term performance. Over the year to the end of March 2021, 72.4% of Liontrust's UK-domiciled funds were in the first or second quartile of their respective IA sectors, with the percentage rising to 82.8% over five years.*

The strength of our investment capability is demonstrated by the recognition that the teams and their funds have received over the past year. This includes seventeen Liontrust funds receiving the 5-Crown rating from FE fundinfo, more than any other asset manager, and Anthony Cross and Julian Fosh once again being named Alpha managers in 2020.

The Sustainable Investment team won three awards (including Harriet Parker being named ESG Fund Manager of the Year at the Women in Finance Awards) during the year, the Multi-Asset team won two awards, Economic Advantage one more award and Liontrust was named Small to Mid-Investment Group of the year at the FTAdviser Investment Club Awards.

Twelve funds have been shortlisted for Incisive Media's Fund Manager of the Year Awards 2021 that take place on 8 July and Liontrust has been nominated for Global Group of the Year.

The long-term performance of the investment teams and their robust processes provide reassurance to investors especially at a time of great uncertainty such as the pandemic and reiterates the value that active fund managers can deliver for investors.

Liontrust takes great pride in our role as active and responsible investors. We are guardians of our clients' assets, seeking to help investors to achieve their financial goals. We also have an important role to play in supporting businesses and innovative companies, working to allocate capital towards positive outcomes including delivering products and services that benefit the economy and society.

The annual Liontrust Sustainability Report details the initiatives and developments we have made over the past year to ensure we are a responsible investor. They include the production of a responsible investment policy outlining our company-wide approach.

Engaging with companies on key ESG issues gives us greater insight and is used as a lever to encourage better business practices and we have brought in additional resource in this area. We do this through increasing incorporation of ESG issues into investment analysis and decision-making; encouraging high standards of ESG performance in the investee companies; supporting the stability and resilience of the financial system; and reporting on the implementation of these commitments.

Our Sustainable Investment team have been managing funds this way for more than 20 years and now have more than £10 billion in AuMA. The growth reflects the fact that an increasing proportion of investors want to see evidence of the impact of their investments.

Clear, frequent and relevant communications have been more important than ever over the past year. We worked hard, quickly and imaginatively as we moved to all virtual meetings and events in March 2020. Liontrust hosted 19 fund manager webinars between 19 March and 30 April with total viewers of 1,830. By June, we had hosted 46 webinars with 5,855 viewers. We moved to virtual conferences, including one on sustainable investment from the Land of the Lions at ZSL London Zoo in September 2020 that attracted more than 500 viewers. These have been followed by virtual conferences for the Global Fixed Income and Economic Advantage teams in 2021.

The strength of these communications is reflected in the fact that in 2020 Liontrust was voted by financial advisers as the best asset manager for explaining and conveying our sustainable/ESG strategy (Source: Square Mile).

This is one part of continuing to grow our brand profile. The power of our brand was demonstrated by the fact Liontrust was ranked as the 8th best asset management brand in the UK by Broadridge's annual survey in March 2021.

On a personal note, I am appreciative of all the support and guidance Mike Bishop has given me. His investment knowledge and experience have been invaluable in the growth of Liontrust over the past few years.

Outlook

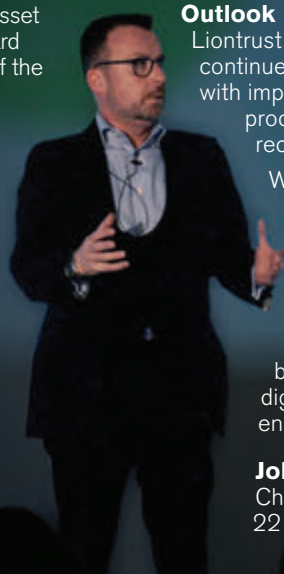
Liontrust has strong momentum and is well positioned to continue growing. We have excellent investment teams, with impressive long-term performance and investment processes. This has received extensive independent recognition over the past year.

We have successfully been diversifying our product range and distribution to ensure we can continue the increase in net flows.

We have maintained our high-quality service and communications over the past year, providing valuable and useful insights to clients and investors, and the Liontrust brand has become stronger year on year. We are investing in digital marketing to enhance further our service and engagement with clients and investors.

John Ions

Chief Executive
22 June 2021



* Source: Financial Express, as at 31 March 2021, total return, net of fees, income reinvested. This excludes the Liontrust Multi-Asset Funds, most of which do not have sector benchmarks, funds in the IA Specialist sector and the Liontrust Global Income and Liontrust European Opportunities funds which will be merged into the Liontrust Global Dividend and Liontrust European Growth funds respectively on 25 June 2021.

Assets under Management & Advice

On 31 March 2021, our AuMA stood at £30,929 million (2020 : £16,078 million) an increase of 92% over the financial year. A reconciliation of AuM as at 31 March 2021 is as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi Asset (£m)	Offshore Funds (£m)
Economic Advantage	8,759	358	8,098	-	303
Sustainable Investments	10,238	130	9,388	-	720
Global Equity	2,644	195	2,449	-	-
Cashflow Solution	1,209	805	347	-	57
Multi-Asset	7,139	-	-	7,139	-
Global Fixed Income	940	-	345	-	595
Total	30,929	1,488	20,627	7,139	1,675

Fund flows

Liontrust recorded net inflows of £3,498 million in the financial year to 31 March 2021 (2020 : £2,695 million). A reconciliation of fund flows over the financial year is as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	Multi Asset (£m)	Offshore Funds (£m)
Opening AuMA -					
1 April 2020	16,078	988	13,275	840	975
Net flows	3,498	80	2,944	94	380
Acquisitions*	5,520	-	(82)	5,617	(15)
Market and Investment performance	5,833	420	4,490	588	335
Closing AuM -					
31 March 2021	30,929	1,488	20,627	7,139	1,675

* Relates to the acquisition of Architas which completed on 30 October 2020

31 March
2021

£30,929 million



31 March
2020

£16,078 million



Increase of

92% ↑

over the financial year

31 March
2021

£3,498 million



31 March
2020

£2,695 million



Increase of

30% ↑

over the financial year

Our purpose and strategy

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

Our strategy

Our strategy has six pillars:

1 Be a responsible company and investor

Asset managers have a key role to play in providing capital to enable businesses to grow and in helping investors to achieve their financial objectives. We also have an important role to play in supporting businesses and innovative companies, working to allocate capital towards positive outcomes including delivering products and services that benefit the economy and society. Liontrust aims to achieve this through the use of active management and proprietary investment processes to identify companies that can generate sustainable growth and by investing in businesses for the long term. Liontrust is committed to environmental, social and governance (ESG) initiatives, provides the tools to empower all our investment managers to consider ESG in their decision-making processes, and continues to develop the risk framework to capture and evaluate environmental and social controversies.

The Liontrust Sustainability Report (available on our website) shows how we have been building sustainability into our business and being a responsible and transparent investor, employer and good corporate citizen.

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

2 Deliver strong long-term investment performance

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

3 Expand our distribution and products

We are seeking to distribute our funds and portfolios to as broad a client base in the UK and internationally as possible, striving continually to raise awareness and knowledge of Liontrust and our funds, widen the number of clients who invest with us, deepen

our relationships with existing investors and increase our assets under management. We add to our product range when we have the fund management expertise and there is investor demand.

4 Acquire and develop talent

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

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

5 Enhance the investor experience

We aim to provide our investors with exceptional service and support, striving to be as transparent as possible. We communicate clearly and frequently with our investors, regularly updating them on the performance of each of our funds and portfolios, the effectiveness of the investment processes applied to each of our funds and portfolios and the progress of the business as a whole. Liontrust is investing in developing our online services and digital communications to enhance client services.

6 Ensure strong operations and infrastructure

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



Business Model

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

Fund Management

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

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

Distribution

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

Our distribution and marketing teams promote our funds and portfolios in the UK and internationally. In the UK, we market to institutional investors, discretionary fund managers, wealth managers, financial advisers and private investors. Outside the UK, we are focused on the wholesale market, primarily family offices, private banks, wealth managers and multi-managers in a number of countries.

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

Operations

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



-  /LiontrustHeroes
-  @LiontrustHeroes
-  @LiontrustFuture
-  @LiontrustViews
-  in Liontrust

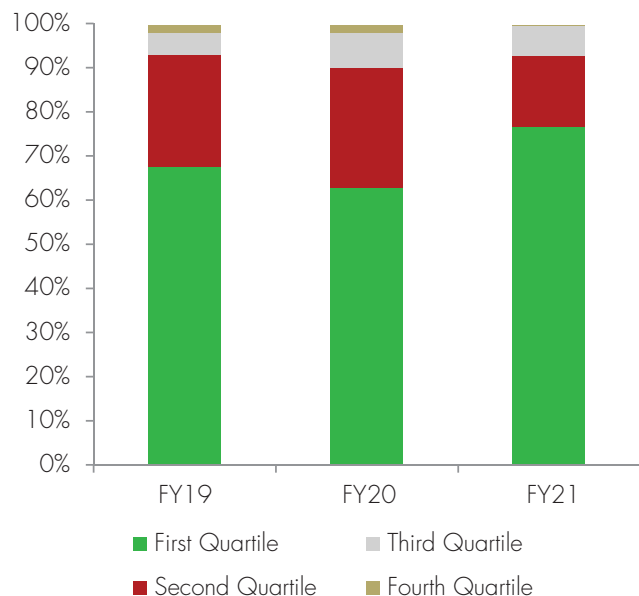


Key performance measures

Fund management ability and investment performance

The strength of Liontrust's fund managers is shown by the fact that over the period from launch or fund manager appointment to the end of each of the last three financial years, on an AuMA weighted basis, we have consistently had over 60% or more of our actively managed UK retail AuMA in first quartile funds* (see Figure 1).

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



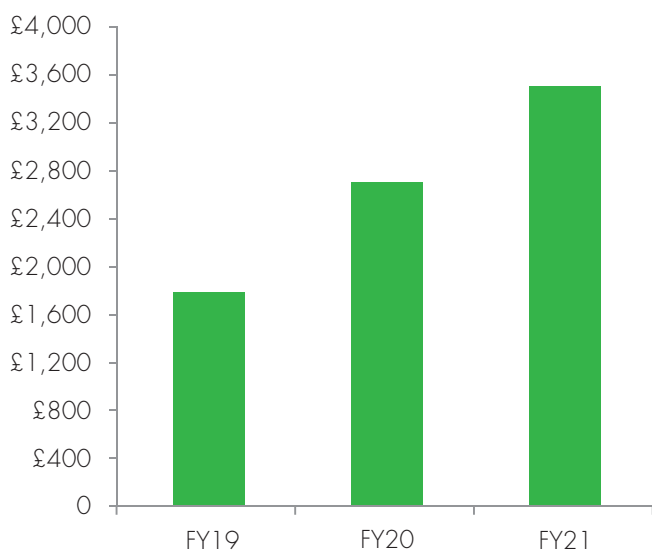
* net of fees and income reinvested.

See UK Retail fund performance on page 21.

Fund management ability and investment performance

Net inflows in the year have increased from £2,695 million to £3,498 million.

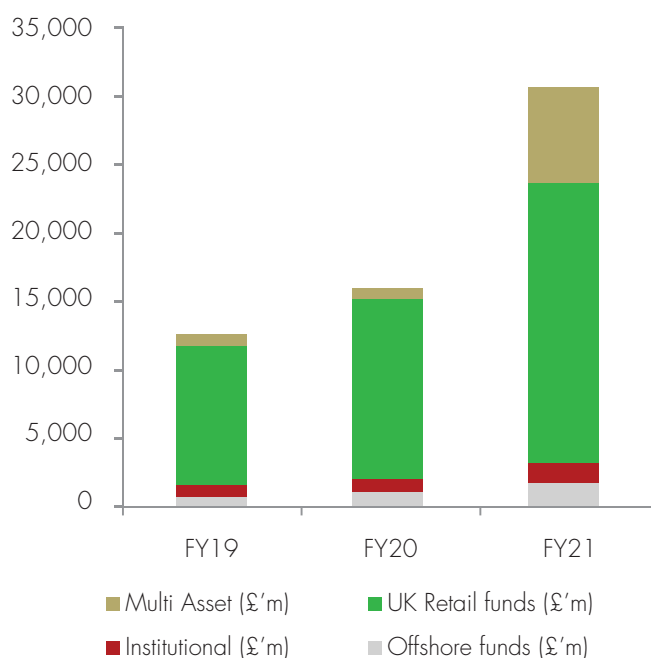
Figure 2 - Net flows £'million



A Profitable and Growing business

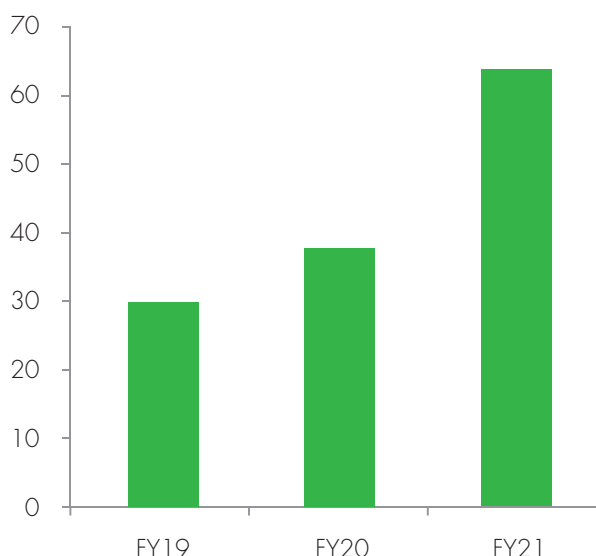
Our AuMA has increased by 144% from 31 March 2019 to 31 March 2021 and by 92% from 31 March 2020 to 31 March 2021, reflecting acquisitions, market performance and net flows (see figure 3).

Figure 3 - AuMA* by investor type £'million



Our adjusted profit before tax has increased by 114% from 31 March 2019 to 31 March 2021 and by 69% from 31 March 2020 to 31 March 2021.

Figure 4 - Adjusted profit before tax* £'million



* These are alternative performance measures (APM). See page 29 for further details.

LIONTRUST INSIGHTS

Discover the latest investment views and ideas of our experienced fund managers at www.liontrust.co.uk/insights

Past performance is not a guide to future performance. This advertisement should not be construed as advice for investment. Do remember that the value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested.

www.liontrust.co.uk/insights

LIONTRUST



Insights

Fund manager views and fund updates all available to you online.

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and ideas of our
experienced fund
managers

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Fund Management review

“ The whole business is anchored in process. Performance is not predictable, investment processes are. What we are trying to do is increase the probability that the next decision is more likely to be right than the last one. ”

John Ions, Chief Executive

Liontrust has six fund management teams that invest in the following asset classes: Global Equities, Global Fixed Income, Sustainable Investment funds, and Multi-Asset Multi-Manager portfolios and funds.

Economic Advantage team



Anthony Cross, Julian Fosh, Victoria Stevens, Matt Tonge and Alex Wedge manage the Liontrust Economic Advantage Process. Anthony, who was previously at Schroders, has managed the Liontrust Special Situations and UK Smaller Companies Funds since launch and he started working with Julian at Liontrust in 2008. Julian has previously managed money at Scottish Amicable Investment Managers, Britannic Investment Managers, Scottish Friendly Assurance Society and Saracen Fund Managers.

Victoria Stevens and Matt Tonge joined the team in 2015 to research and analyse investment opportunities primarily across the small cap universe. In Victoria's previous role as deputy head of corporate broking at FinnCap, she built up an extensive knowledge of the smaller company investment universe. Matt added trading and analytical expertise to the team, having spent the previous nine years on the Liontrust dealing desk, latterly winning an industry award for his work in mid and small cap stocks.

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

SPECIAL SITUATIONS FUND

The multi-award-winning Fund has been managed since launch in November 2005 by Anthony Cross, who was joined by his co-manager Julian Fosh in 2008. The Fund aims to deliver capital growth over the long term (5 years or more) through using the Economic Advantage investment process. The process seeks to identify companies with a durable competitive advantage that

“ The heart of the UK Micro Cap Fund is providing capital to some of the UK's best and brightest entrepreneurs, participating in their success to drive returns for the Fund's investors. ”

Victoria Stevens

allows them to defy industry competition and sustain a higher than average level of profitability for longer than expected.

UK MICRO CAP FUND

The Fund, which aims to deliver capital growth over the long term (5 years or more), has been managed since launch in March 2016 by Anthony Cross, Julian Fosh, Victoria Stevens and Matt Tonge, with Alex Wedge joining in 2020. The Fund seeks to invest in profitable, UK headquartered companies with high managerial ownership and a market capitalisation of under £150 million.

UK GROWTH FUND

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

UK SMALLER COMPANIES FUND

The multi-award-winning Fund has been managed by Anthony Cross since 1998 and he was joined by his co-managers Julian Fosh in 2008, Victoria Stevens and Matt Tonge in 2015, and Alex Wedge in 2020. The Fund aims to deliver capital growth over the long term (5 years or more) through using the Economic Advantage investment process. All smaller companies in the Fund must have a minimum 3% senior managers' equity ownership, which the fund managers believe motivates key employees, helps to secure a company's competitive edge and leads to better corporate performance.

INVESTMENT PROCESS

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



Sustainable Equity team

Peter Michaelis and Simon Clements are the lead managers of the Liontrust Sustainable Future Equities Process. The team transferred to Liontrust from Alliance Trust Investments (ATI) in April 2017 and were previously running the Sustainable Future Fund range at Aviva Investors. Peter was previously Head of SRI at Aviva Investors and has been running the funds since their launch in 2001. Simon was previously Head of Global Equities at Aviva Investors.

SUSTAINABLE FUTURE FUNDS

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

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

INVESTMENT PROCESS

The process starts with a thematic approach in identifying the key structural growth trends that will shape the global economy of the future. The team looks at the world through the prism of three mega trends – *Better resource efficiency* (cleaner), *Improved health* (healthier) and *Greater safety and resilience* (safer) – and 21 themes within these trends.

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

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

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

“Over our first 20 years of managing the SF funds, our investments have been successful because they have provided something society needs and this will hold true for the next 20 and beyond.”

Peter Michaelis



Sustainable Fixed Income team

Stuart Steven, Kenny Watson, Aitken Ross and Jack Willis manage the Liontrust Sustainable Future Fixed Income Process. 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 and Jack started their careers in the graduate scheme at Alliance Trust.

SF CORPORATE BOND

The Fund aims to deliver income with capital growth over the long term (5 years or more) through using the Sustainable Future investment process. At least 80% of the Fund is invested in investment grade corporate bonds that are sterling denominated or hedged back to sterling. The Fund can also invest in government bonds and other fixed income securities.

MONTHLY INCOME BOND FUND

The Fund has been managed by Stuart Steven since its launch in June 2010, with Aitken Ross joining the team in 2012 and Kenny Watson in 2013. The aim of the Fund is to produce monthly income payments together with capital growth by investing at least 80% of the portfolio in investment grade corporate bonds that are sterling denominated or hedged back to sterling. The Fund targets a net total return of at least the iBoxx GBP Corporates (5-15Y) Index over the long term (rolling 5-year periods). While the Fund has been structurally short duration since launch, it has the flexibility to revert to a standard duration fund as and when yields normalise.

GF SF European Corporate Bond Fund

The Fund aims to maximise total returns (a combination of income and capital growth) over the long term (5 years or more). The Fund seeks to achieve this objective predominantly through investing in euro denominated investment grade corporate bonds or non-euro denominated corporate bonds hedged back into euros.

INVESTMENT PROCESS

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

“Many large cap banks are looking to shape the energy transition and we aim to invest in those most committed to improving environmental exposure and demonstrating best practice to deliver on this.”

Stuart Steven

Cashflow Solution team

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

EUROPEAN GROWTH FUND

The Fund has been managed since launch in November 2006 by James Inglis-Jones, and he was joined by Samantha Gleave in 2012. The Fund aims to deliver capital growth over the long term (5 years or more) by using the Cashflow Solution process to identify and invest in companies incorporated, domiciled, listed or which conduct significant business in the EEA (European Economic Area) and Switzerland. The Fund has an equally weighted portfolio.

GF EUROPEAN STRATEGIC EQUITY FUND

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

GF EUROPEAN SMALLER COMPANIES FUND

The Fund has been managed since launch on 1 February 2017 by James Inglis-Jones and Samantha Gleave. The Fund aims to achieve long-term capital growth (at least 5 years) by investing primarily in European smaller companies, with the majority having a market capitalisation of less than €5 billion at inception, and through having an equally weighted portfolio.

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.

“ In the world of investment, it seems we should beware the wisdom of crowds, especially when levels of investor anxiety are elevated. ”

Samantha Gleave

Global Equity team

The 11-strong Global Equity team headed by Robin Geffen manages 16 global income, regional and emerging markets funds. The team moved to Liontrust in October 2019 as part of the acquisition of Neptune Investment Management.

GLOBAL EQUITY FUNDS

The Liontrust Global Equity team manages 16 funds. The range comprises Global, Income, Regional and Emerging Markets funds.

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

“ The three lessons I have learnt from my investment career are liquidity, liquidity, liquidity. Every crisis we have been through emphasises the importance of investing in liquid stocks. ”

Robin Geffen

INVESTMENT PROCESS

The fund managers believe the key to generating outperformance is through high conviction, long-term, research-led company selection.

There are five key elements to the investment process:

- Identifying long-term winners. The managers seek to invest in excellent companies that are positively exposed to powerful trends or have distinct and differentiated characteristics that will result in consistently above market returns over the long term.
- The portfolios are actively managed and only consist of stocks in which there is high conviction that they will be long-term winners. This typically leads to funds having a high tracking error and active share against their respective benchmarks.
- Constructing concentrated portfolios. This enables long-term winners to drive investment returns rather than the market and therefore each idea will have a material impact on fund performance.
- The portfolios are constructed so that they can generate returns which are not overly dependent on the success and failure of any one individual investment style, such as growth and value, or macro factors.
- The Funds aim to be liquid in all market conditions.



Multi-Asset team

The Liontrust Multi-Asset investment team is one of the most experienced and highly regarded in the UK market. The Multi-Asset team comprises John Husselbee (Head of the Multi-Asset Investment team), James Klempster (Deputy Head), Paul Kim, Mayank Markanday, Jen Causton and Shayan Ratnasingam, along with a four-strong Multi-Asset investment support team headed by Neil Moore. The team has more than 100 years of investment management experience between them, with extensive knowledge and insights. The team manages multi-asset target risk portfolios and funds, specialist and income generating funds.

MULTI-ASSET PORTFOLIOS

These are broad range of 26 target risk and actively managed model portfolios designed to meet most clients' risk and return objectives. The higher the risk of the portfolio, the greater the potential for volatility, positive returns on the upside and losses in down markets. The portfolios provide diversification across a range of different funds, fund managers, geographical regions and asset classes. Clients can stay invested in the service through the accumulation and decumulation phases of their lives and can switch between Growth, Income and Dynamic Beta portfolios as their risk profile and objectives change. A key objective of the Multi-Asset portfolios is to strive to "win over the long term by not losing". The team achieves this by seeking to manage risk and limit losses in falling markets to enhance long-term returns within each risk target.

“ A key objective in terms of performance is to strive to “win over the long term by not losing”. We aim to achieve this by seeking to manage risk and limit losses in falling markets to enhance long-term returns in each risk target. ”

John Husselbee

MULTI-ASSET FUNDS

The Liontrust Multi-Asset target risk funds are offered through three ranges: Active, Blended and Passive.

Liontrust Multi-Asset Active Funds

The Liontrust MA Active Funds are a range of six target risk fund of funds aimed at those investors who are looking for an actively managed product that uses the skills and judgment of the underlying managers.

Liontrust Multi-Asset Blended Funds

The Liontrust MA Blended Funds are a range of five target risk fund of funds aimed at those investors who are seeking an investment solution that offers a blend of active and passive management to provide the potential for outperformance at a reasonable cost.

Liontrust Multi-Asset Passive Funds

The Liontrust MA Passive Funds are a range of six target risk fund of funds designed to harness the advantages of investing in tracker funds with the investment scope enjoyed by multi-asset managers.

SPECIALIST FUNDS

These are a range of multi-manager funds that aim to meet a specific objective rather than a volatility target and are designed for investors who want exposure to individual asset classes and/or geographies.

INCOME GENERATING FUNDS

The Liontrust Income Generating Funds seeks to deliver income that is stable but with the potential to grow, while also offering scope for capital growth.

There are five key stages to the investment process for the target risk portfolios and funds. The specialist and income generating funds use the fund selection, portfolio construction and monitoring, review and risk management stages of the investment process only.

INVESTMENT PROCESS

Strategic asset allocation

Among the factors they analyse, the fund managers collate and study historical returns and volatilities of a range of asset classes, as well as their correlations with each other, and the pathway of future interest rates to determine the SAA that should meet the volatility target of the fund or portfolio over the long-term. The SAA is essentially the default asset allocation should the fund managers have no views about the relative attractiveness of different asset classes.

Tactical asset allocation

The primary aim of the tactical asset allocation (TAA) is to increase exposure to an asset class when it looks cheap and reduce exposure when it appears expensive; the fund managers' focus is on valuations rather than market timing. They believe it is important to supplement the long-term benefits of the SAA with the flexibility to take advantage of valuation opportunities in the shorter term.

Fund selection

We hold a range of funds and fund managers, including active, passive and alternative investment strategies. The fund managers believe the key elements that should underpin fund selection are: investment process, fund manager experience, fund manager knowledge and fund manager incentive (including remuneration).

Portfolio construction

The fund managers want to ensure the underlying funds are exposed to the segment of the market they feel has the most potential for outperformance while

reducing unintended risk. Therefore, they consider how each holding interacts with each other in terms of correlation, risk and return to ensure the benefits identified at the holding and sector levels are not diversified away when grouped together at the fund level.

Monitoring, review and risk management

The Liontrust Multi-Asset team is given regular updates, including in-depth data, on the underlying funds to ensure they are being managed according to their stated objectives and investment processes. This includes attribution analysis to show the underlying funds do not experience style drift and remain within their stated risk parameters. We gain access to the underlying fund managers to probe their thinking and evaluate their continued commitment.



Global Fixed Income team

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

STRATEGIC BOND FUND

The Fund has been managed since launch in May 2018 by David Roberts and Phil Milburn, who are assisted by Donald Phillips. The aim of the Fund is to maximise its total return over the long term (5 years or more) through a combination of income and capital growth by investing in government bond and credit securities globally. The Fund may invest up to 40% of its net assets in emerging markets. The fund managers seek to take advantage of market inefficiencies through understanding the economic environment, bottom up stock analysis and flexibility over duration, credit, sector and geographical allocations. The managers only commit cash to the market when they believe investors will receive a return that justifies the risk they are taking.

GF HIGH YIELD BOND FUND

The GF High Yield Bond Fund has been managed since launch in June 2018 by Phil Milburn and Donald Phillips, who are assisted by David Roberts. The aim of the Fund is to maximise the total return over a long-term horizon (at least 5 years) through a combination of income and capital. The Fund invests predominantly in high yield and selected investment grade bond and credit markets worldwide (including developed and emerging markets).

GF ABSOLUTE RETURN BOND FUND

The Fund has been managed since launch in June 2018 by David Roberts, Phil Milburn and Donald Phillips. The Fund aims to generate positive absolute returns over a rolling 12-month period irrespective of market conditions through a combination of capital growth and income. The fund managers seek to achieve this objective by investing in bond and credit markets worldwide (including developed and emerging markets).

INVESTMENT PROCESS

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

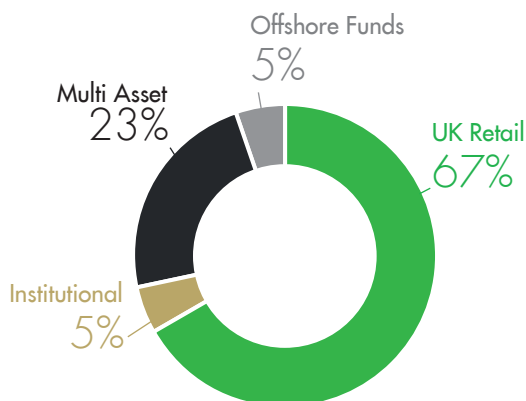
- Protections: operational and contractual, such as structure and covenants
- Risks: credit, business and market
- Interest cover: leverage and other key ratios
- Sustainability: of cash flows and environmental, social and governance (ESG) factors
- Motivations: of management and shareholders

“ It is vital that investors are selective when choosing bonds and funds to include in their portfolios. Not only do some bonds rise in price at the same time as others are falling, some bonds are more likely to follow the direction of the equity market than that of the bond market. ”

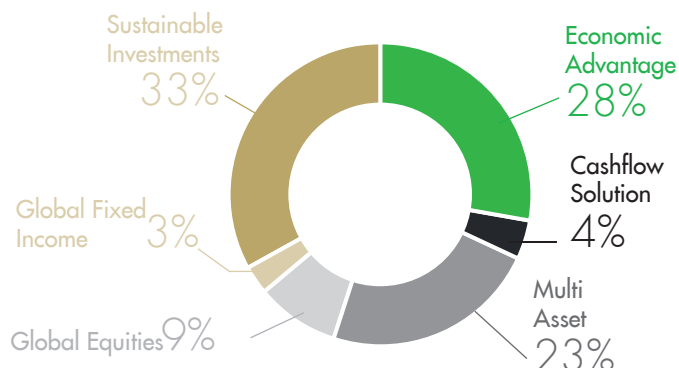
David Roberts

Split of AuMA

By product type



By investment process

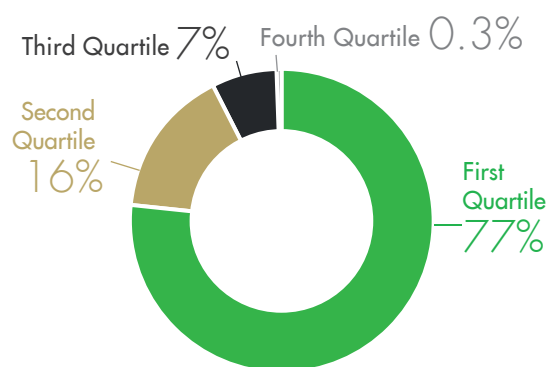


UK Retail fund performance

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

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

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



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

	Quartile ranking – Since Launch/ Manager Appointed	Quartile ranking – 5 year	Quartile ranking – 3 year	Quartile ranking – 1 year	Launch Date/ Manager Appointed
Global Equity funds¹					
Liontrust Balanced Fund	1	1	1	3	31/12/1998
Liontrust China Fund	4	3	3	3	31/12/2004
Liontrust Emerging Market Fund	2	2	3	3	30/09/2008
Liontrust European Opportunities Fund	2	3	4	1	29/11/2002
Liontrust Global Smaller Companies Fund	1	1	1	2	01/07/2016
Liontrust Global Alpha Fund	1	1	1	1	31/12/2001
Liontrust Global Dividend Fund	1	1	1	2	20/12/2012
Liontrust Global Equity Fund	1	1	1	2	31/12/2001
Liontrust Global Technology Fund	3	2	3	4	15/12/2015
Liontrust Income Fund	1	1	2	3	31/12/2002
Liontrust Japan Equity Fund	2	1	2	2	22/06/2015
Liontrust Japan Opportunities Fund	1	4	4	1	30/09/2002
Liontrust US Income Fund	4	4	4	4	30/09/2010
Liontrust US Opportunities Fund	1	1	1	2	31/12/2002
Cashflow Solution funds					
Liontrust European Growth Fund	1	1	1	1	15/11/2006
Liontrust Global Income Fund	3	3	3	1	03/07/2013
Global Fixed Income funds					
Liontrust Strategic Bond Fund	2			2	08/05/2018

Source: Financial Express to 31 March 2021 as at 9 April 2021, bid-bid, total return, net of fees, based on primary share classes. Past performance is not a guide to future performance, investments can result in total loss of capital. The above funds are all UK authorised unit trusts or UK authorised ICVCs (primary share class).

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

Liontrust and Fund Awards

We are proud to announce the following awards for Liontrust and our fund management teams in the financial year ended 31 March 2021:



Investment Week FMYA 2020
Liontrust Managed Growth Fund
SF Managed Fund



Investment Week FMYA 2020
Liontrust Managed Balanced Fund
SF Cautious Managed Fund



Professional Paraplanner Awards 2020
Best Active Investment Solution Provider
Liontrust



Alpha Manager Awards 2020
UK Equities Managers of the Year
Anthony Cross/Julian Fosh



Alpha Manager Awards 2020
Alpha Managers of the Year
Anthony Cross/Julian Fosh



AJ Bell Fund and Investment Trust Awards 2020
UK Equity - Active
Liontrust Special Situations Fund



Women in Finance Awards 2020
ESG Fund Manager of the Year
Harriet Parker



FT Adviser 100 Club Awards 2020
Mixed Asset Fund of the Year
Liontrust Sustainable Future Managed Growth



FT Adviser 100 Club Awards 2020
UK Smaller Companies Fund of the Year
Liontrust UK Smaller Companies Fund



FT Adviser 100 Club Awards 2020
Small to Mid Investment Group of the Year
Liontrust



AJ Bell Online Personal Wealth Awards 2021
Best Multi-Manager Fund Provider
Liontrust



Professional Adviser Awards 2021
Multi-Asset Group of the Year
Liontrust



Professional Adviser Awards 2021
Best ESG Solution for Advisers
SF Managed Funds

Sales and Marketing review

Liontrust generated net inflows of £3.5 billion in the financial year to March 2021, which was a significant increase on the £2.7 billion delivered in the previous 12 months. These sales, in parallel with the acquisition of the Architas UK Investment business, helped Liontrust's AuMA jump to £30.9 billion, an increase of 92% compared to 31 March 2020.

The strength of Liontrust's sales is demonstrated by comparing them to the rest of the asset management industry. According to the Pridham Report, Liontrust had the 6th highest net retail sales in the UK in the 2020 calendar year and the 8th highest gross retail sales.

In the first three months of 2021, Liontrust's sales were even more impressive on a relative basis. Over this period, Liontrust had the 3rd highest net retail sales in the UK and the 5th highest gross sales.

Net inflows were particularly strong for the Sustainable Investment team. Their AuMA increased from £5.1 billion to £10.3 billion over the past year. This was reflected in the fact that the percentage of wealth managers and advisers saying Liontrust had the best ESG/sustainable team rose from 25% at the end of 2019 to 34% at the end of 2020, according to Research in Finance. For private investors, the percentage rose from 23% to 25%. This put Liontrust first with both audiences.

Key to our continued strong sales have been long-term performance, the focus on robust investment processes, a strong brand and excellent service. The power of the Liontrust brand is demonstrated by the fact that it was ranked the 8th best asset management brand in the UK by Broadridge's annual survey in March 2021.

Servicing of clients had to be largely carried out remotely throughout the financial year because of the pandemic. From a standing start at the beginning of lockdown, we hosted 19 fund manager webinars between 19 March and 30 April with total viewers of 1,830. By June, we had hosted 46 webinars with 5,855 viewers.

We established Liontrust Insights to host content for UK intermediaries, private investors and non-UK fund buyers. These three audiences each had their own portal within Liontrust Insights. We produced tailored content for different audiences based on their interests and behaviours. These and other campaigns led to the Liontrust website having an 85% increase in traffic in 2020 compared to 2019.

We also held virtual conferences for the Sustainable Investment and Global Fixed Income teams during the year. These attracted combined audiences of professional fund buyers of just under 600. In March 2021, we held a virtual sustainable educational event that was watched by 446 advisers.

At the end of October 2020, Liontrust acquired the Architas UK Investment Business. We have integrated Architas' distribution into our sales and marketing teams and successfully rebranded the business and Multi-Asset funds, including their digital tools, on completion of the acquisition, and this included 17 pieces of literature and a quarterly client magazine.

We have been rebuilding the Liontrust website and this is the first stage in developing our digital proposition. The digital strategy is designed to enhance our level of service, communications, accessibility and engagement, including through greater personalisation of information and content and the addition of portals.



COURAGE · POWER · PRIDE

Operations review

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

Our key operations teams (together, the “**Operations Team**”) are:

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

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

- Due to the Covid-19 pandemic, successfully managed the IT support for all employees and members in a “working from home” environment, including providing continuous on-site support during normal working hours at our London office. During this financial year ended 31 March 2021, we have made no Covid-19 related redundancies, nor sought to take part in any government assistance schemes.
- Worked with Alpha Financial Markets PLC (“**Alpha**”), external consultants, to produce the Operations & IT Due Diligence Report on Architas Multi-Manager Limited and Architas Advisory Services Limited (together, the “**Architas UK Investment Business**”) prior to entering into the Sale & Purchase Agreement (“**SPA**”) in relation to the acquisition of the Architas UK Investment Business.
- Successfully transferred the Transfer Agency services for the Global Equity funds from SS&C Technologies to BNY Mellon in June 2020.

- Successfully integrated the internal operational and technology aspects of the Multi-Asset funds following the acquisition the Architas UK Investment Business, which completed at the end of October 2020, including onboarding all the Architas UK Investment Business staff into a “working from home” environment based out of our London offices.
- Following the acquisition of the Architas UK Investment Business, successfully managed the closure of thirteen sub-scale Multi-Asset funds.
- Successfully managed the mergers of the Liontrust European Income, Macro Equity Income, UK Opportunities, UK Mid-Cap funds into the Liontrust European Growth, Income and UK Growth funds respectively.
- Managed the transition of the Asia Income investment team to Somerset Capital in October 2020 and started the project to transfer the authorised fund manager, trustee, custody, funds accounting and transfer agency services for the Liontrust Asia Income Fund to Maitland Institutional Services Limited.
- Successfully transferred the Depository, Custody, Fund Accounting and Valuation services for the Multi-Asset funds from State Street to BNY Mellon in January 2021.
- Started the project to transfer the Transfer Agency services for our Multi-Asset funds from SS&C Technologies to BNY Mellon, which successfully completed in June 2021.
- Upgrade of key Order Management System and Portfolio Management System successfully completed to add additional functionality and maintain supportability.
- Enhanced our core network infrastructure to improve the speed of connectivity between our three Liontrust offices, and also to our data centre, as well as improving the resiliency and delivering cost savings. Alongside this we took the opportunity, during the Covid-19 lockdown, to upgrade the Wi-Fi in the London office.
- Wrote a Cyber Incident Response Plan, as well as bringing live an outsourced Security Operations Centre; and successfully ran our annual Disaster Recovery tests for both our trading systems (running from DR for one full week) and our cloud data storage (running for over one month).

Financial review

Financial performance

Profit before tax increased to £34.929 million (2020: £16.508 million as restated). The profit before tax for the year includes £7.1 million of acquisition and reorganisation costs incurred as a result of the acquisition of the Architas UK Multi-Asset business.

Adjusted profit before tax*, which adjusts for share incentive costs, depreciation and amortisation costs and other costs relating to the acquisition and reorganisation of Neptune Investment Management Limited and Architas increased to £64.308 million from £38.054 million last year, reflecting the increased fund flows and growth in AuMA and performance fees.

Table (a) Analysis of financial performance

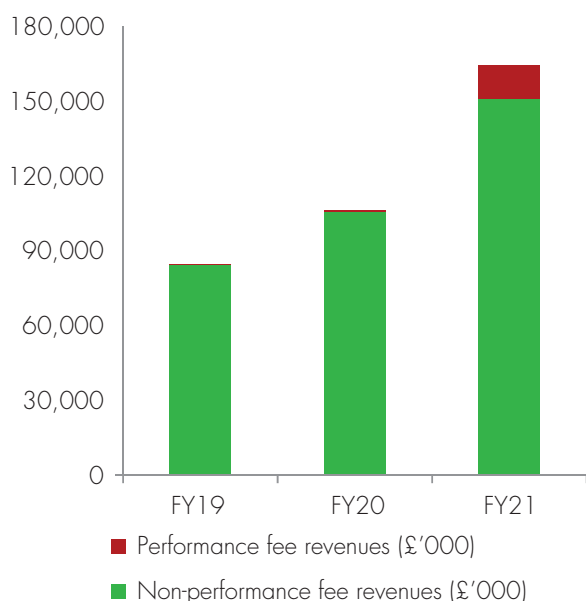
	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000	Year on Year Change
Gross Profit excluding performance fees	150,067	105,628	42%
Performance fees	13,692	1,004	1264%
Unrealised gain on sale of financial assets	672	(283)	-
Realised gain on sale of Asia fund	250	-	-
Administration expenses	(129,646)	(89,711)	45%
Operating profit	35,035	16,638	107%
Adjustments	29,379	21,546	-
Finance cost	(113)	(148)	-
Adjusted operating profit	64,301	38,036	69%
Interest receivable	7	18	-
Adjusted profit before tax	64,308	38,054	69%

See note 7 to the financial statements for a reconciliation of adjusted profit before tax to profit for the year.

Gross profit

Gross profit increased by 54% compared to last year and by 93% compared to two years ago. (see Figure 2 below).

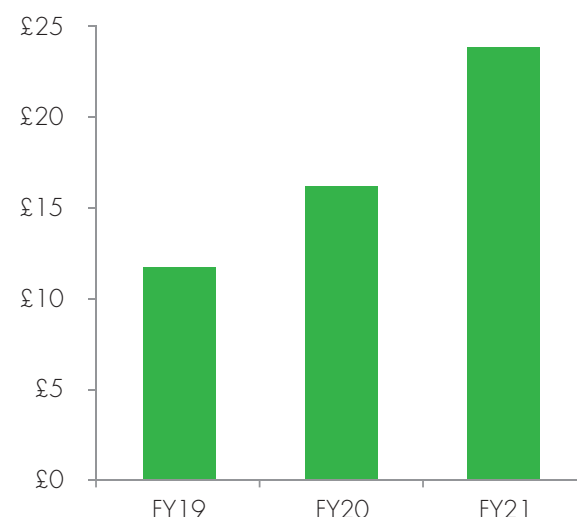
Figure 1 – Gross profit £'000



Average AuMA*

Average AuMA increased by 47% compared to last year and by 103% over two years (see Figure 1 below), reflecting acquisition, net flows and market performance.

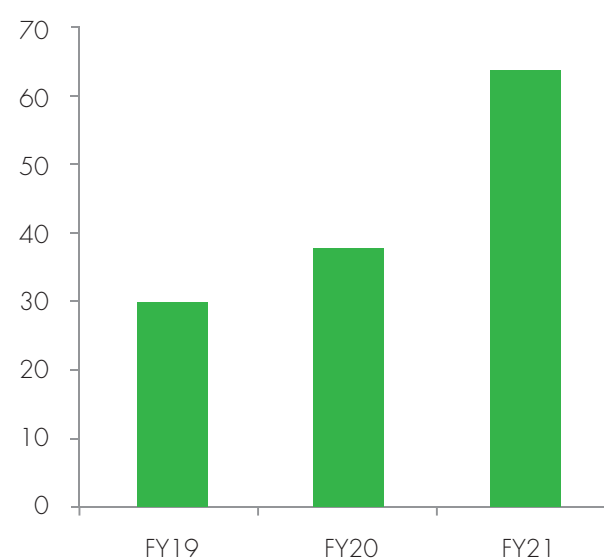
Figure 2 – Average AuMA* £'billion



Adjusted profit and operating margin*

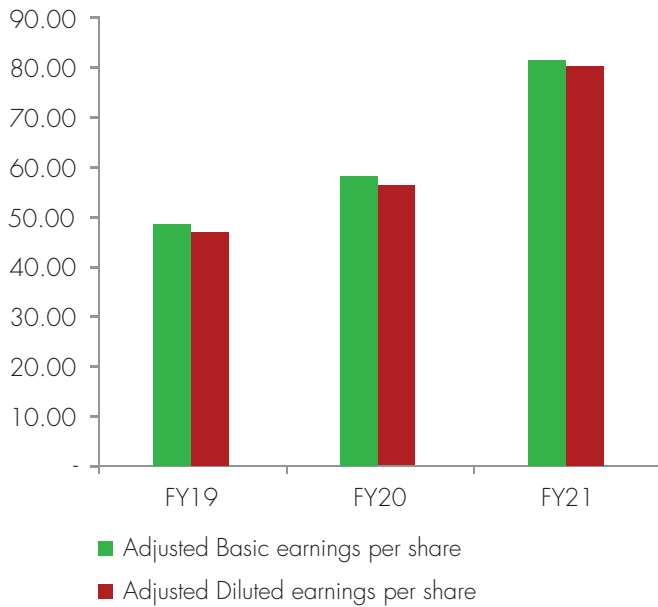
Adjusted operating profit* increased to £64.301 million from £38.036 million last year and from £30.083 million two years ago reflecting the increase in Average AuMA and performance fees, this in turn is reflected in strong growth in Adjusted basic and Diluted earnings per share (see Figures 3 and 4).

Figure 3 – Adjusted profit before tax* £'million



* These are alternative performance measures (APM). See page 29 for further details.

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



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*

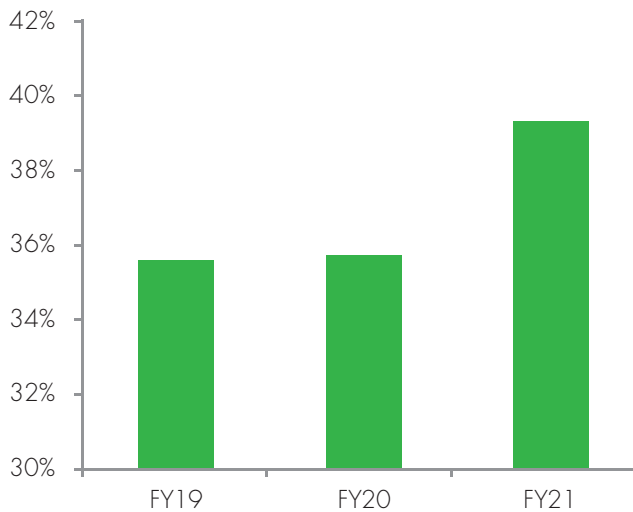


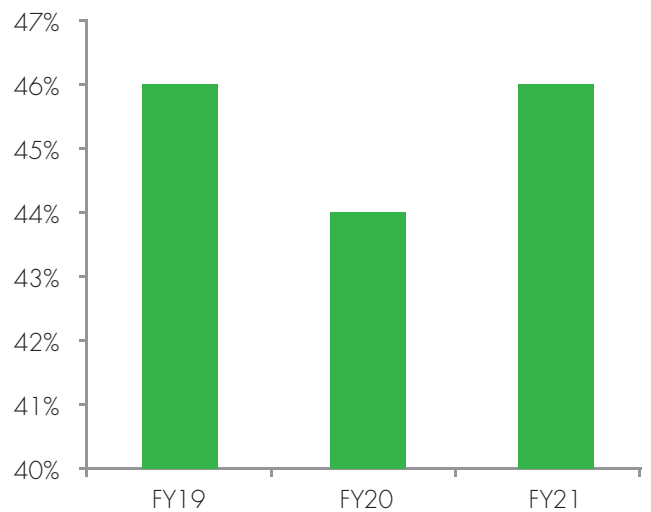
Figure 6 – Adjusted operating profit* as % of Average - AuMA



Administration expenses

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

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

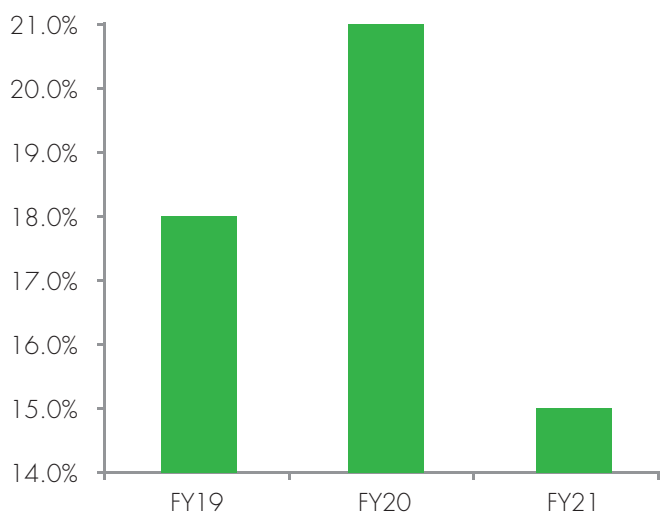


Member and employee related costs are the sum of Director and employee costs, pensions, members drawings charged as an expense, and members' advance drawings (where applicable).

* These are alternative performance measures ('APM'). See page 29 for further details.

Other administration expenses as a percentage of Gross Profit is at 15% (2020: 21%), (see Figure 8 below).

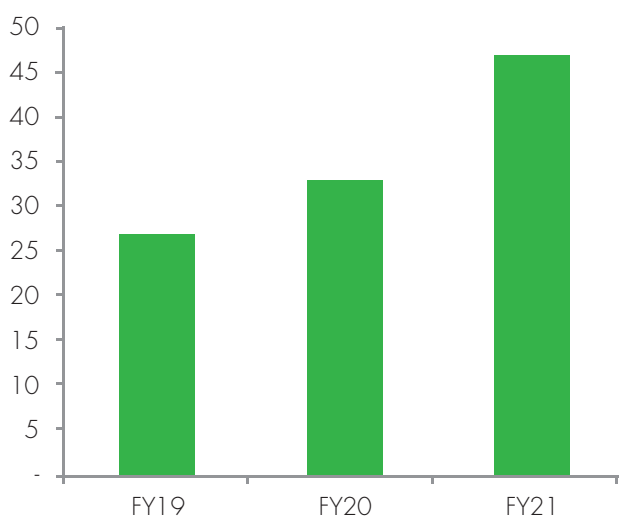
Figure 8 – Other administration expenses* as a percentage of Gross profit



Dividend

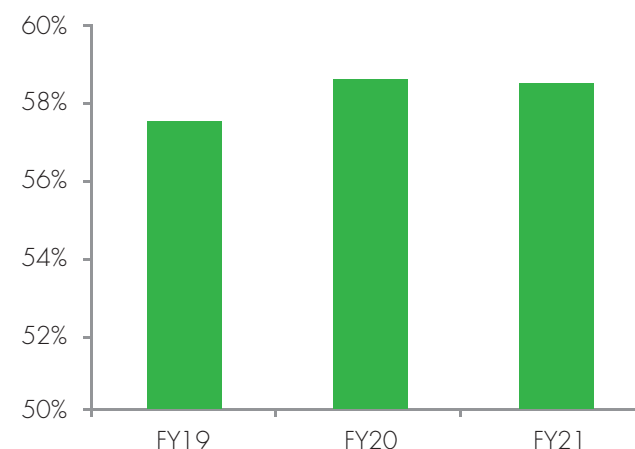
The Board has considered current market environment, the financial performance for the Group in the current year and its cash generation abilities in future years, and is declaring a second interim dividend of 36.0 pence per share (2020: 24.0 pence) which will result in total dividends for the financial year ending 31 March 2021 of 47.0 pence per share (2020: 33.0 pence) (See Figure 9 below). This reflects a dividend margin (dividend per share divided by Adjusted diluted earnings per share excluding performance fees) of 59% (See Figures 9 and 10 below).

Figure 9 – Dividend per share (pence)



* These are alternative performance measure ('APM'). See page 29 for further details.

Figure 10 – Dividend margin*



Dividend policy

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

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

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

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

Statement of viability

In accordance with provision C.2.2 of the 2018 revision of the Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 31 March 2024. The Directors' assessment has been made with reference to the Group's current position and strategy, the Group's risk appetite, the Group's financial forecasts, and the Group's principal risks and mitigations, as detailed in the Strategic Report.

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

The three-year strategic forecast considers the Group's profitability, cash flows, dividend payments, share purchases, seed capital and other key variables. These metrics are subject to sensitivity analysis, which involves flexing a number of the main assumptions in the forecast, both individually and in unison. Given the market volatility and economic uncertainty due to the Covid-19 pandemic, management produced additional sensitivity scenario analysis for the strategic forecast and has considered mitigating actions should any of these scenarios occur. Scenario analysis is also performed as part of the Group's ICAAP, which is approved by the Board.

Alternative Performance Measures ('APMs')

The Group uses the following APMs:

Adjusted profit before tax*

Definition: Profit before taxation, depreciation and amortisation, share incentivisation expenses and non-recurring items (which include: professional fees relating to acquisitions; restructuring and severance compensation related costs).

Reconciliation: Note 7.

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

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

Adjusted operating profit

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

Reconciliation: Note 7.

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

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

Adjusted operating margin

Definition: Adjusted operating profit divided by Gross profit.

Reconciliation: Note 7.

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

Gross profit excluding performance fees

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

Reconciliation: Note 4.

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

Adjusted earnings per share

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

Reconciliation: Note 7.

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

Adjusted diluted earnings per share

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

Reconciliation: Note 7.

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

Other administration expense

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

Reconciliation: Note 5.

Dividend margin

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

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

Reason for use: This is used to identify the dividend cover versus adjusted diluted earnings per share excluding performance fees.

Assets under Management and Advice ('AuMA')

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

Reconciliation: A detailed breakdown of AuMA is shown in the Strategic Report

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

Average Assets under Management and Advice

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

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

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

Net flows

Definition: total sales into Group funds less total redemptions from Group funds.

Reconciliation: A detailed breakdown of net flows is shown in the Strategic Report

Reason for use: Net flows is a key performance indicator for management and is used both internally and externally to assess the organic growth of the business.

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

Principal Risks and mitigations

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

As detailed in the Risk Management and Internal Controls section of the Directors' Report on page 59, Liontrust has defined a Risk Universe and uses a Risk Appetite Statement as well as a number of risk frameworks to capture the core risks inherent in our business and assess how those risks are managed and mitigated, the key indicators that would suggest if the risk is likely to materialise together with an assessment that each risk may have on our regulatory capital.

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

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

Credit risk

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

These risks include:

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

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

Market risk

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

Liontrust as an investment management company is exposed to market risk in several forms, these include: seed investments; box management; funds under management; and management and performance fee income. A significant fall in markets will reduce the management fee income from our assets under management. Due to the nature of the mix of fixed and variable expenses, the

Group's earnings will also reduce, although not at the same rate. The Group has extensively modelled the impact of a significant fall in markets at the same time as other potential capital impacts and have concluded that although our profitability may be significantly affected, the Group should remain within its prudential capital requirements under the majority of scenarios.

Operational risk

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

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

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

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

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

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

Liontrust has worked on integrating the Neptune and Architas businesses over the last twelve months with most activities now fully transferred. The remaining work relates to the change of Authorised Corporate Director and transfer agency for the remaining Architas funds. There has been a higher risk of operational failures over this period due to the change of systems, controls and procedures as well as changing staff responsibilities. The Group made a significant investment in project oversight and appropriate resourcing, which has mitigated the risks and Liontrust has devoted considerable management time to minimise operational risk arising from the integration.

Cybersecurity and information technology risk

Liontrust is dependent on our IT infrastructure and systems. A successful cyber-attack could result in the loss of data; disrupt our ability to service our customers or in a worst-case scenario – a loss of clients' assets. Liontrust has included the management of cyber security into our governance framework for a number of years and have appointed a virtual Chief Information Security Officer to ensure we have the right infrastructure and defences in place. Liontrust also use specialist external consultants to review and test our IT infrastructure and security including penetration testing. All significant contracts, or those with sensitive data are subject to cybersecurity clearance.

Staff awareness and training is an important part of our defence against attack. Liontrust demands the same commitment to tackling cybersecurity from its key outsourced providers.

Business risk

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

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

Climate Change

There are multiple impacts of climate change on companies. Liontrust may be impacted directly, via our outsource partners or through our investments in companies on our clients behalf. The impacts may come from physical risks (extreme weather events, or supply shortages) or from exposure to transition risks which arise from society's response to climate change (technological change, social upheaval or regulation). These can change business costs, alter the viability of products or services, or alter asset values. There are also legal costs and potential liabilities for climate-related actions.

This year we have worked on modelling these potential impacts into our prudential capital planning. Further information on our efforts to manage this risk and integrate sustainability throughout our business is in the section "Our People, Sustainability and Corporate Responsibilities" on page 33.

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

Competitive Environment

Liontrust operates within a highly competitive environment with both local and global businesses, many of which have greater scale and resources. The changes to the regulatory and business landscape have resulted in a greater focus on fees & charges, a growing importance of brand & marketing and distributor relationships. Initiatives such as the Assessment of Value promote transparency and enable clients to better compare funds. Failure to compete effectively in this environment may result in loss of existing clients and a reduced opportunity to capture new business which may have a material adverse impact on the Group's financial wellbeing and growth. Our governance and leadership help to ensure that the Group remains competitive and does not lose focus.

Client Management

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

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

Portfolio Management, Investment and Liquidity risk

The risks arising from poor investment returns, incorrect levels of investment risk or liquidity issues in the funds.

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

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

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

People

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

People are a key part of our business and the stability of our investment and operational expertise is critical to our success.

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

Regulatory, Compliance, Conduct and Financial Crime

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

The regulatory environment that the Group operates in continues to grow more complex. Over the last year we worked on meeting the new requirements from the Sustainable Finance Disclosure Regulation and this will continue to be a focus for us. We published our initial assessment of value reports as well as reporting against the new Stewardship Code.

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

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

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

Other Principal risks:

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

Brexit

Liontrust operated a number of work streams to identify potential issues to the business stemming from Brexit including the possible impact on our ability to service clients and meet our regulatory obligations. With the end of the transition period and the UK formally departing the EU single market with a trade agreement, Liontrust's preparedness has ensured we have not been significantly impacted.

We set up a MiFID licenced subsidiary in Luxembourg (Liontrust International Luxembourg SA) to replace our existing branch to ensure we can continue to market our funds and services into the EU.

We remain vigilant and continue to build our resilience should our regulatory equivalency be at risk, ensuring we can always meet our client's needs.

Covid-19

As well as serious implications for health, Covid-19 (coronavirus) continues to significantly impact society, businesses and the global economy and may result in once in a generational change to people's lives.

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

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

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

As the government restrictions and advice change, we are also looking at our safe return to the office and the challenges it presents. Several controls have been implemented to ensure COVID risk is managed appropriately, including increased sanitation, optimised seating arrangements, glass screening and one-way walking systems.

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

Our People, Sustainability and Corporate Responsibilities

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

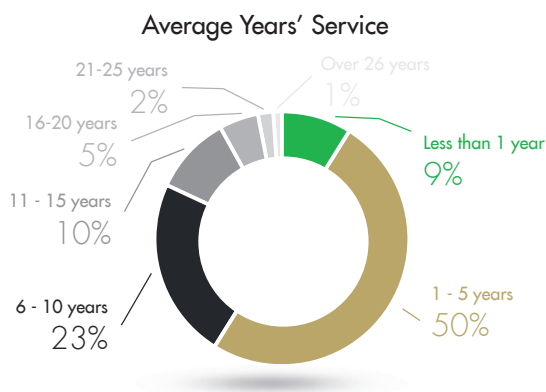
Liontrust's sustainability report complements and expands on the information summarised in this section.

Our People

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

Staff engagement and development

Our aim is to have a stable and engaged workforce, and our average number of years' service is greater than 5 years across the business and rises with seniority.



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

Our staff successfully transitioned to working remotely during Covid-19, equipped with the required technology to perform their duties productively and safely. Staff were actively engaged through regular company updates from the executive committee, and were encouraged to take time off work through a holiday allowance bonus scheme. Staff with additional demands, such as dealing with the challenges of home-schooling, were given due consideration and flexibility.

In 2020, Liontrust completed the acquisition of the Architas UK Investment Business which accounts for around 20% of the workforce. While we faced the challenge of integrating our new employees during lockdown, we believe our strong culture and values aided the process.

Liontrust undertook its' inaugural workforce engagement survey in 2019, due to the Covid-19 pandemic we decided not to undertake this survey in 2020. However, the intention is to carry out an engagement survey by the end of 2021. Liontrust conducted regular Pulse surveys throughout the year to monitor the concerns and well-being of our staff.

Liontrust's Workforce Advisory Committee met regularly during the year. The purpose of this Committee is to advise the Management Committee and the Board on issues relating to the workforce, ensuring all colleagues have the skills, motivation and opportunity to develop and grow. This Committee has representatives from across the business including two members of the Management Committee.

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

We are committed to providing our talented staff with opportunities to develop their capabilities. We make substantial and sustainable investments in the development of our people, and regularly review the relevance and outcomes of this training.

In addition to our learning management system to enhance our internal training, we also encourage all our staff to take business relevant qualifications and offer support packages. Our investment professionals are required to achieve standards above the regulatory minimum with a particular focus on the Chartered Financial Analyst qualifications for investment staff.

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

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

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

Equal Opportunities, Diversity and Inclusion

Liontrust believes that its people should be appointed to their roles based on skills, merit and performance and makes all appointments within the guidelines of its equal opportunities policy. We are committed to greater diversity, including gender and ethnicity, and the benefits that this will bring to the business.

We are an equal opportunities employer and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of their race, gender, marital status, age, disability, religious belief or sexual orientation. The Group reviewed and updated our diversity policy and Senior Management and the Board continue to believe that greater diversity will enhance the performance of the business.


During 2021, we establish the Diversity and Inclusion Committee chaired by our COO/CFO which will provide feedback and recommendations to the Management Committees, Nomination Committee and the Board itself. The purpose of the Committee will look at the challenges and opportunities around the following topics:

- Preventing and eliminating discrimination, including unconscious bias.
- Raising awareness of the importance and benefits of diversity enhancing our Culture and innovation.
- Ensuring policies and procedures promote diversity across the company.
- Increasing awareness through training, mentoring and coaching.
- Highlighting changes required to promote diversity.
- Attracting people from diverse backgrounds to join Liontrust and the asset management industry in general.

The Committee will meet monthly as we work to make progress across this important area. This will form part of overall diversity strategy.

Liontrust's current gender balance is broadly 67:33 / male:female with men predominating in more senior positions. This reflects the history of the asset management industry and is typical of the financial industry as a whole. The Board and senior management are actively seeking to address this and we have seen a 5% swing towards women in the last year. Senior management have been working to implement our aspirations and putting in place the strategies; the policy changes; and the culture changes that are required to address the gender balance and gap at Liontrust.

As at the 31st March 2021, Liontrust's total of 205 employees/partners was broken down as follows. Our Board represent 5 Non-Executive Directors.



2021	Male	Female
Employees	106	66
Directors	5	2
Members of LLPs	30	3

We ensure there is a good gender mix of candidates in all recruitment, removing all male recruitment processes, providing training to staff on diversity, reviewing our policies to remove unconscious bias and encourage diversity and offering flexible maternity, paternity and shared parental leave and flexible working policies to help support staff with children.

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

Liontrust tracks and analyses our gender pay gap (the percentage male employees overall are paid more than female employees), and it is more than the average for the financial services sector. Although the gender pay and bonus gaps between female and male employees could be expected to gradually decline as we continue to recruit and develop senior female talent across the business both the Board and senior management are seeking to transition the business more quickly.

The McGregor-Smith review on 'Race in the Workplace', noted that in 2016, 14% of the working age population are from a BAME background, with this expected to increase to 21% by 2051. BAME individuals made up only 10% of the UK workforce and held only 6% of top management positions in the UK. During the year Liontrust asked staff to voluntarily disclose their ethnicity, of the 70% of staff who opted to provide this data, 23% of staff categorised themselves as non-white. We recognise this is not a complete reflection of the ethnic composition of our workforce and we will continue to encourage our staff to voluntarily disclose this information as we believe this information is important to understand our baseline, in order to measure the effectiveness of our initiatives to allow us to make positive change.

The Parker Review sets out achievable objectives and timescales to encourage greater diversity and provides practical tools to support Board members of UK companies to address the issue. The Review recommends an increase the ethnic diversity of UK Boards by proposing each FTSE 100 Board to have at least one director from an ethnic minority background by 2021 and for each FTSE 250 Board to do the same by 2024. Liontrust have one ethnic minority representative on our Board and are committed to maintaining this.

Black Lives Matter (BLM) brought ethnic diversity and inclusion into focus during the year. The BLM movement resonated with our staff, some of whom were motivated to take more positive action. Liontrust held an internal webinar to highlight awareness of these issues with discussions from some of our Black staff members as to the issues they have experienced in the workforce and society.

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

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

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

Remuneration

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

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

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

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

Sustainability and Corporate Responsibility

Liontrust takes seriously our role in society and our obligations to shareholders and as custodians of client assets and are committed to environmental, social and governance (ESG) initiatives. Last year was the first year we published our Sustainability Report showing in detail how we are building sustainability into our business and our plan for being a responsible and transparent investor, employer and good corporate citizen. We are pleased with the progress we continue to make in this area, our website provides further details as well as up to date information on our ESG plans and activities.

Stewardship for our investments

Liontrust has always recognised that good governance & stewardship, sustainability and social impact are important considerations in choosing and monitoring investments and longer-

term performance. In particular, we have committed to integrate sustainability appropriately throughout the business in order to:

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

We have published our Responsible Investment policy which provides details of our engagement led approach and how we manage our stewardship at both a Group level and for individual teams. We aim to be as transparent as possible to allow investors to understand exactly what we do as well as what we don't do.

Liontrust' Sustainability and Stewardship Committee (SSC) was created in 2020 and is chaired by the Chief Executive Officer. The SSC is supported by a Working Group with representatives from the firm to facilitate the development and implementation of our Sustainability strategy. The SSC has met a number of times and has focused on achieving the following aims :

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

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

Liontrust's proprietary investment processes integrate stewardship and sustainability into the stock selection and portfolio construction process to different extents. Further details of this are available on Liontrust's website in our responsible investment policy. Over a third of our assets are managed by the Sustainable Investment team who fully integrate ESG issues into their investment process and we continue to develop and launch new funds to meet client demand for a fully integrated sustainable investment approach as well as enhancing our other products.

As part of our commitment, we are signatories to a number of industry initiatives in this area, a full list is in our Sustainability Report.

The *United Nations Principles for Responsible Investment* (UN PRI), a set of voluntary guidelines that help companies to address social, ethical, environmental and corporate governance issues as part of the investment process.

Liontrust's wider approach to the PRI's six responsible investment principles were assessed in 2020 by the UN PRI for the year ending 31 December 2019 and a summary of the results are:

A+ for Strategy & Governance

A Listed Equity - Incorporation

A Listed Equity - Active Ownership

A Fixed Income

The 2020 assessment transparency report is available on our website.

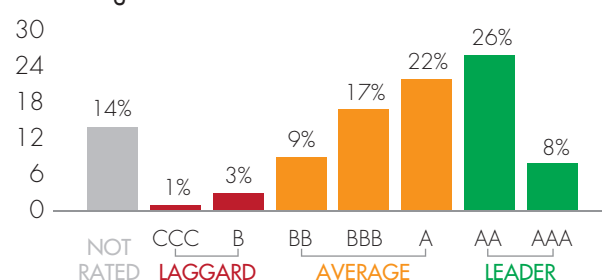
- The *Financial Reporting Council's Stewardship Code*, 12 principles for stewardship including the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. Liontrust reported against the 12 principles of the revised code in March 2021. For further details on Liontrust's response to the Stewardship code and how Liontrust complies with the responsibilities laid out within the compliance statement, please visit our website.
- The *Financial Stability Board's Task Force on Climate-related Financial Disclosures*, voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. Please see the section on Climate-related Financial Disclosure below for further details.

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

Liontrust utilise MSCI ESG manager for all investment teams providing ESG ratings, ESG controversy monitoring and carbon analytics of all portfolios, which empowers our investment managers to consider ESG issues in their decision-making processes for each strategy as well as providing group wide analysis and action. We have also been reviewing more specialist information to demonstrate alignment with Sustainable Development Goals and the potential costs of the carbon transition on our investments.

The chart below shows the distribution of the MSCI ESG ratings of our holdings as at 31 March 2021. This includes an increase in the leading rated AA and AAA companies in the portfolios' scores from last year (2021: 34% 2020:30%), a decrease in the average rated BB and BBB, A companies in the portfolios (2021: 48% 2020:52%) and a decrease in the laggard rated B, CCC companies in the portfolios score from last year (2021: 4% 2020: 5%)

ESG Rating Distribution



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

FSB Task Force on Climate-related Financial Disclosure

Liontrust support the goals of the Paris Agreement to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. We believe that climate change will be a defining driver of the global economy, society and financial markets in the future, and that investors will be unable to avoid the impacts of this.

As an asset management business, the indirect emissions from our investments have the greatest potential impact on the environment. We are committed to developing our analysis and response to climate-related risks and opportunities in order to mitigate the risks and safeguard our client's investments.

We have been a supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) since September 2018. TCFD seeks to provide investors with increased awareness of climate-related risks and opportunities, and we support this objective through our operational activities, engagement with investee companies and work with partner organisations. We have been signatories to the Carbon Disclosure Project (CDP) since 2017. In May 2021, Liontrust signed the Montréal Carbon Pledge and endorsed the 2021 Global Investor Statement to Governments on Climate Change ahead of the COP26 in Glasgow.

This is the second year for Liontrust to report against the TCFD recommendations and we have structured this update to provide insight into governance, strategy, risk management, and metrics and targets related to climate change. To best describe our efforts, we will report on how we address climate change risks in our operations and business and also describe how we manage climate change risks in our investment portfolios on behalf of our clients under the TCFD recommendations.

Governance

The Group's board has oversight of all corporate obligations, including those related to climate risks and opportunities and other ESG considerations and commitments. The Board regularly discusses the potential impact of climate change on our business and our future strategy; in particular, the impact on our ability to deliver long-term superior performance due to the climate change risk on our client's investments. The Board keeps these reporting obligations under review and receives a regular report on the company's Governance and Stewardship activities quarterly. The

management team co-ordinates the implementation of our strategy through the Sustainability and Stewardship Committee and its supporting Working Group.

We continue to work on improving our long-term risk planning for the Group, in particular we have been incorporating climate change into our group wide risk framework as we grow our understanding of how climate change will impact us and our investments.

Alongside the work on investment risk considerations, the Risk team are also integrating climate models into the capital stress testing processes used by the Board to manage our regulatory capital.

The CEO is accountable to the Board for overall Group performance, including climate-related risks and opportunities. Sophia Tickell is the nominated Non-Executive Director responsible for ESG matters.

The CEO chairs the Sustainability and Stewardship Committee (SSC), which was established in 2020 as a sub-committee of the management committee. Further details of our governance structure are included on pages 50 and 51.

The CRO leads and manages the Group's overall risk strategy including climate risk management measures, including operational and prudential climate-related risk. The CRO sits on the SSC and chairs the Sustainability & Stewardship Working Group, which is responsible for implementing, overseeing, and supporting the group's governance framework and policies. He also chairs the Portfolio Risk Committee which is responsible for overseeing how our investment teams manage climate and ESG risk within our portfolios and on our underlying investee companies.

The ESG Regulation Working Group was established in 2020, to ensure compliance of current and emerging climate change regulations such as the Sustainable Finance Disclosure Regulation (SFDR).

Strategy

Although Liontrust is currently not legally obliged to report on the TCFD recommendations, we are an active supporter of its aims and believe it is only fair that we do as what we encourage our investee companies to do. We welcome the FCA's proposal to make TCFD reporting mandatory over the next few years. The TCFD recognises that climate-related disclosure is a journey for many companies and that it will evolve over time as organisations, investors, and others contribute to the quality and consistency of the information disclosed.

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

On reflection, the timeframe set out in last years' report and accounts was unrealistic to allow full disclosure in the 2020/2021

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

During the year we have worked on refining the Board's approach towards climate risk and strategy; further integrated climate risks in Liontrust's investment risk management; continued to support the fund managers with more tools and further training; maintain the monitoring of the carbon footprint of all the equity and fixed income portfolios, and expanded our engagement with investee companies on their decarbonisation strategies.

Liontrust engaged MSCI Carbon Analytics for all investment teams to provide detailed carbon emissions analysis across all portfolios. Analysis of these portfolios has been conducted and we have identified the highest carbon emitting companies held across portfolios. Over the last year we started to engage with these companies and we will continue to do so throughout 2021. Liontrust have agreed to implement MSCI's Climate Value at Risk model which identifies transitional and physical climate related risks and opportunities for each portfolio. This will empower our investment managers to consider these risks and opportunities in their portfolios.

We expect our fund managers to consider these climate-related risks in their investment decision making as part of their due diligence, including consideration of the effects of carbon pricing, substitution of existing products and services with lower emissions options, changing customer behaviour and stranded assets. We are pleased to see more of our third party research providers integrating this ESG analysis on a company or sectoral basis as a matter of course and allows us to gain a wider appreciation of the risks and opportunities in our investments.

In May 2021, Liontrust signed the Montréal Carbon Pledge where investors commit to measure and publicly disclose the carbon footprint of their investment portfolios on an annual basis. Liontrust will publish the carbon emissions of portfolios against their relevant benchmark for all equity and fixed income strategies (Liontrust will explore over the next year how we can best capture the carbon data of our multi asset fund strategy). This data will also reflect the percentage of the portfolio invested in fossil fuel reserves and clean technology solution providers.

Following our analysis and work throughout the year, we are now in a position to take the following steps in the financial year 2021/2022:

- approve our refined strategy and approach towards climate risk at Board level;
- finalise the integration of climate risks in Liontrust's investment risk management;
- continue to support the fund managers with further tools and more training;

- continue to engage with and encourage high carbon emitting companies to prepare for the transition to a low carbon economy across all portfolios;

We endeavour to have the following steps fully integrated by the end of Q1 2022:

- full integration of Climate Change risk within the Group's risk management framework;
- full integration of Climate Change risk within investment risk and portfolio analysis;
- disclose how the company is integrating climate scenarios within investment management;
- ensure all appropriate staff are trained on new policies and processes;
- and target full disclosure in the 2022 PRI's climate risk indicators and 2021/2022 Annual Report.

Transitional and Physical Risks

Liontrust will continue to take into account short-, medium-, and long-term risks from climate change that could have a material financial impact on the organization. Liontrust has determined that short term should be considered as less than 3 years, medium term horizons are between 3 and 10 years, and long term is considered 10 to 30 years. We had not identified specific climate-related risks and opportunities beyond our organization's investment time horizon of 30 years.

The key factors that Liontrust consider in formulating these horizons included regulation, actual changes in climate and its impact on extreme weather. Liontrust defines a substantive financial impact as being greater than 1% of our adjusted profits.

Transitional Risks

Current regulation: Liontrust adheres to existing regulations, the compliance and internal audit teams monitor our compliance as appropriate ensuring internal working groups are established in a timely manner.

Climate-related risks and other developments relating to current regulation are discussed at the ESG Regulation Working Group which was established during the year. These findings are discussed at the Sustainability & Stewardship Working Group meetings. As described above, the Working Group is chaired by the Chief Risk Officer, and their findings/recommendations are communicated to the Sustainability and Stewardship Committee, which is chaired by the CEO. This ensures that any current regulatory issues are communicated to the Board on a frequent basis. Regulatory compliance, including consideration of both current and emerging rules, forms part of our standard policy and procedures for this risk area, and consequently we maintain a legal compliance register to track current and emerging events. Regulations are monitored by our Compliance Team on an ongoing basis, with oversight provided by our Sustainability and Stewardship Committee. This includes considering environmental risk factors that could impact investment decision, adapting to proposed or new regulatory requirements, planning for measures that can address or mitigate them, and ensuring that the Group decision makers are up to date on how these factors could impact strategic planning in the future.

For example, Liontrust voluntarily reported against the TCFD recommendations in the anticipation of this reporting becoming a legislative requirement for companies, for which the FCA announced legislation this year for all UK premium listed companies.

Emerging regulation: Liontrust strives to be in a position where adherence to emerging regulations is established in a timely manner, ensuring internal working groups are established and requisite documentation and processes are created and embedded into our procedures. This area is becoming increasingly important as there is significant new ESG / climate-related regulation for financial services.

Monitoring emerging regulation is considered relevant to our ongoing business, as our investee valuations can be heavily impacted by proposed regulation, particularly where there are significant costs or opportunities arising from compliance or lack of compliance. It is likely that these regulations will impact the majority of the asset classes and industries in which we invest. We expect emerging regulation related to environmental impact, in general, and climate change, in particular, poses a medium to longer term risk.

Liontrust is already aware of a number of potential areas of emerging regulation relating to climate change that could have an impact on the business. Emerging regulation is included as part of our assessment process and we are working towards integrating a robust risk management plan that has climate change issues as its core. Our Regulatory Change Lead identifies emerging regulation which enables us implement mitigation plans. We also leverage off our membership of industry groups and our professional advisers experience and expertise to track upcoming challenges. While there is no certainty regarding the nature or extent of emerging regulations, we do expect that they will have a material impact on the financial performance and continued operations of many of our investee companies.

Failing to address these issues could result in the failure to address meet the needs of our clients in the medium to long term, particularly with respect to their expected returns and volatility, as well as the protection of the underlying capital. This is particularly true of our smaller companies, who previously were not expected to report on their environmental impact. We support our investee companies by engaging on developments as we identify them, encouraging them to comply by taking a longer-term view.

Technology: Technology can help mitigate climate related risk, including use of systems to identify issues and to manage risk.

Liontrust discusses technology as it relates to climate risk on a regular basis. We consider technology risk to embody the following specific areas:

- Optimising renewably-sourced technologies where available, both within our own operations and those of the companies in which we invest. For example, after moving to the Cloud for the bulk of our information processing requirements, we are now using renewable energy to power our infrastructure and are exploring ways that we can reduce the energy requirements of

our connectivity, including rapid uptake of virtual connections rather than dedicated access to Company servers. We are also exploring ways that we can encourage our brokers and other service providers to embrace lower energy consumption options for data management, storage and processing.

- Engaging with those investee companies with significant climate related risks to use technology as part of their planning to transition to more sustainable options.
- Legacy investments becoming stranded by a similarly priced renewable energy technology. We mitigate this risk by engaging with the investee companies, to monitor, support and encourage a transition to more sustainable options.
- We believe that the risks associated with ignoring technological advances could have a material impact on the financial performance and valuation of our investee companies. However, we also believe that the opportunities provided by adoption of greener technologies can outweigh the risks in many areas.

Legal: Litigation risk is increasing and this may impact the value of our investments.

Liontrust recognises the increased risk of climate change litigation, particularly with respect to those cases that link human rights to poor environmental practices. However, we do consider this to be of relatively low risk to our ongoing operations, as we are actively committed to understanding, addressing and ultimately reducing our emissions on a Group-wide basis. We also have made public commitments including endorsing PRI investor statements on Sustainable Palm Oil Expectation and on Deforestation and Forest Fires in the Amazon. As discussed in the preceding sections, we ensure compliance with existing regulation as part of our general environmental policy. We also endeavour to understand and adapt to new regulation as it arises. We monitor developments in this risk area, both in the UK and globally, to ensure that we have a current understanding of the current legal issues related to climate change.

We also recognise that failure to comply, or ignorance of, developments in this area could impact the valuation of our investee companies. We also are aware that our reputation could be negatively affected by continuing to engage with companies that do not meet their legal or societal obligations. This could potentially increase our legal risk by making us party to lawsuits or other legal remedies brought about by other stakeholders. To mitigate this risk we actively track controversies surrounding any of our investments and engage with them to understand these issues and encourage resolution in the interests of our clients.

Market: Climate change may have a negative impact on market stability with higher earnings volatility and costs.

Liontrust participates in several working groups that are concerned with the market impacts of climate change, for example a member of the Sustainable Investment team is on the PRI Investor Working Group on the Just Transition.

Overall, Liontrust considers that, in many cases, a shift in consumer demand for certain commodities, products, and services due

to climate change considerations represents an opportunity, particularly as we anticipate that these consumer preferences for climate-friendly products will accelerate over time. Our risk policies and procedures ensure that we look at the market in which our identified risk sits. This ensures that we make balanced and informed decisions. The risk of potential loss through holding investments in the market in the face of price movements, arises mainly due to uncertainty about future prices of financial instruments held in the portfolios and it is incorporated into our due diligence processes when reviewing investments. As our investors demand more climate-friendly investment options, a key risk for us is not managing our exposure to holdings in businesses that contribute to or are transitioning to a low-carbon economy. A secondary risk for us is to remain invested in industries or companies that have not adequately planned for the green transition. However, both of these risks are mitigated to some extent within the portfolios managed by our Sustainable Investment Team after their launch of their Sustainable Investment Team's 1.5 degree energy transition challenge within their portfolios. Liontrust will continue to engage with our high carbon emitting companies across all investment teams to encourage our investee companies to transition to a low carbon world.

Reputation: Loss of reputation can have a significant impact on our business, failure to integrate climate change risk can have a significant impact on our reputation.

We believe that reputational risk as a result of failing to address climate change issues could be a material risk to our business. We believe that our commitment to, and disclosure of our compliance to, various climate change initiatives meet our minimum regulatory requirements, and also signals our greater commitment to addressing the climate change issues before us. The Risk Management framework highlights the key reputational risks to management and the Board that may lead to significant reputational loss as one of its key parameters. The biggest reputational risk for us as investors is being associated with investee companies that are perceived as being undesirable due to sectoral, environmental, political or societal factors. We mitigate this risk as an investor by assessing whether a potential investee has the appropriate measures to address these factors and by focusing our engagement with those companies at highest risk. All investment teams have access to MSCI ESG manager for ESG ratings, carbon analytic reports and controversies reporting.

Physical Risks

Acute physical: Liontrust are engaging with external service providers, to understand how best to further integrate these risks into our portfolio investment processes.

Climate change is already impacting many industries, through more extreme weather patterns and storm events. This can manifest as a reduction of yield in some sectors or as uncertainty with respect to expected earnings or planned yield for others. Both of these could present a risk to Liontrust in their investments.

Liontrust carried out analysis on how extreme weather could affect our prudential risks, further details within the Risk Management section of this report.

Our existing or potential assets could be impacted by discrete extreme weather events or rising sea levels resulting from climate change. This could impact the valuation of our investment assets. Company research is increasingly including the impact of potential physical risks into their analysis of companies and sectors and is allowing us to better understand and then challenge our investee companies on these risks and opportunities.

Chronic physical: Liontrust are engaging with external service providers, on how best to further integrate these risks into our portfolio investment processes.

Sea level rise ('SLR') due to climate change represents one of the most pervasive chronic physical risks to coastal areas globally. Some of the invested assets of Liontrust are located in areas that are considered particularly vulnerable to physical risks such as SLR due to climate change.

Another chronic physical risk that is relevant to continuing operations for both us and investee companies is Global Heating. Permanent changes in temperature can impact, impede or impair the ability to operate on an ongoing basis. For example, changes in average temperature could require our own offices to increase the use of heating or cooling capacity, which could lead to power outages, significantly increased power costs or other potentially negative impacts on our ability to continue operations. Likewise, these same impacts will be felt by many of our investee companies. This could result in decreased profitability in many sectors.

Liontrust have agreed to implement MSCI's Climate Value at Risk model which identifies transitional and physical climate related risks and opportunities for each portfolio. This will empower our investment managers to consider these risks and opportunities in their portfolios.

Risk Management

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

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

Liontrust modelled scenarios to quantify and better understand the impact of climate change risk on our future prudential risk, (including credit, market, operational, liquidity and insurance risk). Quantifying the financial risk from climate change which will have a broad and far-reaching impact on the global economy is complex.

Estimating the potential impact of these risks involves assessing the effect of multiple potential climate pathways and the efforts of reducing carbon emissions over several decades. As part of our approach to quantify and better understand the impact of climate change risk on our future prudential risk, we looked at historical data from 1980 to 2016 to provide a sense of the amount of annual global losses from extreme weather-related events. This has been summarised below:

- **Catastrophic:** 1 year of losses +\$250bn / 1 in 37 years
- **Very Extreme:** 2 years of losses +\$150bn / 1 in 18.5 years
- **Extreme:** 10 years of losses +\$100bn / 1 in 3.7 years

To access the impact of climate risk for Liontrust, the table below provides a summary assessment of the likelihood of a risk event occurring based on the level of historic weather event losses (i.e. Catastrophic, Very Extreme and Extreme) above. Internal calculations provide an estimate of the subsequent monetary impact on the Group's capital if a risk event occurred. This combination is key, it may not be the actual event that impacts us, but its effect on our ability to raise capital or successfully claim on our insurance.

Risk Type	Assumed level of weather-related losses (to trigger a risk event)	Likelihood Driver	Likelihood Rank
Credit Risk	Very extreme weather	It would take global losses of +\$150bn to trigger a credit risk event.	Very Low - Low
Market Risk	Extreme weather	It would take global losses of \$100bn that would have a significant impact on AuMA decreasing.	Low - Medium
Operational Risk	Extreme weather	It would take global losses of +\$100bn that could lead to an operational risk event (i.e. failure of a service provider).	Low - Medium
Liquidity Risk	Catastrophic weather	It would take global losses of +\$250bn for a liquidity risk event to crystallise.	Rare
Insurance Risk	Catastrophic weather	It would take global losses of +\$250bn for an insurance risk event to occur.	Rare

As the table above assesses climate risk from a physical risk perspective, we do not anticipate the impact of transitional risk to be as significant to Liontrust's capital requirements. This is due to businesses adjusting and markets repricing to the impact of changes in climate policy, technology and market sentiment over time compared to the unexpected funding and the lack of uncertainty/implications from an extreme random weather event. We are currently assessing the potential timescales for the above risks.

Metrics and Targets

Liontrust uses the Paris Agreement Capital Transition Assessment Tool to assess our exposure to a 2 degree climate change scenario. As at 31 March 2021, 5.6% of the Liontrust equity and 7.2% of fixed income portfolios are in climate relevant sectors which include power, oil & gas, coal mining, automotive, shipping, aviation, cement, steel, and heavy-duty vehicles which account for around 75% of global CO₂-emissions. This analysis focuses on asset classes with the most direct and traceable impact on the real economy, and for which public data is available.

In 2021, Liontrust will publish the relevant climate related metrics of all of our equity and fixed income strategies against their relevant benchmark (Liontrust will explore how we can best capture the carbon data of our multi asset fund strategy). This data will also reflect the percentage of the portfolio invested in fossil fuel reserves and clean technology solution providers.

Since 2012, the Sustainable Investment team has disclosed the aggregated carbon emissions for the single strategy funds. This work is carried out independently and, on average, the Sustainable Future funds emit 68% less carbon dioxide than the markets in which they are invested, have 22% exposure to companies whose products help to reduce emissions and hold 0% in companies exposed to the extraction and production of fossil fuels (such as coal miners and oil and natural gas exploration and production). Further details on our carbon emissions can be found on our website.

In early 2020, Liontrust's Sustainable Investment team committed to its One and a Half Degree Transition Challenge. This involves engaging with all the companies held in the Liontrust Sustainable Future funds and challenging them to revisit their decarbonisation targets and raise their ambition to reduce absolute levels of emissions at a rate consistent with a one-and-a-half-degree global average temperature rise. Further details can be found on our website. 1.5 Degree Transition Challenge: engagement update | What we think | Liontrust Asset Management PLC

Liontrust participated in the CDP Climate Change programme last year where we received a 'C' score, we strive to improve performance year on year.

Liontrust's carbon emissions

Liontrust is committed to understanding and reducing our operational greenhouse gas (GHG) emissions. We use offsetting to be operationally carbon neutral but aim to minimise the use of offsetting where possible. We calculate our emissions for Scope 1 and 2 emissions as 31.6 tCO₂e (market-based¹) as at the 31st March 2021 these equated to a GHG emissions intensity of 0.2 tCO₂e/Full Time Employee, full details are below. This year we have committed to calculating and disclosing the total emissions of our investments and have signed up to the Montreal Pledge.

Greenhouse Gas Emissions performance

¹ Market Based GHG emissions accounts for the green electricity which we purchase for our offices. Scope 1 calculations were zero as there were no refrigerants added to our air-conditioning equipment during the year.

The following information summarises our direct environmental performance over the reporting year ending 31 March 2021. This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting. During the reporting period, our measured Scope 1 and 2 emissions (location-based) totalled 2,583.4 tCO₂e. This comprised

	FY 2021 (tCO ₂ e)	FY 2020 (tCO ₂ e)
Greenhouse Gas Emissions Scope (tCO₂e)		
Scope 1	0.0	255
Scope 2 – location-based	2583.4	2428.9
Scope 2 – market-based	31.6	31.6
Total Scope 1 & 2 (location-based)	2583.4	2683.9
Total Scope 1 & 2 (market-based)	31.6	286.6
Scope 1 & 2 intensity per FTE* – location-based	12.6	17.1
Scope 1 & 2 intensity per FTE* – market-based	0.2	1.8

* The emissions intensity calculation is based on a figure of 205 employees in 2021. Overall, our emissions intensity for Scope 1 and 2 emissions (market-based) were 0.2 tCO₂e/FTE

During the year, our electricity consumption totalled 10,109 MWh, of which 99.96% was consumed in the UK. The split between fuel and electricity consumption is displayed below

Energy consumption (MWh)	FY2021		
	UK	Rest of world	Total
Electricity	10,104.77	4.1	10109

We will look to assess further opportunities to reduce energy consumption in the future in our Savoy Court office, but this may be limited due to the age of our office space. All offices used renewable energy tariffs.

Indirect Emissions (Scope 3)

Our indirect scope 3 emissions from business travel of which we started to measure last year comprised of air, rail travel and mileage emissions. Due to the impact of the Covid-19 pandemic our business travel was minimal emitting only 5.67 tCO₂e in the year.

Greenhouse Gas Emissions Scope 3** (tCO2e)	FY2021 Total
Air Travel	-
Rail Travel	0.06
Car Mileage	5.61
Total Scope 3	5.67
Scope 3 intensity per FTE*	0.03

* The emissions intensity calculation is based on a figure of 205 employees in 2021.

** The emission intensity calculations have been calculated by Corporate Traveller, our corporate travel partner. See below.

Methodology Scope 1 & 2

We quantify and report our GHG emissions according to the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Consumption data has been collated and converted into CO2 equivalent using the UK Government 2019 Conversion Factors for Company Reporting and the International Energy Agency international electricity conversion factors.

Scope 2 Guidance; we have therefore reported both a location-based and market-based Scope 2 emissions figure. The Scope 2 market-based figure reflects emissions from electricity purchasing decisions that Liontrust Asset Management PLC has made.

When quantifying emissions using the market-based approach we have used a supplier specific emissions factor where possible.

The GHG sources that constituted our operational boundary for the year are:

- Scope 1: Fugitive emissions from refrigerants in air-conditioning equipment
- Scope 2: Purchased electricity consumption for our own use

In some cases, where data are missing, values have been estimated using extrapolation of available data.

** Methodology Corporate Traveller

The Scope 3 business travel CO2 analysis is aligned with DEFRA calculations. The tonne of CO2 produced by air and rail travel is based on the DEFRA measurements for an average traveller. The calculation is: number of miles x the relevant DEFRA CO2 factor for an average passenger, depending on the flight type (Domestic, European, International to/from UK or international outside UK). Note that the calculations are based on average data only as we don't take the type of plane/car or model and engine type into account.

Liontrust has put in place an environmental policy that details the key points of our strategy on the environment and this is available on our website. We have an emissions target, which is to reduce our Scope 1 and 2 emissions intensity per member of staff each year and to be operationally carbon neutral after offset.

We will continue to work on improving our data and reducing our emissions.

Carbon Offsetting

Due to the impact of the Covid-19 pandemic which has drastically reduced our overall calculated emissions, we believe it fair to match our 2020 carbon offset purchases of 364 tonnes this year. In 2021, Liontrust will purchase 364 tonnes of carbon offsets credits against our business travel and scope 1 & 2 market-based emissions incurred during that financial year which equated to 37,27 tonnes. In the absence of calculating what energy tariffs our staff personally use, we would hope that this additional offset would go toward offsetting some of the additional energy used by our staff at home during lockdown.

Liontrust has reduced direct emissions by purchasing green electricity and, after accounting for this, offset all remaining direct emissions from our operations (scope 1 and scope 2 emissions). This means Liontrust are operationally carbon neutral and have committed to remain operationally carbon neutral.

Liontrust used the Greenhouse Gas Protocol's guidance to identify the most material indirect scope 3 categories that impact our business throughout our value chain. Liontrust believe the following three categories have the most impact. Monitoring these emissions will enable us to develop more effective GHG reduction strategies, we endeavour to evolve this process and be more transparent in our reporting over the years.

Category 1 – Purchased goods and services

We are engaging with our key services providers in our supply chain, on their scope 1 and 2 emissions that relate to our business, and to encourage them to decarbonise.

Category 6 – Business travel

Liontrust are committed to off-setting our air and rail business travel. Given the current pandemic there was a minimal amount of business travel undertaken during this financial year. Liontrust recognise that you can successfully conduct business without incurring un-necessary travel and are currently reviewing our business travel policy.

Category 15 – Investments

As an asset management business, the indirect emissions from our investments have the greatest potential impact on the environment. These indirect emissions from investments we own are our greatest source of indirect emissions and account for the majority of our indirect emissions.

We shall discuss in further detail our ambitions on how we propose to reduce our emissions within all three scopes in the Liontrust Sustainability report.

Given the long term nature of the above risk scenarios and ongoing mitigation activity we have concluded that there is currently no material impact from these risks on our current financial position. Accordingly, climate risk is not considered within our range of financial sensitivity and impairment testing scenarios.

Environmental KPIs Commercial Waste

Liontrust aims to minimise its commercial waste and to recycle as much of its commercial waste as possible, with any non-recyclable items being incinerated to produce energy. In the year to 31 March 2021, Liontrust recycled on average 1,300kg of materials saving 960kg of CO2 (year to 31 March 2020: 11,00kg, 16,000kg CO2).

Liontrust uses only recycled paper in its operations and publishing, however we recognise the importance of acting in a sustainable manner and have committed to the carbon balancing scheme operated by the World Land Trust for all our published reports as well as continuing to help fund biodiversity projects with the London Zoological Society (ZSL).

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

Human Rights and Slavery

Liontrust has committed to the preservation of human rights. Liontrust is vehemently opposed to the use of slavery in all forms; cruel, inhuman or degrading punishments; and any attempt to control or reduce freedom of thought, conscience and religion.

Liontrust will not knowingly enter into any business arrangement with any person, company or organisation which fails to uphold the human rights of its workers or who breach the human rights of those affected by the organisation's activities. For further information, we publish a statement on the Modern Slavery Act on our website.

Purchasing, Procurement and Bribery

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

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

Tax

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

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

Financial Crime and Cybersecurity

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

We have continued to invest in our technology and Cybersecurity remains a key focus for us, especially with the change to working from home. We have appointed a specialist third party to provide the Board with a virtual Chief Information Security Officer (vCISO) to ensure we have the knowledge and skillset to challenge our IT security team. A governance structure overseeing information security with a nominated responsible Board member is in place. The Board has received further training this year on the threats and challenges and how Liontrust are investing in our cybersecurity capabilities and all company staff receive regular training to keep their skills up to date and to help maintain threat awareness.

We rolled out specialist training following the shift to working from home to ensure staff were aware of the security ramifications for this shift. Further work on improving the technology resilience and capacity is being performed. We continue to use third party specialists to help define, test and review our security arrangements at least annually with internal and external penetration testing happening a number of times a year. Liontrust have included certain cybersecurity extensions to our comprehensive crime insurance policy to provide additional cover in line with a standard cyber insurance policy.

Charitable Giving

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

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

Charitable donations are normally for small sums of money by way of single donations with larger or ongoing payments requiring approval by the Board of Liontrust. Over the last 12 months, staff have fundraised for a number of charities and amount

Community engagement

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



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

Financial Education

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

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

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

By February 2020, the project, which involves interactive games around football, had worked with 14 schools and 700 pupils. From September 2020, we expanded Financial Football to include Year 4 pupils as well as Year 5 and 6 and more schools so we could reach more primary school children – 500 a year – and introduced a new maths education programme to increase primary school children's confidence and understanding of this subject. Newcastle United Foundation enabled Financial Football to go online.

These are the improvements in solving money focused questions as a result of the project:

- 67% in numeracy
- 64% in addition, subtraction, multiplication
- 75% in statistics
- 84% in ratios

Phillip Cowler, Literacy and Numeracy Coordinator at Newcastle United Foundation, says: "By using football as the basis for the maths challenges, we've seen pupils who generally struggle to engage with numeracy feel more comfortable about getting involved due to their familiarity with Newcastle United."

Liontrust has also partnered with 10ticks to enable them to deliver worksheets and new digital maths education to primary schools across the UK.

10ticks has around 8,000 worksheets suitable for primary schools covering the entire maths curriculum. 10ticks.com Mental Maths is a fun and engaging online resource designed to help support the instant recall of multiplication and division facts and lots of other mental maths topics with little teacher intervention. From challenging classmates online to playing live games across the globe, these stimulating activities are designed to engage

pupils. The pupils can also create their own avatar and earn certificates and awards to inspire them to perfect their skills.

10ticks works with 16,258 state primary schools, which cover around 4.7 million children.

Wildlife Conservation

We have supported the Zoological Society of London (ZSL) since 2012 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.



A new initiative was to partner with ZSL and SPOTT (Sustainability Policy Transparency Toolkit) to produce a series of podcasts and other content to promote their research and show how this can be combined with sustainable investment to protect biodiversity. These podcasts were promoted by both ZSL and Liontrust. We recorded a virtual sustainable investment conference in September 2020 from the Land of the Lions at ZSL London Zoo. The conference featured SPOTT, companies explaining their transition to sustainability and fund buyers discussing the challenges and successes of sustainable investments.

As an example of the reach of this collaboration, we added a Liontrust branded 'seesaw' to the lions' exhibit at ZSL London for World Lion Day and the Facebook post had the following results:

- Reach 23,500
- Impressions: 26,600
- Reaction/comments/ engagement: 592

Enhanced Support During Covid-19

Liontrust provided extra support to existing partners during the Covid-19 lockdown in the following ways:

Newcastle United Foundation

Liontrust funded a range of activities in the community:

- 320 activity packs were distributed to the children of vulnerable families across the region, offering engaging activities to help with their physical and mental wellbeing. The packages were delivered to families identified by the Foundation's partner schools who were in need of support during this challenging time.

- Further parcels were sent to young people engaged with the Foundation's YOLO project, which aims to reduce reoffending and create positive behaviour change.
- Support for job seekers in finding career opportunities during lockdown, providing self-employed participants with financial support and encouraging regular communication between Walking Footballers during the period of self-isolation.
- A donation to the NUFC Fans Food Bank, which has close links with Newcastle West End Foodbank, the largest foodbank in England.

Help for the Homeless

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

ZSL

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



Approval

The strategic Report was approved by the Board on 22 June 2021 and signed on its behalf by:

John Ions
Chief Executive
22 June 2021



Identifying sustainable companies with strong and excellent management with our themes

03 Sustainability analysis – identifies companies with strong and excellent management with our themes

04 Analysis of business fundamentals – focuses on those companies with excellent management products or services that contribute to society or the environment

Valuation analysis – selects only those companies positioned to deliver high returns on equity

Valuation analysis – determining that the shares of the company will be worth significantly more in the future

Four filters to uncover quality

SUSTAINABLE INVESTMENT
ALL YOU NEED TO KNOW

LIONTRUST
COURAGE · POWER · PEOPLE

SF Managed | snapshot

Category	Percentage
Carbon Intensity and Incidence	37%
Improved Health	21%
Better Resource Efficiency	20%

Themes

- Improving the efficiency of energy use
- Ensuring the resource efficiency of water
- Ensuring a circular material use
- Improving management of waste
- Making investment more ethical
- Protecting biodiversity
- Enabling innovation
- Connecting communities
- Providing financial services
- Providing good jobs

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Board of Directors

Alastair Barbour, 68, (Non-executive Director appointed Non-executive Chairman 20th September 2019). Joined the Board in April 2011. Alastair is a chartered accountant with 25 years' experience spent auditing and advising boards and management of public companies in the UK and internationally, principally in the financial services industry. He trained with Peat, Marwick, Mitchell & Co in London before being admitted as a partner with KPMG in Bermuda in 1985. Alastair returned to the UK as a partner of KPMG in 1991 and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a Director of Phoenix Group Holdings and The Bank of N.T. Butterfield & Son Limited.

Mike Bishop, 70, (Senior Independent Director). Joined the Board in May 2011. Mike started in fund management in 1972, working at an in-house pension fund and then a merchant bank before joining Gartmore in 1984. Over 14 years at Gartmore he ran pension funds, served on a number of boards from 1984 including the main board for 9 years. Assets under management grew from £1.5bn to over £45bn. In his executive role he was heavily involved in corporate governance and shareholder activism from the early 1990s. Following 6 years at Morley Fund Management, he joined Hermes as an adviser and non-executive director of its activist funds, chairing the advisory boards of both the UK and European Funds. These funds were transferred to RWC Partners in 2012 where Mike continues to chair the European Fund's advisory board and sits on a number of fund boards.

John Ions, 55, (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, 56, (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.

Mandy Donald, 48, (Non-executive Director). Joined the Board on the 1st October 2019. Mandy is a chartered accountant and spent 18 years with Ernst & Young before steering her focus towards the growth of new companies, serving on the boards of a diverse range of start-up businesses. Mandy is a Trustee of The Institute of Cancer Research, where she is also the Chair of the Audit Committee, she is also a Non-executive Director and Chair of the Audit Committee of Punter Southall Group.

Sophia Tickell 60 (Non-executive Director) Joined the board in October 2017. Sophia has over twenty years' experience of working with asset managers and corporate executives to in multi-stakeholder dialogues designed to enhance understanding of societal expectations and environmental constraints. As a Founding Partner of Meteos Ltd, Sophia designed and collaboratively ran the PharmaFutures, EnergyFutures and BankingFutures dialogues. She was Chair and co-Executive Director of SustainAbility Ltd from 2004-2009 and prior to that worked for ten years at Oxfam. Sophia has served on a number of commercial, financial, charitable and academic boards and advisory committees and is currently Strategic Advisor to Financing a Just Transition, at the Grantham Research Institute on Climate Change and the Environment, at the LSE.

George Yeandle, 63, (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.

Risk Management and Internal Controls Report

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

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

Edward Catton, Chief Risk Officer, is responsible for overseeing all risk management of the Group and monitors the Group's risks in a pro-active manner, with all departments fully aware of and managing the key risks appropriate to their responsibilities. All material risks to the business are monitored, appropriate mitigations for each risk are recorded and identified to the Board with markers for those with increased risk levels. Management recognise the importance of risk management and view risk management as an integral part of the management process which is tied into the business model and is described further in the Principal risks and mitigations section of the Strategic Report on pages 30 to 32.

Committee structure and delegation of powers

The Corporate Governance report on page 59 details the Board's and the Chief Executive's responsibilities for organising and directing the affairs of the Company. The Board has delegated a number of its powers to three subcommittees; the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee.

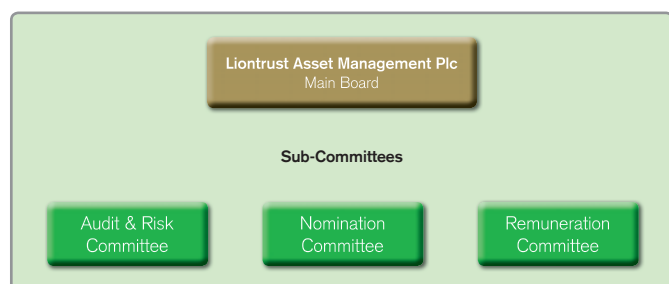


Fig 1: Board and Sub-Committees

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

- a) **Liontrust Fund Partners LLP Partnership Management Committee** ("LFPPM") for retail and institutional sales and marketing, advertising, promotion of Liontrust Funds, Transfer Agency, Information Technology (including business continuity), Treating Customers Fairly, Compliance & Financial Crime, Human Resources, Finance, product development and other asset gathering related powers; and the
- b) **Liontrust Investment Partners LLP Partnership Management Committee** ("LIPPM") for fund management, dealing, trading systems, research tools (including fund management data services), investment operations, risk management (including portfolio risk), and investment processes (including performance of the process, outlook, amendments or enhancements to the investment processes and new instruments within funds).

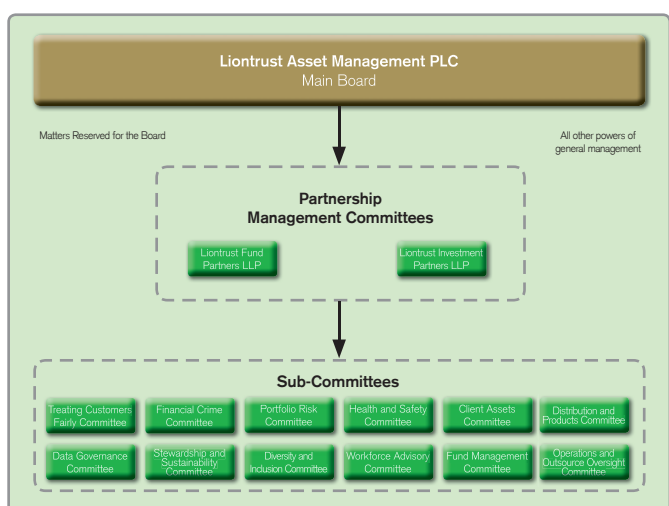


Fig 2: Board and Management committees and sub-committees

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

There are several sub-committees of the Partnership meetings that have been set up including the Stewardship and Sustainability Committee, the Diversity and Inclusion Committee, the Fund Management Committee, the Operations and Outsourcing Oversight Committee, the Treating Customers Fairly Committee, the Workforce Advisory Committee, the Financial Crime Prevention Committee, the Portfolio Risk Committee, the Data Governance Committee, the Distribution and Products Committee, the Client Assets Committee and the Health and Safety Committee.

Stewardship and Sustainability Committee

The Committee is responsible for developing and implementing our Group Sustainability strategy and environmental, social and governance (ESG) initiatives.

Diversity and Inclusion Committee

This Committee will look at issues such as how we prevent and eliminate discrimination, including unconscious bias, raise awareness of the importance and benefits of diversity, enhance our culture, ensure policies and procedures promote diversity across the company, and increase awareness through training, mentoring and coaching.

Workforce Advisory Committee

The purpose of this Committee is to advise the Management Committees and the Board on issues relating to the workforce, ensuring all colleagues have the skills, motivation and opportunity to develop and grow. This Committee has representatives from across the business including two members of the Management Committee.

Fund Management Committee

The Committee coordinates the activities of each of the fund management teams with trading, operations, risk and compliance and helps to ensure change, governance and regulatory issues are communicated effectively throughout the business.

Operations and Outsource Oversight Committee

The Committee provides regular oversight and monitoring of our outsource providers and key counterparties to ensure they continue to provide a high level of service to the Group.

Treating Customers Fairly Committee

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

Financial Crime Prevention Committee

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

Portfolio Risk Committee

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

Client Asset Committee

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

Data Governance Committee

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

Distribution and Products Committee

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

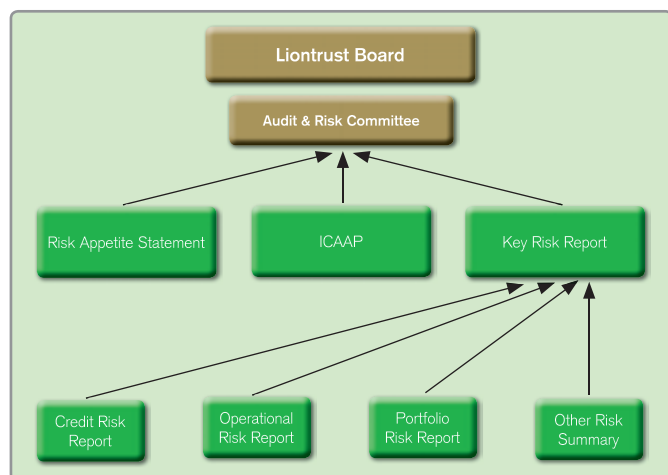
Health and Safety Committee

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

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

Enterprise Risk Management Framework

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



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

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

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

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

Risk Management Process and Internal controls

The broad process for managing risk in the framework essentially follows these steps:



Risk Universe

The Group has identified 8 Risk Areas across the business activities and functions of the Group and uses these Risk Areas to define, measure and mitigate risk in the business. This forms our risk universe:

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

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

Risk Appetite

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

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

Managing Risk

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

Risk Management and Internal Controls Report continued



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

Risk Registers and RCSAs

As part of the implementation of the ERM framework, the Group's risk registers have been refreshed with a view of enhanced comprehensiveness and consistency. Departments completed Risk and Control Self Assessments (RCSAs) in which they detail in the register what risks they own or face, describe the mitigating controls in place and rate the risks in terms of inherent (pre-control) risk and residual (post-control) risk. This is combined with a top-down view of risks to ultimately provide a comprehensive enterprise-wide view of the risks faced by Liontrust. The ERM framework defines a risk definition matrix which enables risks across all departments to be compared in terms of likelihood and impact.

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

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

Risk Monitoring

The Group uses a Risk Scorecard system to track Risk Indicators for measuring levels of risk or to determine levels of Risk Appetite or Risk Capacity in each of the Risk Areas. Each Key Risk has one or more risk indicators associated with it. The Risk Indicators are the key mechanism for tracking of Risk Appetite performance throughout the financial year. They highlight when the Group is approaching the pre-defined appetite levels and highlight when action should be considered.

The risk registers form a prospective and complementary monitor of risk and are categorised using the Group-wide Risk Areas.

The individual risk scores and risk ratings are aggregated into Key Risks and then Risk Areas to produce a Risk Area scorecard and heat map respectively. This forms the Group's Risk Profile and is designed to allow the Board and senior management to quickly identify areas of concern and compliance with the Group's risk appetite.

Effectiveness of Risk Management and Internal Controls

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

and related financial and business reporting ('GRM').

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

Assurance process

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

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

Stakeholders

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

These significant stakeholders are:

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

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

- We aim to provide our shareholders with sustainable growth and increasing returns. We regularly engage with our shareholders to support the long-term objectives of our business.
- Clients are core to the success of our business. We strive to provide long term performance and meet the needs and expectations of our clients. Treating customers fairly, providing good service and good value is central to how we conduct business across the Group and we continually strive to improve our offering and service.
- Liontrust is proud of our people and our culture and they help us to deliver on our vision and obligations to our stakeholders. We continue to invest in our staff to attract, retain, incentivise, develop and encourage the individuals in our company to meet and surpass our current and future objectives.
- Outsourcing is an integral part of the Liontrust operating model. Liontrust outsources in two key areas, Transfer Agency and Fund Accounting & Fund Valuation Services across two main jurisdictions. Regular meetings and reviews helps to ensure that the relationship continually improves.
- Liontrust acknowledges the importance of working closely and constructively with our regulators and our industry bodies to ensure we run our business in a compliant way and helps to improve the wider financial environment for clients in the longer term.
- Liontrust also recognises the wider responsibility we have to society and the importance of doing the right thing. We continue to invest and improve our governance and corporate responsibility including via our community engagement projects to show the positive impact our investment management and corporate activities can have on our clients and wider society

Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management PLC for the year ended 31 March 2021.

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 five operating subsidiaries as follows:

Subsidiary name	% owned by the Company	Subsidiary principal activities
Liontrust Fund Partners LLP	100%	A financial services organisation managing unit trusts, authorised and regulated by the Financial Conduct Authority.
Liontrust Investment Partners LLP	100%	A financial services organisation offering investment management services to professional investors directly, through investment consultants and through other professional advisers, which is authorised and regulated by the Financial Conduct Authority. Liontrust Investment Partners LLP is also approved as an Investment Manager by the Central Bank of Ireland.
Liontrust International (Luxembourg) S.A.	100%	A Distribution business authorised and regulated by the CSSF
Liontrust Multi-Asset Limited	100%	A financial services organisation managing ICVCs authorised and regulated by the Financial Conduct Authority

In addition to the operating subsidiaries listed above, Liontrust Asset Management PLC has the following 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, Liontrust Investment Management Limited, Liontrust Investment Contracts Limited and Liontrust Investment Solutions Limited. Two subsidiaries were acquired upon the acquisition of the Architas business which are Liontrust Advisory Services Limited and Liontrust Multi-Asset Limited (noted above).

Results and dividends

Profit before tax was £34.929 million (2020: £16.508 million)

Adjusted profit before tax was £64.3 million (2020: £38.1 million) after adding back expenses including, share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), drawings, depreciation and intangible asset amortisation, and is reconciled to profit before tax in note 7 to the financial statements.

The Directors declare a second interim dividend of 36 pence per share (2020: 24 pence per share). This results in total dividends of 47 pence per share for the financial year ending 31 March 2021 (2020: 33 pence per share).

Review of the business and future developments

A review of the business and future developments is set out in the Chairman's statement, Chief Executive's report and Strategic Report on page 3 and 8 to 46 respectively.

Directors

The Directors of the Company during the year and up to the date of the signing of the financial statements were as follows. Their interests in the share capital of the Company at 31 March 2021 are set out in the Remuneration report on page 88.

Alastair Barbour
Mike Bishop
John Ions
Vinay Abrol
Mandy Donald
Sophia Tickell
George Yeandle

Disclosure required under the Listing Rules

LR 4.1.5.(R) and DTR 4.1.8 R

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

LR 9.8.4R

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

Information required	Location
Interest capitalised	Not applicable
Shareholder waiver of dividends	Note 23
Shareholder waiver of future dividends	Note 23
Agreements with controlling shareholders	Not applicable
Provision of services by a controlling shareholder	Not applicable
Key contracts	Risk Management and Internal Controls Report
Details of long-term incentive schemes	Remuneration report
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
Non-pre-emptive issues of equity for cash	Allotment of 5,090,000 fully paid ordinary shares of 1p each by way of a placing in the market to raise funds for part of the consideration required for the acquisition of the Architas UK Investment Business. Allotment of 456,899 fully paid ordinary shares of 1p each under the terms of the Liontrust Long-Term Incentive Plan.
Non-pre-emptive issues of equity for cash in relation to major subsidiary	Not applicable
Participation by parent of a placing by a listed subsidiary	Not applicable

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

DTR 7.2 Structure of capital and voting rights

As at 31 March 2021, there were 61,058,960 fully paid ordinary shares of 1p amounting to £610,589. As at 22 June 2021 there were fully paid ordinary shares of 1p amounting to £610,589. 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 23 September 2021 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 17 of the Annual General Meeting held on 22 September 2020, 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 6,094,711 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 22 December 2021 (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 59 to 62.

Risks and uncertainties

A report on principal risks appears in the Strategic Report on pages 30 to 32 and a report on the risk management and internal controls appear on pages 50 to 54.

Corporate social responsibility

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

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

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

A report on Our People, Sustainability and Our Corporate Responsibilities can be found on Pages 35 to 43.

Employees

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

Details of Equal Opportunities, Diversity and Inclusion can be found on page 34.

Financial instruments

The Group's financial instruments at 31 March 2021 comprise cash and cash equivalents, financial assets and receivable and payable balances that arise directly from its daily operations.

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

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

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

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

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

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

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

Full details of the Group's financial risk management can be found in note 2 on page 111 to 113.

Annual General Meeting

The Annual General Meeting of the Company will be held in the Pinafore room at the Savoy Hotel, Strand, London, WC2R 0EZ on 23 September 2021 at 2.00 p.m. A notice convening this meeting will be sent to shareholders in August 2021.

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 55.
- Details of the most substantial shareholders in the Company are listed on page 60.
- The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 59.
- 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 2021.

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

By order of the Board

Vinay Abrol
Chief Operating Officer & Chief Financial Officer
22 June 2021

Basis of financial statements

Having given consideration to the uncertainties and contingencies disclosed in the financial statements, and also considered the Covid-19 pandemic, the Directors have satisfied themselves that the Group has adequate resources to continue in operation for at least 12 months from approval of the financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Independent Auditors

Following a competitive tender process on the 28th September 2020 the board resolved to appoint KPMG LLP as the independent auditors to the Company for the financial year ending 31st March 2021. A resolution to reappoint KPMG LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the 2021 Annual General Meeting.

Political donations

The Group made no political donations or contributions during the year. (2020: £nil).

By order of the Board

Mark Jackson
Company Secretary
22 June 2021

Compliance with the provisions of the Code

The Company is committed to the principles of the UK Corporate Governance Code (July 2018) (the "Code"). During the year the Company has applied the main principles and complied with the provisions of the Code.

The Board

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

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

The Chief Executive's main responsibilities are the executive management of the Group, liaison with the Board and shareholders (as required by the Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Chief Executive discharges his responsibilities in relation to the executive management of the Group via two partnership management committees as detailed in the Risk management and internal controls report on page 50.

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

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

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

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

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

Directors

Biographical details of all current Directors can be found on page 49.

The Board is committed to the principles of the UK Corporate Governance Code. During the year the Company has applied, except where otherwise stated the main principles and complied with the provisions of the Code. The Chairman, is overseeing succession planning and will bring directors' tenure into compliance with the Code over a period of years.

During the year a search was conducted in order to fill the vacancy which will arise when Mike Bishop retires as a non-executive director at this year's AGM and following regulatory approval Quintin Price was appointed to the position of non-executive director and a member of each of the Audit and Risk, Remuneration and Nomination Committees with effect from 1 July 2021.

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

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

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

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

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

The Non-executive Directors have disclosed to the Company Secretary their significant commitments other than their directorship of the Company and have confirmed that they are able to meet their respective obligations to the Company. The Nomination Committee report contains further details in respect of the time commitments of the Non-executive Directors.

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

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

Performance

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

The Executive Directors have been subject to a formal performance appraisal. These appraisals were carried out in 2021 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2021 has been reviewed by the Chairman. The review has confirmed that the performance of the Non-executive Directors is effective and appropriate.

Professional development and training

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

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

Communication with shareholders

The Chief Executive and Chief Operating Officer & Chief Financial Officer also have regular meetings with existing and potential new shareholders.

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

Substantial shareholders

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

As at 31 March 2021

Name	Number of voting rights	Percentage of voting rights
Blackrock Inc.	5,240,448	8.58%
Standard Life Aberdeen PLC	3,758,331	6.16%
Canaccord Genuity Group Inc.	3,057,662	5.01%
Slater Investments Limited	2,731,714	4.47%
Castlefield Fund Partners Limited	2,700,000	4.42%
JO Hambro Capital Management Ltd	2,539,164	4.16%

As at 17 June 2021

Name	Number of voting rights	Percentage of voting rights
Blackrock	5,240,448	8.58%
Standard Life Aberdeen PLC	3,758,331	6.16%
Canaccord Genuity Group Inc.	3,052,035	5.00%
Slater Investments Limited	2,731,714	4.47%
Castlefield Fund Partners Limited	2,700,000	4.42%
JO Hambro Capital Management Limited	2,539,164	4.16%

Section 172 (1) statement

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

the likely consequences of any decision in the long term	<p>The Board has set a clear strategic objective for the Group and ensures objectives are implemented by establishing effective governance and practices. The Board and its executives engage with a wide set of stakeholders, and the Chairman, Chief Executive and Chief Operating Officer & Chief Financial Officer attend meetings with major shareholders on a regular basis. Shareholder interaction allows the Board to discuss shareholder views on the Group performance against its strategic objectives. The Board is supported by several key Committees, including Board Committees covering Audit & Risk, Remuneration and Nomination and business operational and regulatory matters including Compliance, Portfolio Risk and Treating Customers Fairly. The Board and Board Committees ensure ongoing robust governance, oversight and implementation of the Groups long-term strategy for the benefit of all stakeholders. Please see the Directors’ Report for further details on shareholder and governance process.</p>
the interests of the Group’s employees	<p>The Board recognises the importance of ensuring the Group attracts and retains engaged, committed and talented employees. The Board seeks to continually inform and engage with employees and is committed to their development and encourages employees to take on responsibility and be accountable for their own decisions, actions and behaviour.</p> <p>Employees’ within the Group also have the facility to interact with the Board through a Workforce Advisory Committee which was also established in 2020 and who’s members range from departments throughout the Group. The Group also has a Social Committee who organises events of interest for all employees and also provides feedback and information to senior management and the Board.</p> <p>The Board understands the importance of ensuring employees feel part of the success of the Group and employees are encouraged to participate in the Group’s Share Incentive Plan.</p>
the need to foster the Group’s business relationships with suppliers, customers and others	<p>The Board recognises the Group’s impact on wider stakeholders, including its customers and the community in which it operates. The Group is committed to the highest standards of business conduct and the Board’s work with stakeholders is critical to the long-term sustainable success of the Group. The Board acknowledges the important role that relationships with 3rd parties play for the Group to achieve its strategic objectives. The Group is committed to procuring work and services from suppliers in an ethically, sustainable and environmentally sensitive way and seeks to ensure that suppliers follow similar practices. The Group encourages competition amongst suppliers whilst purchasing is undertaken in a fair and objective manner.</p> <p>Please see the Directors Report and Sustainability Report for further information.</p>
the impact of the Group’s operations on the community and the environment	<p>The Board is committed to contributing to and benefiting wider society. Details of the various programmes can be found in the Community engagement section of the Strategic Report on page 44.</p> <p>The Group remains firmly committed to supporting community and environmental projects and the Board recognises the increasing importance attached to environmental, social and governance (ESG) issues. The Group is committed to minimising the environmental impact of the Group and improving the Group’s environmental performance as an integral and fundamental part of the Board’s strategy and operating methods. The Group is always striving to reduce its commercial waste and to recycle as much of its commercial waste as possible, with any non-recyclable items being incinerated to produce energy.</p> <p>Please see the Group’s Corporate Social Responsibility Statement and Environmental, Social and Governance policy for further details.</p>
the desirability of the Group maintaining a reputation for high standards of business conduct, and	<p>The Group is committed to the highest standards of business conduct and ensures robust governance is in place throughout the Group. The Group has a number of policies in place to ensure good governance is embedded within the Group. The Group is a participant in many external bodies and associations to ensure governance and stewardship is a focus throughout the business, these include being a signatory to the United Nations Principles of Responsible Investing , a voluntary set of guidelines that helps a company to address social, ethical, environmental and corporate governance issues, Carbon Disclosure Project, an independent organisation that measures corporate climate change, adhering to the Financial Reporting Council’s Stewardship Code and Modern Slavery Act, amongst others.</p> <p>For further details please see the Group’s Social Responsibility Statement.</p>
the need to act fairly between members of the Group.	<p>The Board recognise the need to provide a transparent, positive, and collaborative working environment for all employees and stakeholder groups who interact and work within the Group. The Board seeks to ensure all employees within the Group have access and the opportunity to continue their ongoing career and personal development within their roles. The Group has established a working culture of collaboration and inclusion which supports a talented and diverse workforce. The Group ensures this is delivered through the Equal Opportunities and Dignity at Work policy, Recruitment policy and by delivering Equality and Diversity training to raise awareness. The Group also offers an Internship Programme, offering employment to younger people from diverse backgrounds, where they may not have otherwise had the opportunity to start their career in the industry. These policies reinforce the Board’s commitment to form an inclusive culture where the principle of diversity are embedded at all levels, creating a working environment which promotes inclusion and is free from all forms of discrimination.</p> <p>Further information, please see the Group’s Annual Report under “Equal Opportunities, Diversity and Inclusion in Our People, Our Impact and Our Corporate Responsibilities” section.</p>

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 63 together with details of attendance at meetings.

Share buy backs

At the 2020 Annual General Meeting shareholders gave approval for the Company to buy back up to 6,094,711 Ordinary shares. Shareholders have also renewed the Directors' authority to issue ordinary shares up to an aggregate nominal value of £60,947. There have been no share buy-backs in the year.

Annual General Meeting

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

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

Directors Board Attendance Report

Board & Committee Attendance 2020-2021

Director	13.05	17.06	26.06	07.07	07.07	10.08	21.09	22.09	28.09	23.11	24.11	21.01	22.01	08.02	22.02	22.03	25.03	26.03	Total	
Board																				
Alastair Barbour	✓	✓	✓	✓	✓	Absent			✓	Absent	✓		✓	✓		✓			✓	11/13
John Ions	✓	✓	✓	✓	✓	Absent			✓	✓	✓		✓	✓		✓			✓	12/13
George Yeandle	✓	✓	✓	✓	✓	✓			✓	✓	✓		✓	✓		✓			✓	13/13
Mike Bishop	✓	✓	✓	✓	✓	✓			✓	Absent	✓		✓	✓		✓			✓	12/13
Vinay Abrol	✓	✓	✓	✓	✓	✓			✓	✓	✓		✓	✓		✓			✓	13/13
Sophia Tickell	✓	✓	✓	✓	✓	Absent			✓	Absent	✓		✓	Absent		✓			✓	10/13
Mandy Donald	✓	✓	✓	✓	✓	Absent			✓	✓	✓		✓	✓		Absent			✓	11/13
Audit & Risk																				
Mandy Donald	✓			✓			✓			✓		✓						✓		7/7
George Yeandle	✓			✓			✓			✓		✓						✓		7/7
Mike Bishop	✓			✓			✓			✓		✓						✓		7/7
Sophia Tickell	✓			✓			✓			✓		✓						✓		7/7
Remuneration																				
George Yeandle	✓	✓		✓			✓					✓						✓		6/6
Mandy Donald	✓	✓		✓			✓					✓						✓		6/6
Mike Bishop	✓	✓		✓			✓					✓						✓		6/6
Sophia Tickell	✓	✓		✓			✓					✓						✓		6/6
Nomination																				
Mike Bishop				✓						✓			✓		✓			✓		6/6
Mandy Donald				✓						✓			✓		✓			✓		6/6
Alastair Barbour				✓						✓			✓		✓			✓		6/6
George Yeandle				✓						✓			✓		✓			✓		6/6
Sophia Tickell				✓						✓			✓		✓			✓		6/6

* This meeting was held to process the allotment of shares pursuant to the exercise of LTIP options. Those directors absent were either in a different time zone and therefore unable to attend or were suffering electronic communication problems.

** Meetings held at short notice, those Directors that were therefore unable to attend were given subsequent full briefings on the business conducted and then confirmed their agreement with the decisions taken.

Nomination Committee Report

Introduction by the Chair of the Nomination Committee

Dear shareholder,

On behalf of the Nomination Committee (the “Committee”), I am pleased to present my seventh and final Nomination Committee report for financial year ended 31 March 2021. As previously announced I will retire from the Board at the 2021 Annual General Meeting in September 2021.

This introduction is intended to provide a summary of the 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 diversity, structure, size and composition remained a major focus alongside the recruitment of Quintin Price as a new Non-executive Director.

Diversity & Inclusion

The Committee considers diversity, including gender and ethnic diversity, when looking to appoint additional Directors and is very aware that the current percentage of women on the Board is 29%. Therefore, the Committee has initiated a search for an additional Non-executive Director and to use this opportunity to introduce further diversity. It was also agreed that we should complete this search before our 2021 Annual General Meeting and to have the additional Non-executive Director join the Board by the end of 2021.

We have also established a Diversity & Inclusion Committee with membership of this committee coming from throughout our business. This committee met for the first time in April 2021, under the chairmanship of Vinay Abrol, our Chief Financial Officer & Chief Operating Officer, who will report back regularly on its recommendations to this Committee and to the Board.

Recruitment

Following the announcement last year of my retirement at the 2021 Annual General Meeting in September 2021, the Committee initiated a search for my replacement, with the specific requirement that my replacement had strong fund management skills, and I am delighted to be able to report that Quintin Price has agreed to join the Board and will do so on 1 July 2021.

As mentioned above, we have also initiated a search for an additional Non-executive Director, which we hope to complete by the end of 2021.

Focus for next year

We will continue to focus on diversity, structure, size and composition of the Board, and also on succession planning and talent-management in the financial year ending 31 March 2022, and to ensure a smooth handover of my role as Chairman of the Committee to the incoming Committee Chair. It is our intention to announce details of the new Committee Chair later this year.

Mike Bishop

Chair of the Nomination Committee
22 June 2021

Principle duties

The Committee’s principal duties are as follows:

- regularly review the structure, size and composition (including the skills, knowledge, diversity and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- give full consideration to succession planning for directors and other senior executives; and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- review annually the time required from Non-executive Directors. Complete performance evaluations to assess whether the Non-executive Directors are spending enough time to fulfil their duties;
- approve and annually review the policy on diversity and inclusion, its objectives and linkage to Company strategy and its implementation and progression;
- review the membership of the Audit & Risk and Remuneration Committees, in consultation with the Chair of those committees; and
- annually review the schedule of employees and members who fall within the remit of the Senior Managers and Certification Regime (“SMCR”), ensuring appropriate systems and controls are in place to effectively manage and assess the ongoing fitness and propriety of those captured by the Regime, in particular directors and other senior executives. 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 2021 Annual General Meeting.

Composition and attendance

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

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

The attendance record of members of the Committee during the year is shown in the table on page 63

Activities during the year

In the financial year ended 31 March 2021, the Committee met five times and its activities included, amongst other things:

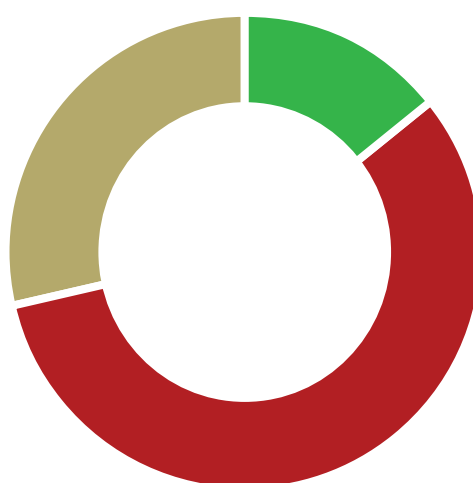
- recruitment of Qunitin Price as a Non-executive Director, the recruitment process was supported by Ridgeway Partners;
- considered the independence of the Non-executive Directors;
- an annual evaluation of the performance of the Board and its committees and individual directors;
- an assessment of time available to commit to the Company's affairs by its Non-executive Directors;
- reviewed the Committee's terms of reference, in particular to ensure that it is aligned with the 2018 UK Corporate Governance Code;
- received updated and reviewed reports on succession planning and organisational capability;
- defined the scope of and reviewed the Board Diversity Policy;
- reviewed papers on diversity and inclusion within the business including reviewing an analysis of diversity (gender and ethnicity) in the recruitment process;
- supported management in the establishment of a Diversity & Inclusion Committee chaired by an Executive Director with membership invitations being sent to all employees and members. The Committee noted that under the Chairmanship of Vinay Abrol, Chief Financial Officer & Chief Operating Officer, the formation process had been completed and that the first Diversity & Inclusion Committee meeting was held in April 2021;
- approved the appointment of Qunitin Price as a Non-executive Director and agreed that on appointment Mr Price would join as a member the Audit & Risk Committee, Remuneration Committee and Nomination Committee;
- as part of the discussion relating to Board composition and the skills and attributes the Committee would like to see in any future appointees, developed a Board Skills Matrix;
- an update review on SMCR implementation;
- a decision to initiate a search for an additional Non-executive Director. Having examined the Board Skills Matrix it was agreed that we should seek to attract someone with digital marketing/communication, IT/Data and/or cyber experience. It was agreed that the new recruit should further increase the diversity of the Board. It was agreed that in any future search a broader range of recruitment agencies should be utilised and maybe one specialising in diversity. It was also agreed that the aim should be to complete the search before our 2021 Annual General Meeting and to have the additional Non-executive Director on board by the end of 2021;
- consideration of further training for the Non-executive Directors; and
- a review of the SMCR report recording those employees and members now registered with the FCA as holding Senior Management roles and those other employees recorded as holding Certification roles.

The Committee received information and support from the Chief Executive, and the Chief Financial Officer & Chief Operating 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

Non-executive/Executive split

Board split between Executive and Non-executive Directors remains unchanged at two Executive Director vs five Non-executive Directors or 29% vs 71% (2020:same):

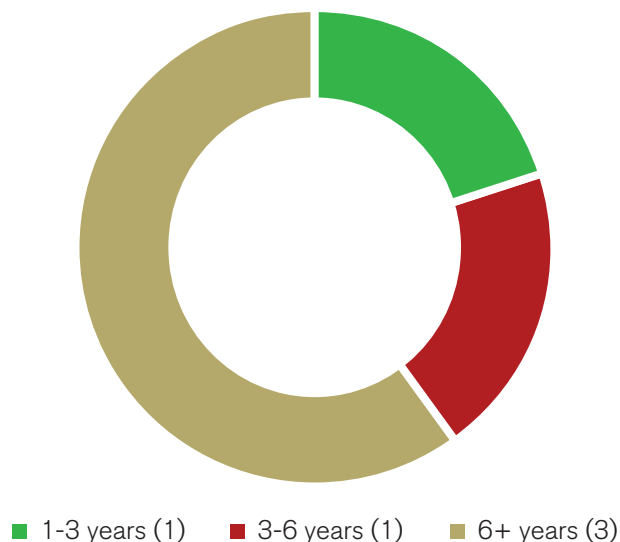


- Non-executive Chairman (1)
- Non-executive Directors (4)
- Executive Directors (2)

Nomination Committee Report continued

Tenure

Tenure of Non-executive Directors (including the Non-executive Chairman) remains well balanced with Non-executive Directors with less than 3 years, between 3 and 6 years and 6 years plus tenure split 20% vs 20% vs 60% respectively (2020: 40% vs 20% vs 40%):



The 2018 UK Corporate Governance Code states that the chair should not remain in post beyond nine years from the date of their first appointment to the Board. The Code further states that this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment, to facilitate effective succession planning and the development of a diverse board. Alastair Barbour, Non-executive Chairman, joined the Board in April 2011 and became Non-executive Chairman in September 2019. Therefore, by the time of our 2021 Annual General Meeting, Alastair Barbour will have been Non-executive Chairman for 2 years and been a non-executive member of the Board for a total of 10 years. Given the following:

- recent corporate activity and resultant change/restructuring from two acquisitions in less than two years (the acquisitions of Neptune Investment Management Limited completed in October 2019 and of the Architas UK Investment Business completed in October 2020);
- significant growth in the business in terms of AuMA and headcount, and the resultant change that brings in scaling up distribution, marketing and sales; and
- the recent Board changes with Mandy Donald joining in October 2019, Mike Bishop retiring at the 2021 Annual General Meeting, Quintin Price joining the Board in July 2021 and the decision to recruit an additional Non-executive Director, which we plan to complete by the end of 2021.

The Nomination Committee and the Board agree that the benefits of having an experienced and long-serving Non-executive Chairman in Alastair Barbour during a period of significant change for the business far outweighs the demerits of having a Non-executive Chairman that has been on the Board for over nine years. The Nomination Committee keeps this matter under regular review, and will update shareholders in due course. The Committee is mindful of the UK Corporate Governance Code's provision that this should be for a limited time only.

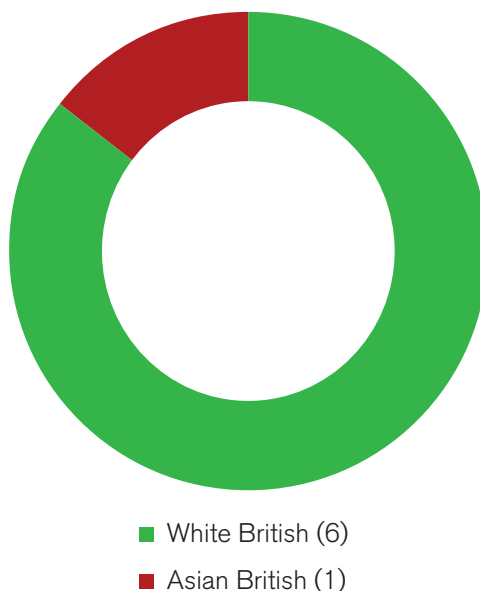
Gender diversity

Gender diversity of the Board remains unchanged, female directors representing 29% of the Board (2020: same):



Ethnic diversity

Ethnic diversity of the Board remains unchanged at one Director out of seven, or 14%, being non-white British (2020: same):



Note, Mike Bishop retires from the Board at the 2021 Annual General Meeting, and is included in the above charts, Quintin Price, who replaces Mike Bishop on the Board joins on 1 July 2021 and is not included in the above charts. The retirement of Mike Bishop and the recruitment of Quintin Price will not change the diversity mix of the Board.

Diversity & Inclusion

The Committee fully believes in the benefit that diversity brings in terms of broader perspectives, beneficial insight and challenge to the Board and throughout the Group and is actively seeking to develop and maintain a diverse business in terms of gender, ethnicity and educational background, including at Board level.

Board diversity

The Committee considers diversity, including gender and ethnic diversity, when looking to appoint additional Directors and strives to encourage all the Directors to create an inclusive culture within the Group in which difference is recognised and valued. The Committee aims to meet the recommendation of the Hampton Alexander Review that women represent at least 33% of Board members by the end of 2021. The current percentage of women on the Board is 29% of total Board membership and 40% of Non-executive Directors.

At the March 2021 Committee meeting the decision to initiate a search for an additional Non-executive Director was approved. It was agreed that the new recruit should be female. It was also agreed that the aim should be to complete the search before our 2021 Annual General Meeting and to have the additional Non-executive Director on the Board by the end of 2021. Subject to meeting this deadline the Board composition will then meet the recommendation of the Hampton Alexander review.

The Committee is also very supportive of the recommendations of the Parker Review and is committed to maintaining at least one Board member from a Black, Asian or ethnic minority background. The Board currently meets this requirement and has done so since 2004.

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 Committee will continue to recommend appointments that increase diversity at Board level if appropriate when Board vacancies arise.

Diversity & Inclusion Committee

The Committee supported management in the establishment of the Diversity & Inclusion Committee, which is chaired by Vinay Abrol, Chief Financial Officer & Chief Operating Officer, and reporting directly to the Committee and the Board. Under the Chairmanship of Vinay Abrol, the first Diversity & Inclusion Committee meeting took place in April 2021.

Equal opportunities

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

Employee engagement

The Workforce Advisory Committee (“WAC”) is chaired by Ross Hadden, HR Director with ten employee and member representatives from many parts of the Group. The WAC meets regularly and the chair provides regular updates to their Management Committees and this Committee. The WAC met two times during the year.

During the year John Ions, Chief Executive and/or Vinay Abrol, Chief Financial Officer & Chief Operating Officer, hosted six webinars for all employees and members, to update on how the business is performing including:

- an update on the acquisition of the Architas UK Investment Business;
- financial results of the Group;
- COVID related updates;
- working from home guidance; and
- other matters.

John Ions, Chief Executive also hosted a Liontrust Black Awareness Webinar in September 2020.

In addition two all employee and member pulse surveys were carried out to get the views of our employees and members on COVID related matters.

At the Committee's May 2021 meeting, Mandy Donald was nominated as the Non-executive Director responsible for overseeing employee and member engagement including Diversity & Inclusion matters on behalf of the Board.

The WAC acts as the Board's formal workforce advisory panel.

ESG responsibility at Board level

At the Committee's May 2021 meeting, Sophia Tickell was nominated as the Non-executive Director responsible for overseeing the Company's policy and practices in respect of ESG matters on behalf of the Board and to engage on ESG related matters with the relevant areas of Group. John Ions is the Executive Director with responsibility for ESG matters (see page 33, Strategic Report - Our People, Our Impact and Our Corporate Responsibilities for further information).

Time commitment

Alongside the Board and Evaluation Review (see below) the Committee reviewed the time required of Non-executive Directors to discharge their responsibilities. The Committee noted that Alastair Barbour, on account of his being on the boards of three other public companies and chairing the Audit Committee for two of them, had provided an analysis of his work commitments, which shows the level of time commitment required for his other roles and the complimentary nature of his roles and the time he has and plans to commit to Liontrust. The Committee confirms its satisfaction with the time and overall commitment given to Liontrust by Alastair Barbour and his time availability to act as Non-executive Chairman.

Board and Committee Evaluation

Constal Limited (“Constal”) again carried out an independent evaluation of the Board and its committees, to review progress since last year and evaluate the performance of the Board, its Committees and the individual directors.

Constal's approach was to take stock of progress since the last Board review and to consider:

- (i) what to focus on to take the Board to the next level; and
- (ii) how the Board can best help executive management attain those ambitions in a way that ensures long-term sustainable success for stakeholders. The review was based on confidential interviews with all the members of the Board and the Company Secretary. Through interviews Constal asked participants to reflect on various aspects of the Board and its committees, including the quality of debate and decision-making, the information they receive, how well Board discussion time is spent, how the committees are working, how to achieve and manage the aims for Group and how the Board might have to adapt to make sure it is best prepared to meet those challenges.

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

- revisit and re-energise the strategy day and ensuring time is set aside to discuss strategy/value creation on a regular basis;
- driving outputs from the Board and Committee discussions around culture, purpose and values;
- securing one, potentially two, further Board appointment(s); and
- allocating sufficient Board or committee time over the year to discuss and drive progress around issues including diversity, return to work policies, succession planning, and remuneration policies.

Mike Bishop

Chair of the Nomination Committee

22 June 2021

Audit & Risk Committee Report

Introduction by the Chair 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 2021.

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

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

I hope that you find this report a useful insight into the work of the Committee and I look forward to meeting with shareholders at our AGM on 23 September 2021.

Mandy Donald

Chair of the Audit & Risk Committee
22 June 2021

Key responsibilities

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

- assist the Board in its presentation of the Group's financial results and position through review of the interim and full year financial statements before they are approved by the Board. The Committee focuses on compliance with accounting principles and policies, changes in accounting practice and major matters of judgement;
- keep under review the effectiveness of the risk framework that is used to monitor the Group's system of internal controls and risk management systems. This includes suitable monitoring procedures for the identification, assessment, mitigation and management of all risks including liquidity, market, regulatory, credit, legal, operational and strategic risks, with particular emphasis on the principal risks faced by the Group. Such procedures are designed to provide reasonable, but not absolute, assurance against material misstatement or loss;
- as part of the suite of risk management procedures, the Committee reviews and recommends to the Board for approval, the Group's Internal Capital Adequacy Assessment Process ("ICAAP") to fulfil its regulatory obligations under the Capital Requirements Directive and assess whether the Pillar 2 assessments and Pillar 3 disclosures remain appropriate;
- monitor and periodically review the Group's procedures for ensuring compliance with regulatory and financial reporting requirements, including relationship with the relevant regulatory authorities;
- review the Group's arrangements for the deterrence, detection, prevention and investigation of financial crime, including whistle blowing arrangements;
- monitor and review the effectiveness of the Group's internal audit function and agree the scope of the internal audit plan; and
- oversee the appointment, performance, remuneration and independence of the external auditors.

Composition and attendance

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

- Mandy Donald
- Mike Bishop
- Sophia Tickell
- George Yeandle

The attendance record of members of the Committee during the year is shown in the table on page 63.

All the Committee's members who served during the year are considered by the Board to be appropriately experienced and sufficiently qualified to fulfil their duties and have competence relevant to the sector in which the Group operates. The Board considers Mandy Donald 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 Chief Compliance Officer, Head of Finance and Chief Risk Officer were regular attendees at the Committee meetings and reported on their respective areas. The previous external auditor, PricewaterhouseCoopers LLP, attended the meetings following the full year end and following their appointment KPMG LLP have attended all Committee meetings and met privately with the Committee.

Key Activities during the year

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

Audit & Risk Committee Report continued

In September 2020, the Board, on the recommendation of the Committee, appointed KPMG as the Group's auditors. Details of this process are outlined later in this report.

During the financial year to 31 March 2021 and up to the date of this report, the Committee met 5 times and its activities, amongst other things, covered the following matters:

- Reviewing the annual financial statements for the year ended 31 March 2020 and 2021 and half year financial statements for the six months to 30 September 2020 with particular emphasis on their fair presentation, challenging the reasonableness of management's judgements made and the valuation of assets and liabilities.
- Review of prior year adjustments relating to key estimates and accounting matters, as detailed in note 1 v). The committee has considered each of these adjustments separately as well as their combined effect and are satisfied that the key performance metrics of the group were not materially mis-stated last year.
- The appropriateness of the accounting policies used in drawing up the Group's financial statements.
- Review and discussion of the Alternative Performance Measures used in the 31 March 2021 financial statements.
- Consideration of the Group's taxation requirements.
- Review of the Group's governance, risk framework, risk management, risk management processes and related policies.
- Approval of new Enterprise Risk Management framework.
- Review and approval of the Group's ICAAP.
- Review of the Group's compliance monitoring programme, compliance manual (including whistle blowing arrangements) and annual anti-money laundering report.
- Review and discussion of regular reports on financial reporting, key risks, compliance, Client Money & Assets ("CASS") and financial crime from the Head of Finance, Chief Risk Officer and Chief Compliance Officer respectively.
- Review and consideration of the external auditors' reports on Client Money & Assets.
- Consideration of the external auditors' report on the financial year ending 31 March 2020 audit and discussion of their findings with them.
- Review of the internal audit plan in the context of the Company's overall risk management programme detailed above.
- In reviewing the annual financial statements for the year ended 31 March 2020, the committee considered the impact of Covid-19 Pandemic when considering judgements and significant accounting items. In particular the Committee considered the impact on the valuation of assets and liabilities and the suitability of disclosures in relation to the impact of Covid-19.
- Review of Covid-19 operational plans and impact on the business.
- Review of the prior year adjustment to the 2020 financial statements.
- Reviewed and discussed the findings of 7 internal audit reports, ensuring appropriate follow up by management of points raised. These internal audit areas included: CASS - Client assets; SYSC - Systems and controls; front office and trading teams; Governance of the back office transition project; and Governance of the Neptune integration project.
- Appointment of new external auditors and approval of the external audit plan for 2021.
- Assessment of the performance, independence and objectivity of the external auditors, concluding that the Committee was satisfied with the quality and effectiveness of the audit; and noting that the auditors had appropriately challenged management's assumptions and estimates.
- Review and approval of all non-audit services to be carried out by the external auditors.
- Review of the Committee's terms of reference.

Significant accounting matters

Share based payments

Share based payments are a focus for the Committee in view of the complexity of accounting, interpretation of the reporting standard and valuation of awards. This also included reviewing the prior year adjustment in respect of share based payments. The Committee receives information and explanations from management which is discussed with them and with the auditors, taking into account the results of the auditors' work. This does not give rise to any material estimates or judgements.

Taxation

The Committee receives regular reports on taxation and deferred tax amounts including information on positions proposed by management where tax regulation is subject to interpretation and the support for provisions established for amounts expected to be paid. These are discussed with the external auditors and the results of their reviews and audit are taken into account. This does not give rise to significant estimates or judgements.

Acquisitions

Accounting for acquisitions are considered by the Committee, given the complexity of the accounting and the judgmental nature of assumptions that are taken into account in the calculation of accounting models in relation to the valuation of intangible assets, goodwill and review of impairment. The Committee receives information and explanations from management which is discussed with them and the external auditors, taking into account the results of the auditors work.

Internal audit

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

Minerva have a direct reporting line to the Chairman of the Committee. The Committee believe that using an external firm will ensure that the internal audit function will be adequately resourced and staffed by competent individuals and be independent of the day-to-day activities of the firm whilst still having appropriate access to a firm's records.

Audit & Risk Committee Report continued

The Committee and the Internal Auditors have agreed a rolling three year Internal Audit plan. This includes the following Audit areas: front office controls; data protection, security and governance; risk management; significant financial systems; outsourcing arrangements and CASS. The Internal Auditors will also perform a full systems and controls review every three years.

The Committee regularly meets with Minerva, with and without management present, throughout the year to receive updates and to review its findings.

Each year the Committee considers the scope of the internal audit plan and the performance of the Internal Auditors prior to the commencement of the next year's internal audit programme to ensure they remain consistent with the Group's requirements.

External auditors

External Audit Tender

PricewaterhouseCoopers LLP ("PwC") had been the Group's statutory auditors since 1999 and were reappointed in 2015 following a tender process. In the 2020 Annual Report, in accordance with Competition and Markets Authority Order 2014, the Group noted it's intent to retender the external audit contract no later than 2025.

In August 2020 the Committee set out its intention to conduct a formal tender process for the external audit, in line with the latest best practice in this area as detailed by the Financial Reporting Council ('notes on audit tender best practice'). Given the length of PwC's previous tenure, they were not invited to tender.

After an initial selection of four firms, the Committee, in conjunction with management, drew up a shortlist of three firms, taking into account their knowledge and experience of Liontrust's sector and the appropriate technical capabilities that a successful tender would require.

Following a comprehensive selection process culminating in presentations to the Committee and careful scoring and consideration of the participating firms, in September 2020, the Committee recommended to the Board that KPMG LLP ("KPMG") was the most suitable firm to serve the Group, based on their approach of evolving the audit process to support the Group's growing business. The Board reviewed and accepted the Committee's recommendation, subject to shareholder approval at the AGM.

The tender process was a valuable exercise and one which the Committee believes will bring a number of benefits to the Group via an improved audit process.

Following their appointment in September 2020, KPMG are the Group's external auditor with Jatin Patel the lead audit partner for the year ended 31 March 2021. The Committee will evaluate when next to tender the external audit in line with applicable guidelines and in accordance with Competition and Markets Authority Order 2014, this will be no later than 2030.

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

Each year, the Committee considers the performance of the external auditors prior to proposition of a resolution on their reappointment and remuneration at the Annual General Meeting.

Based on the satisfactory conclusion of the work described above carried out by the Committee to assess the performance of the external auditors and safeguard their independence, the Committee has recommended their reappointment to the Board and a resolution will be proposed at the 2021 Annual General Meeting for the reappointment of KPMG as external auditors.

Non-audit services

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

Prohibited Services are those where the Committee considers that the possibilities of a threat to auditor independence is high. Allowed Services are those considered to have a low threat to auditor independence. Nonetheless, Allowed Services still need the Committee's approval in advance if the expected fee exceeds £25,000. All services are reviewed and ratified by the Committee.

The policy also sets out certain disclosures the external auditors must make to the Committee, restrictions on employing the external auditors' former employees, partner rotation and the procedures for approving non-audit services provided by the auditors. The policy is reviewed regularly and updated to ensure compliance with all applicable regulations.

During the year, the external auditors were, on a number of occasions, engaged as advisers. The services provided related to the regulatory CASS (client money) audits. The Committee is satisfied that the external auditors were best placed to provide these services because of their familiarity with the relevant areas of Group's business and that there are no matters that would compromise the independence of the external auditors or affect the performance of their statutory duties.

The Committee receives a regular report setting out the non-audit services provided by the external auditors during the year and the fees charged.

Details of fees paid to the auditors can be found in Note 6 of the financial statements. The non-audit services as identified in Note 6 have all complied with the policy as detailed above.

Remuneration Report

Introduction by the Chair 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 2021. This letter is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach.

Directors' Remuneration Policy

Our full Directors' Remuneration Policy (“DRP”), which was approved by shareholders at a General Meeting in September 2018, 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. Once again, this year no changes are being proposed to the DRP as I believe it continues to provide a proper framework within which the Committee can operate and we should be held accountable for how in practice we have implemented that Policy. The Annual Report on Remuneration and this statement will be subject to an advisory vote at our 2021 Annual General Meeting, to be held on 23 September 2021.

Given that the current DRP was approved by shareholders in September 2018 when the Company's market capitalisation was £325 million (31 March 2021: £867 million) and the Company is now a member of the FTSE 250 Index, it is our intention to consult with our larger shareholders and investor bodies later this year, and after the publication of the 2021 Annual Report, with a view to putting in place a new DRP to realign base salaries, cap annual bonuses in line with best practice and put in place revised long-term incentive arrangements aligned with the next phase of the Company's development and growth plans and its status as a FTSE 250 listed company. It is intended that a new DRP will be put to shareholders for approval at a General Meeting convened before the end of 2021.

Implementation of the DRP in 2021

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

The Committee considered the exceptional progress made in the year in executing our Strategy and the outstanding financial results. In addition it recognised that the Company had taken no Government or other financial support on account of the pandemic.

John Ions and Vinay Abrol will once again receive no increase in their base remuneration. Their fixed pay is now considerably below market benchmark for a FTSE 250 Company which will be addressed as part of the new DRP. Over the past two years the committee has used its discretion to restrict and fix the amount of variable pay awarded to the Executive Directors. However, this year, based on both their, and the Company's, exceptional performance, the Committee felt it right that the Executive Directors should also share in the success of the Company through an increase in their variable pay alongside that of the wider staff group together with the Shareholders who have seen dividends increase by 42% over the year and seen total shareholder return over the period of 55%.

This has resulted in an increase in the aggregate bonus/variable allocation pool for the Executive Directors by 60% compared with last year. The cash element of the bonus is limited to 250% of base pay for John Ions and 149% for Vinay Abrol with 69% of the award deferred into a range of Liontrust Funds.

Partly in recognition of this outcome rather than award LTIPs at the maximum 300% and 210% as allowed under the Policy the Committee has again decided to restrict the LTIP awards to 250% and 175% for John Ions and Vinay Abrol respectively.

Fixed remuneration in 2022

Fixed remuneration outcome for the Executive Directors for the year ending 31 March 2022 can be summarised as follows:

- salary/fixed allocation for the Executive Directors to remain unchanged again for the financial year ending 31 March 2022. This compares with an increase of 9% this year on average for the rest of the workforce. Since I became Chair of the Committee in 2015 there has been only one base pay rise of 5% for the Executive Directors; and
- 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 2022 (this percentage is the same for all employees and members).

Annual bonus/Variable allocation for 2022

The Committee intends to operate the assessment of annual bonus/variable allocation for 2022 along lines consistent with this year, being conscious that there will be a full review of the DRP, including appropriate shareholder consultation, before bringing a new policy for shareholder approval later in 2021.

Variable remuneration for 2021

Annual Bonus/Variable allocation

The annual bonus/variable allocation to the Executive Directors are made from an aggregate annual bonus/variable allocation pool in which all employees and members participate; and which is approved by the Committee each year. The Committee also considered the Executive Directors' role in delivering the strategic objectives of the Group and any LTIP awards vesting during the year when assessing Executive Directors' annual bonus/variable allocation for the financial year ended 31 March 2021.

The Committee undertook a review of outcome against all bonus metrics, both quantitative and qualitative. Disclosure of the full weighted outcome for each of the annual bonus metrics is included in the body of the Remuneration Report. Where the overall weighted percentage is above 80% The Committee consider that, in the round, the Director has had an above target performance, as is the case this year.

Further detail about the process followed by the Committee is included in the body of the report. However, recognising the level of awards this year the Committee referenced the following ratios to be satisfied that the outcome was appropriate particularly as regards the wider staff group and our shareholders:

- aggregate annual bonus/variable allocation for all employees and members, including the Executive Directors, for the financial year ended 31 March 2021, which is capped at 27% of pre-cash bonus/variable allocation Adjusted Profit before tax, is this year 21% of pre-cash bonus/variable allocation Adjusted Profit before tax (2020: 15% / 2019: 22% / 2018: 24%);
- annual bonus/variable allocation for the Executive Directors as a percentage of the aggregate annual bonus/variable allocation pool for all employees and members (including fund managers) has decreased again this year, at 8.5% for the financial year ended 31 March 2021 (2020: 8.8%), with 5.4% allocated to John Ions and 3.1% to Vinay Abrol. Given the increase in the Executive Directors bonus this year the Committee were particularly keen to ensure that they did not benefit pro rata more than the wider workforce; and
- the annual dividend for the year to 31 March 2021 has increased by 42% and the total shareholder return for the year is over 55%.

LTIP

The LTIP award for the Executive Directors for the year ending 31 March 2022 can be summarised as follows:

- LTIP awards for the financial year ended 31 March 2022 have been restricted to 250% of salary/fixed allocation for John Ions and 175% for Vinay Abrol, even though the exceptional performance of the business this year could have warranted an increase in LTIP awards up to the maximum allowed of 300% for John Ions and 210% for Vinay Abrol.

The Group will make these awards as soon as possible after the announcement of the Group's annual results. The performance criteria for these LTIP awards will be absolute total shareholder return (20%), relative total shareholder return (20%) earnings per share (30%) and other strategic objectives (30%), with each of these criteria being in line with business strategy and objectives.

Pay vs. performance at Liontrust - business performance in the financial year ended 31 March 2021

Over the past year the Group has continued the excellent progress made in previous years in executing its business strategy, with exceptional net inflows performance, and completed the acquisition of the Architas UK Investment Business adding £5.6 billion to AuMA and broadening its multi-asset offering, in particular:

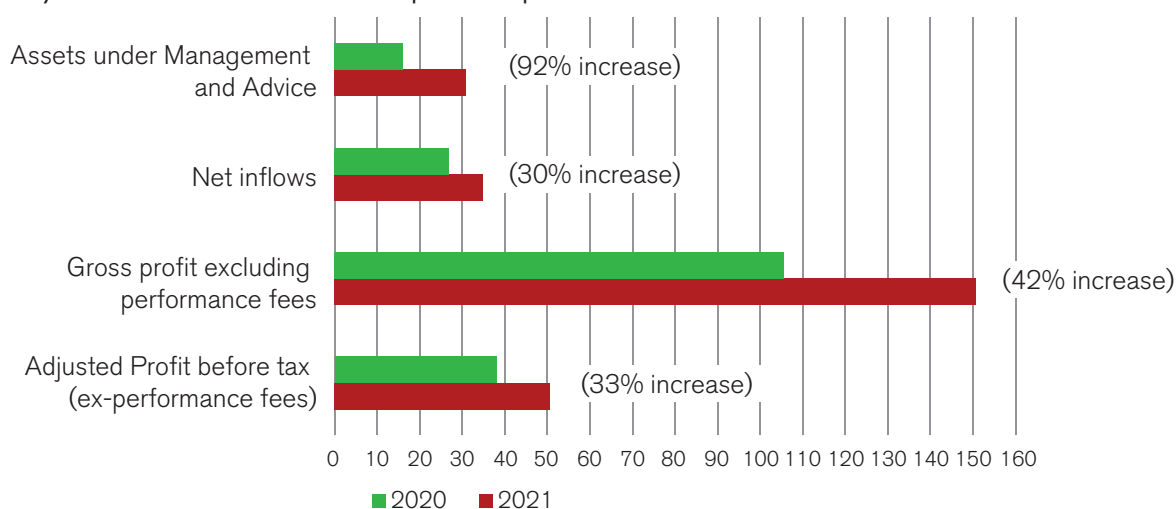
Financial measures:

- increasing gross profit excluding performance fees by 42%, and including performance fees by 54%;
- increasing profitability (on an adjusted basis excluding performance fees) by 56%, and when performance fees are included by 69%;
- increasing diluted adjusted EPS (excluding performance fees) by 43% and diluted adjusted EPS (including performance fees) by 54%; and
- increasing dividends to shareholders by 42% to 47 pence this year.

Strategic measures:

- increasing AuMA by 92% to £30.9 billion;
- increasing net inflows by 30% to £3.5 billion;
- successfully completing the Architas UK Investment Business acquisition and successfully integrating it into Liontrust's common operating platform; and
- increasing overall gender diversity and improving gender diversity at senior management level, all whilst maintaining appropriate risk management controls.

Pay vs. Performance at Liontrust - Group's overall performance



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

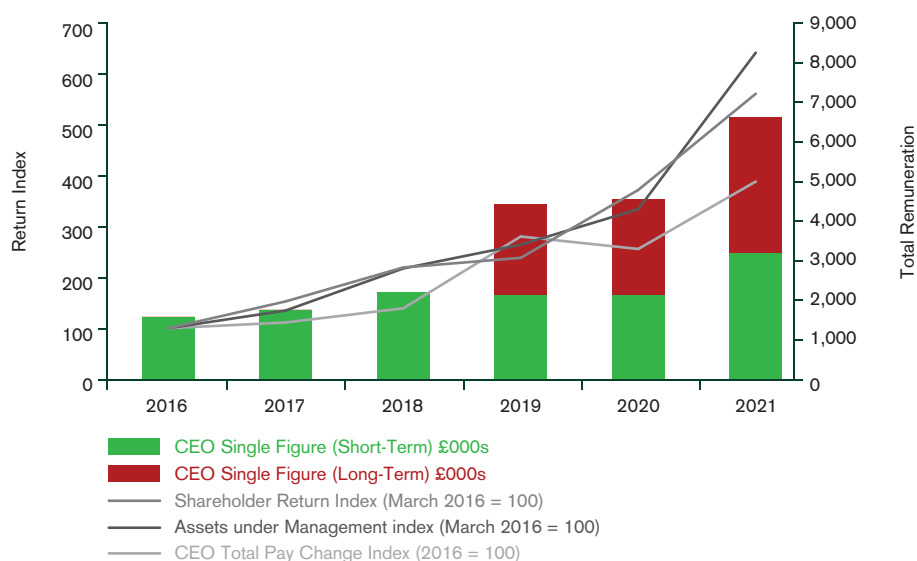
Remuneration Report continued

In advance of a new DRP being put to Shareholders, which will support the next phase of the Strategy of our business, I think it remains appropriate to look at results since the LTIP was first introduced in 2016, to determine whether my objectives continue to be broadly met.

Over the period since 2016 the Chief Executive's base remuneration has increased by 5% which is equivalent to less than 1% per annum, thus meeting the target of being all but fixed. This minimises any ratchet effect on pay although by definition will increase the multiple of base to short term variable pay.

The alignment of the Executive Directors' interests with those of shareholders and investors in our funds, combined with greater weight of total remuneration being given to long term equity awards, is demonstrated by the chart. This year over 75% of the value of the LTIP vesting for John Ions has derived from the same TSR as provided to shareholders. Over the last few years, I am satisfied that there is a strong link between the total remuneration of the Chief Executive, the returns delivered to shareholders and our growth in assets under management. See the chart below for the link between pay and performance.

Link between pay and performance



* 10 year chart of pay versus performance is shown in the Report on page 87.

In my opinion, one of the strongest ways in which Executive Directors and Shareholders are aligned is through those Directors having a significant personal exposure to the business through its shares and AuMA. This is explicit in the DRP requiring the Executive Directors to build up and retain a significant shareholding in the Company (at least 4 times 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 exposure of 33 and 41 times base remuneration, respectively, in ordinary shares and vested share options of the Company. In addition, John Ions and Vinay Abrol each also has a significant multiple of base remuneration invested in Liontrust funds via the Deferred Bonus & Variable Allocation Plan ("DBVAP") and personal fund holdings. The Funds into which deferrals are made is across the broad range of Liontrust funds as determined by the Committee.

Developments in legislation and governance

The DRP, as approved by shareholders at our September 2018 GM, remains appropriate and no changes are proposed this year. As mentioned earlier in this letter, in the Directors' Remuneration Policy section, it is our intention to consult with our larger shareholders and investor bodies later this year with a view to putting in place a new DRP to realign base salaries, cap annual bonuses in line with best practice and put in place revised long-term incentive arrangements aligned with the next phase of the Company's development and growth plans and its status as a FTSE 250 listed company. It is intended that a new DRP will be put to shareholders for approval at a General Meeting convened before the end of 2021.

The Annual Report on Remuneration is subject to an advisory shareholder vote at our 2021 Annual General Meeting. The 2019 Annual Report on Remuneration contained publication of the Company's first CEO pay ratio, with the Committee having considered it to be in shareholders' best interests to comply with the new requirement a year in advance of being required to do so. This year is therefore our third year of making such a disclosure and corresponding analysis of the year-on-year trend is included with the disclosure later in this report.

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

The Committee specifically considered progress across the Company in gender equality when assessing bonus outcomes.

The Committee is using the Workforce Advisory Committee ("**WAC**") to engage with the wider employee group, generally and specifically, on how Executive remuneration aligns with the wider company pay policy. I can also confirm that in May 2021 I met with the WAC to present and discuss remuneration matters. Further details on our progress on employee engagement is contained within the Nomination Committee report.

Shareholder engagement

I would like to thank shareholders for their support in approving our Annual Report on Remuneration at our 2020 AGM with over 80% of votes cast in favour.

We welcome feedback from our shareholders on our DRP and its application. We believe that the remuneration package for Executive Directors reflects the views of shareholders and demonstrates that we are listening to shareholder concerns, and we hope that we will earn your support in respect of our Remuneration Report for 2021 at the forthcoming AGM.

The role of the Committee

The Committee is charged with determining remuneration policy for, and setting pay and other benefits of, the Executive Directors of the Company and reviewing pay and other benefits of the Group's members and employees.

All its recommendations are referred to the Board. Any Director, who has an interest in the matter which is the subject of a recommendation to the Board, abstains from the Board's vote in relation to that matter and takes no part in its deliberations. The Committee may use external advisors if required. The terms of reference of the Committee, which explains its role and the authority delegated to it by the Board, are available on the Company's website or upon request from the Company Secretary.

George Yeandle

Chair of the Remuneration Committee

22 June 2021

Annual report on remuneration

This remuneration report details the remuneration outcomes for the financial year ended 31 March 2021 across Liontrust and specifically for the Executive and Non-executive Directors and compares them to remuneration across the wider group, remuneration outcomes for the previous financial year; and proposals for Executive remuneration for the forthcoming financial year. The Directors' remuneration was managed in line with the current Directors' remuneration policy ("DRP") which was approved by shareholders at the 2018 DRP General Meeting.

The report sets out:

1. Remuneration outcome for the year to 31 March 2021 - including the context for the Directors' remuneration and the performance metrics that the Committee considered when setting the overall annual bonus/variable allocation pool.
2. Allocation of variable remuneration - information on how the annual bonus/variable allocation pool awards were allocated across the Group.
3. Deferral of variable remuneration - Directors' deferred remuneration rights under the LTIP and DBVAP.
4. Proposed remuneration for the financial year ending 31 March 2022.
5. Returns to shareholders and Executive remuneration - returns over the past 10 years are compared with the total remuneration of the Chief Executive over the same period.
6. Directors' shareholdings - the share interests of Directors and their connected persons.
7. Other disclosures and historical information.
8. Directors' remuneration policy.

1. Remuneration outcome for the year to 31 March 2021

1.1 Single total figure for remuneration

Executive Directors (audited information)

	John Ions		Vinay Abrol	
	Year to 31 March		Year to 31 March	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
A. Fixed pay				
Base salary/Fixed allocation	348	348	328	328
Benefits in kind -private medical insurance	4	4	4	4
Cash in lieu of pension	35	35	33	33
Total Fixed pay	387	387	365	365
B. Annual Bonus/Variable Allocation				
Cash bonus/variable allocation	870	348	488	197
DBVAP	1,915	1,392	1,085	786
Total Annual Bonus/Variable Allocation	2,785	1,740	1,573	983
C. Total pay for the financial year				
Sub-total (A+B)	3,172	2,127	1,938	1,348
D. Vesting of LTIP awards				
Base value element of vested LTIP awards	829	829	546	546
Share price appreciation and dividend equivalent elements on vested LTIP awards	2,643	1,595	1,742	1,051
Total LTIP awards vesting	3,472	2,424	2,288	1,597
E. Other				
SIP matching shares	4	4	4	4
Total Other	4	4	4	4
Total remuneration (C+D+E)	6,648	4,555	4,230	2,949
Of which:				
Total variable remuneration (B + D)	6,257	4,164	3,861	2,580

1.1 Single total figure for remuneration (continued)

Non-executive Directors (audited information)

	Alastair Barbour		Mike Bishop		Mandy Donald		Sophia Tickell		George Yeandle	
	Year to 31 March		Year to 31 March		Year to 31 March		Year to 31 March		Year to 31 March	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Basic Non-executive Director fee	45	45	45	45	45	23	45	45	45	45
Fee for Non-executive Chairman	65	50	–	–	–	–	–	–	–	–
Fee for Senior Independent Director	–	–	6	6	–	–	–	–	–	–
Fee for sub-committee Chair / membership:										
Audit & Risk Committee	–	2	4	4	8	4	4	4	4	4
Nomination Committee	4	4	8	8	4	2	4	4	4	4
Remuneration Committee	–	2	4	4	4	2	4	4	8	8
Fee for membership of other Group Committees	–	–	13	4	3	–	4	4	9	–
Benefits ⁽¹⁾	–	9	–	–	–	–	–	1	–	–
Total	114	112	80	71	64	31	61	62	70	61

⁽¹⁾ 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.

Remuneration Report continued

1.2 Annual bonus/variable allocations

The annual bonus/variable allocations for the financial year ended 31 March 2021 were based on the following key performance metrics. The performance outcomes for each key performance indicator are also shown below:

Performance Metric	Weighting	Threshold	Target	Actual	Weighted Result %	Result	Notes
Financial Measures (33.4%)							
Change in Adjusted Profit Before Tax (excluding Performance fees profits)	22.2%	17.5%	22.5%	56.0%	22.2%	✓✓✓✓	Over 34% above target in a challenging market for fund flows, so scores 100% (top of Above Target).
Operating Margin	11.2%	36.5%	37.5%	39.3%	11.2%	✓✓✓✓	1.8% above target so scores 100% (top of Above Target)
Business Measures (33.3%)							
Distribution effectiveness							
Net flows compared to budget of £2,400 million (percentage of budget)	11.2%	75%	100%	146%	11.2%	✓✓✓✓	In a challenging year for industry net inflows, the net inflows outcome was over 45% above target so scores 100% (top of Above Target).
Broadening International sales (increase in AuM compared to last year)	5.5%	35%	50%	72%	5.5%	✓✓✓✓	In a year where the Brexit transition period ended, Liontrust increased international AuMA by over 20% above target so score 100% (top of Above Target).
Successful integration of Architas Acquisition	5.5%				4.4%	✓✓✓✓	AuMA has increased from £5.6 billion on completion of the acquisition of the Architas UK Investment Business to £6.1 billion at the end of the financial year, an increase of 8%. The integration of the Architas UK Investment Business has gone very smoothly, with all internal re-organisaiton complete and the final part of the out-sourced administration re-organisation scheduled to complete on 1 June 2021. so score 80% (bottom of Above Target)
Investment performance, (Percentage of AuM over 1, 3 and 5 years in 1st or 2nd Quartile)	11.2%	50%	75%	77%	8.3%	✓✓✓	Around target but above, so score 75% (upper level of Around Target)
Strategic Measures (33.3%)							
Talent management (Key Executive turnover)	8.3%	Medium	Low	No loss	7.5%	✓✓✓✓	Over the period there have been very few employee/member losses and some good hires. David Boyle (Head of Corporate Development) joined in June 2020, Rob Smith (Deputy Head of Finance) joined in September 2020 and Sarah Ackland (Head of Multi-Asset Business) joined in October 2020 (from the Architas UK Investment Business). Also, Clare Prince, Head of Product Development, promoted to the LFP ManCo (effective July 2021), so scores 90% (middle of above target).
Improve gender diversity at senior levels and introduction of measures to increase gender diversity in the recruitment process	8.3%	N/a	N/a	See comments	4.2%	✓✓	Gender diversity increased from 32% female staff to 34% female staff, including improvement of gender diversity at management committee level. So score 50% (middle of Between Target & Threshold).

Performance Metric	Weighting	Threshold	Target	Actual	Weighted Result %	Result	Notes
Risk management, compliance and conduct	8.3%		Strong	Strong	6.7%	✓✓✓	John Ions and Vinay Abrol have maintained appropriate risk controls, carefully considering management decisions in light of risk considerations, and spending time on a very regular basis with the Chief Risk Officer and Chief Compliance Officer, and on a regular basis with Internal Audit, so score 80% (bottom of Above Target)
Personal performance	8.3%		3	4	8.3%	✓✓✓✓	Achieved targets including successful Outsourcing Project and strong flows/performance. So score 100% (top of Above Target)
Totals	100.0%				89.5%	✓✓✓✓	

Executive Director	Result	Key performance in the financial year ended 31 March 2021
John Ions	✓✓✓✓	<p>John Ions has led the senior executive team to achieve continued strong investment outperformance including reporting record performance fee revenues of £13.7 million, excellent financial results with Adjusted Profit Before Tax increasing by over 69% compared to last year and £3.5 billion net inflows despite a challenging environment for net inflows. The net flow performance is particularly impressive and builds on the excellent net inflow performance of recent years.</p> <p>Alongside Vinay Abrol, John Ions successfully led project to acquire the Architas UK Investment Business, including the negotiation of the Sale & Purchase Agreement and the related due diligence process. Following completion of the acquisition, jointly led the project to integrate the Architas UK Investment Business into Liontrust, with successful internal re-organisation on completion of the acquisition and the re-organisation of the outsourced administration arrangements completing on 1 June 2021.</p> <p>The Global Distribution team, headed by Ian Chimes, successfully managed the integration of the Architas UK Investment Businesses' sales team, resulting in a 47 person strong Global Distribution team and have produced a very strong net inflows number for the financial year, across a range of our fund management teams, in particular very strong net inflows for our Sustainable Investment team.</p> <p>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 organisation. Liontrust came top for advertising awareness among intermediaries in April, May, July, September, October and November 2020 when measured against 12 leading asset managers (source: Marketing Pulse, November 2020), and according to Broadridge in March 2021 Liontrust has the 8th best brand among asset managers in the UK.</p> <p>Alongside Vinay Abrol, led external shareholder relations, with excellent positive feedback on strategy and performance from these meetings, and developing a strong relationship with our larger shareholders.</p> <p>Continued the initiative to increase gender diversity at Liontrust, with the number of female staff increasing from 32% to 34% over the year. John Ions alongside Vinay Abrol continues the initiative to improve gender diversity at Liontrust and encouraging the move to increase gender diversity at senior levels, and recently appointed Clare Prince to the Liontrust Fund Partners LLP Management Committee.</p> <p>Always ensured that risk and compliance were important factors when managing the Group, including meeting with the Chief Risk Officer, Chief Compliance Officer and Internal Audit on a regular basis.</p>

Remuneration Report continued

Executive Director	Result	Key performance in the financial year ended 31 March 2021
Vinay Abrol	✓✓✓✓	<p>Vinay Abrol has shown strong leadership of the Finance, Operations, Risk, Compliance, Information Technology, Product, Human Resources and Trading functions. Delivered budget and cost controls in the financial year and led the Group through the annual and half-year reporting cycles.</p> <p>Vinay Abrol has been instrumental in leading the Group's relationships with the Financial Analysts, with regular meetings and during the year KBW Europe and Berenberg, bring analyst coverage to five firms.</p> <p>Alongside John Ions, Vinay Abrol successfully led project to acquire the Architas UK Investment Business, including the negotiation of the Sale & Purchase Agreement and the related due diligence process. Following completion of the acquisition, jointly led the project to integrate the Architas UK Investment Business into Liontrust, with successful internal re-organisation on completion of the acquisition.</p> <p>Vinay Abrol is leading the Multi-Asset funds outsourced administrator re-organisation project, with Fund Accounting/Valuation services successful transferring from State Street to Bank of New York Mellon ("BNYM") in January 2021 and the Transfer Agency services from SS&C Technologies also to BNYM in June 2021.</p> <p>Working with John Ions, on the initiative to improve gender diversity at Liontrust and encouraging the move to increase gender diversity at senior levels. Establishment of the Diversity & Inclusion Committee, which reports to the Nomination Committee and the Board, which Vinay Abrol chairs.</p> <p>Always ensured that risk and compliance were important factors when making decisions including meeting with the Chief Risk Officer, Chief Compliance Officer on a regular basis.</p>

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 an overall outcome of Above Target performance to approve an increase in the aggregate annual bonus/variable allocation pool for the Executive Directors of 50% of the increase in Adjusted Profit before tax (excluding performance fee profits), but in the last two years decided to limit the annual bonus/variable allocation pool for the Executive Directors to the equivalent of 500% and 300% of base remuneration for the Executive Directors. Given the exceptional performance this year the Committee has decided to increase this limit by 60% to 800% and 480%, which results in an annual bonus/variable allocation pool for the Executive Directors of £4.36 million (2020: £2.72 million). By means of comparison, and to confirm the outcome is within our policy, if the Committee had increased the annual bonus/variable allocation pool for the Executive Directors by 50% of the increase in Adjusted Profit before tax over the last two years, the available pool this year would be £4.46 million.

The Committee also considered that no further adjustments up or down should be made on account of the risk and personal performance moderator.

Increasing the aggregate bonus/variable allocation pool for the Executive Directors by 60% compared to last year translates into individual annual bonuses/variable allocations to the Executive Directors of between 480% and 800% of base remuneration (2020: 300% and 500%). The Committee also set the level of deferral to 69% into Group managed funds (2020: 80%) over the period 1 April 2021 to 31 March 2024 and therefore linked to the performance of the relevant Liontrust funds. The vesting of DBVAP awards are not subject to any performance condition but are subject to continuous service conditions and also to malus and clawback.

The increased level of deferral means that the cash bonus/variable allocation for John Ions and Vinay Abrol is 250% and 149% of base remuneration (2020: 100% and 60%).

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

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

1.4 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.

2. Allocation of annual variable remuneration

Annual bonus/variable allocation for the Executive Directors as a percentage of the aggregate annual bonus/variable allocation pool for all employees and members (including fund managers) has decreased again this year, at 8.5% for the financial year ended 31 March 2021 (2020: 8.8%), with 5.4% allocated to John Ions and 3.1% to Vinay Abrol.

2.1 Percentage change in Directors' remuneration

The percentage change in the Directors' pay (defined for these purposes as salary, fees, fixed allocation, taxable benefits, annual bonus/variable allocation and DBVAP awards in respect of the relevant year) between the year ended 31 March 2021 and the prior year and the same information, on an averaged basis, for all employees and members (excluding the Chief Executive and Directors) is shown in the table below:

	Directors percentage change year ended 31 March 2021	Directors percentage change year ended 31 March 2020	Employees and Members year ended 31 March 2021 ⁽¹⁾	Employees and Members year ended 31 March 2020
Salary/Fixed allocation	2%	0%	9%	3%
Benefits ⁽²⁾	(12%)	1%	19%	0%
Bonus/Variable allocation ⁽³⁾	60%	0%	181%	4%

⁽¹⁾ Based on a consistent population of employees and members who received a full year's remuneration in each year

⁽²⁾ Benefits comprise private medical insurance, pension contributions and other sundry benefits.

⁽³⁾ Includes the DBVAP, excludes non-discretionary revenue share arrangements for fund managers.

2.2 Chief Executive pay ratio

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

	Ratio for year ended 31 March 2021	Ratio for year ended 31 March 2020	Ratio for year ended 31 March 2019
Lower quartile ratio	84x	78x	56x
Median ratio	45x	43x	33x
Upper quartile ratio	22x	18x	17x

Based on full time equivalent employees/members

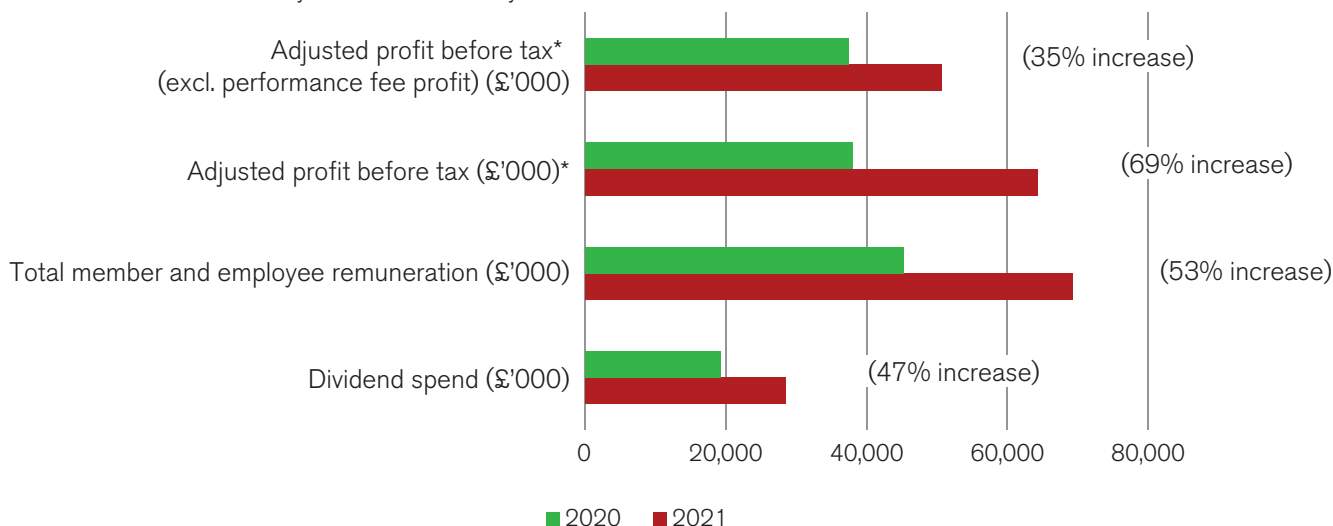
The Group has chosen to use 'Option A' as the methodology for calculating the pay and benefits of all UK members and employees, as this is consistent with the approach that must be used for the CEO single figure. It therefore allows a like-for-like comparison to take place between the pay data of the CEO and members and employees at the lower, median and upper quartiles, as well as a more accurate analysis of the resulting ratios. For the purpose of this disclosure, the Company has chosen 31 March 2021 as the reference date on which the pay for all employees and members was calculated, consistent with our approach in prior years.

	Lower quartile £'000	Median £'000	Upper quartile £'000
CEO single figure	–	6,648	–
Employee/Member single figure	79	149	300
Employee/Member salary/fixed allocation component	53	95	150

Remuneration Report continued

2.3 Relative importance of spend on pay

The following chart shows the Group's Adjusted Profit before 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 2021 and 31 March 2020.



* These are alternative performance measures ('APM'). See page 29 and Note 7.

2.4 Wider workforce remuneration and engagement

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

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

During the financial year ended 31 March 2021, Liontrust established a workforce advisory committee ("WAC"), whose Chair will meet with the Committee Chair on a regular basis to discuss remuneration related matters. This engagement is Liontrust's method for ensuring a formal dialogue exists between employees, members and the Committee. It provides the opportunity for employees and members to engage with the Committee via the WAC on any relevant employee and/or member remuneration matter.

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

3. 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 76% and 78% of their variable remuneration, respectively.

Director	Type of variable remuneration	Value (£'000)	% deferred
John Ions	Cash bonus/variable allocation	870	n/a
	DBVAP	1,915	52%
	LTIP award FY2021	870	24%
	Total	3,655	76%
Vinay Abrol	Cash bonus/variable allocation	488	n/a
	DBVAP	1,085	51%
	LTIP award FY2021	573	27%
	Total	2,146	78%

3.1 Vested LTIP Awards

Background

The LTIPs for the financial year ended 31 March 2018, which were granted on 22 June 2017, and vested on 22 June 2020, to John Ions and Vinay Abrol over 184,072 and 121,310 Ordinary shares respectively, with 110,444 and 72,786 Ordinary shares released on 22 June 2020.

Performance measures and vesting

Condition	Test	Result	% vesting
TSR Performance (40%)			
TSR performance (% growth per annum): Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth	Start of the performance period: 22 June 2017, Starting share price: 435.93p, End of the performance period: 22 June 2020.	Three-month average share price to end of performance period is 1,102.41p, meaning an annualised TSR over the period of 41% versus a Target of 15% so 100% vests	100%
EPS Performance (30%)			
EPS growth per annum: Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth	Starting EPS (Diluted Adjusted EPS excluding performance fees): 27.45p for the financial year ending 31 March 2017	Adjusted diluted EPS excluding performance fees for the financial year ended 31 March 2019 was 56.21p, which is an annualised return of 27.0% versus a Target of 15% so 100% vests.	100%
Strategic Objectives Performance (30% or 7.5% each)			
Net inflows compared to target: Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.	Starting year for net inflows: Year ending 31 March 2018. Ending year for net inflows: Year ending 31 March 2020.	Target net inflows of £3,311 million, actual net inflows of £5,474 million, so 165% versus a Target of 125% so 100% vests.	100%
Growth in assets under management compared to target: Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.	Starting year for growth in assets under management: Year ending 31 March 2018. Ending year for growth in asset management: Year ending 31 March 2020.	FY17 target of 10% vs actual of 16% FY18 target of 14% vs actual of 21% FY19 target of 12% vs actual of 27% Cumulative excess return of 130% versus a Target of 125% so 100% vests.	100%
Investment performance: Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 20% vests and at 75% of funds and above 100% vests. Straight line vesting between 50% of funds and 75% of funds	Starting year for investment performance: Year ending 31 March 2017. Ending year for investment performance: Year ending 31 March 2020	FY18, 88% of relevant AuMA in 1 st or 2 nd quartile; FY19, 85% of relevant AuMA in 1 st or 2 nd quartile; a nd FY19, 83% of relevant AuMA in 1 st or 2 nd quartile. Average over the period is 85% versus a Target of 75% so 100% ve st s.	100%
1. Developing existing employees/members and recruiting new talent (25% of 7.5%). 2. Providing the products and services that clients require (25% of 7.5%). 3. Broadening the client base in the UK and internationally (25% of 7.5%). 4. Maintaining an appropriate risk controls and compliance environment (25% of 7.5%).	1. Limit senior employee/member losses and strengthen the management team. 2. Broaden the product range. 3. Expand out multi-asset and international franchise. 4. Strong risk controls and create a positive compliance environment.	1. Over the period there have been very few employee/member losses and some good hires (Head of Institutional Business, Head of Product Development, Head of Portfolio & Data Insights, Global Fixed Income team). 2. Hired the highly rated Global Fixed Income team launching a range of Global Fixed Income products (Strategic Bond, High Yield Bond and Absolute Return Bond), and acquired Neptune and its range of Global Equity funds and UK Equity Income Fund. 3. Our Multi-Asset team selling well to the advisory market in the UK, and the ESG and GFI products are selling well internationally, with the successful launch of the GF SF Global Growth Fund and the Neptune acquisition takes us into the mid/lower end of the IFA market. 4. Vinay and John have maintained appropriate risk controls, carefully considering management decisions in light of risk considerations, and spending time on a very regular basis with the Heads of Risk and Compliance, and with Internal Audit.	100%

Remuneration Report continued

Given the above, in particular the very strong total shareholder return of 42% per annum over the period and 27% per annum increase in Adjusted Diluted EPS (excluding performance fees), the Committee approved 100% vesting of the LTIP awards for John Ions and Vinay Abrol.

Retention requirements

On vesting, 60% of the LTIP awards, so for John Ions 110,444 Ordinary shares and for Vinay Abrol 72,786 Ordinary shares were released, the remaining LTIP awards will be released in June 2021 (36,814 Ordinary shares for John Ions and 24,262 Ordinary shares for Vinay Abrol) and June 2022 (36,814 Ordinary shares for John Ions and 24,262).

	LTIP awards that vested	Value on grant	Gain result from share price appreciation and dividend equivalent payments on vested LTIP awards over the vesting period	Value on vesting
John Ions	234,771	£828,753	£2,642,555	£3,471,308
Vinay Abrol	154,722	£546,176	£1,741,542	£2,287,718

Option exercise details (audited information)

For John Ions and Vinay Abrol, LTIP awards were exercised on 8 July 2020. The market value of:

- John Ions share options on the date of exercise were £1,532,099 (110,444 share options at 1387.22p per share); and
- Vinay Abrol share options on the date of exercise were £1,009,700 (72,786 share options at 1387.22p per share).

The exercise price for the LTIP awards was nil pence.

3.2 LTIP Awards (audited information)

The Company's shareholders approved the LTIP on 24 February 2016 and the LTIP was adopted by the Board on 21 March 2016, and subsequently amended on 25 September 2018 and 19 June 2019. The rules of the LTIP state that awards may be granted to participants within the 42-day period following the date of publication of the annual results of the Company, approval of the LTIP by shareholders, or such other period as may be determined by the Committee in exceptional circumstances.

LTIP awards for the financial year ending 31 March 2021

	Percentage LTIP award of base remuneration	LTIP awards granted	Value on grant	Date of grant	Vesting date (subject to performance conditions being met)
John Ions	250%	61,719	£870,000	8 July 2020	8 July 2023
Vinay Abrol	175%	40,671	£573,000	8 July 2020	8 July 2023

On vesting 100% of the LTIP awards are subject to a two year holding period, with the post vesting releases subject to continued employment.

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

- absolute shareholder return (20%)

Start of the performance period: on 8 July 2020, with the starting share price being 1356.33p, which is the 30-day average to the day before the date of grant. The end of the performance period: 8 July 2023.

Performance will be assessed against the following targets:

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

There will be straight line vesting between targets.

- relative shareholder return (20%)

Using the same starting price as above, performance will be assessed against FTSE All Share Total Return Index (starting index value 6,531.22 which is the 30-day average to the day before the date of grant). The end of the performance period: 8 July 2023.

Performance will be assessed against the following targets:

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

There will be straight line vesting between targets.

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

Starting EPS (Diluted Adjusted EPS excluding performance fees): 56.21p for the financial year ending 31 March 2020. End of the performance period is 31 March 2023.

Performance will be assessed against the following targets:

EPS growth p.a.	Vesting (% of maximum)
<10%	NIL
10%	10%
15%	100%

There will be straight line vesting between targets.

- Other strategic objectives (30%) which include

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

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

Subject to performance conditions being met, there is also a shareholding requirement of 400% salary/fixed allocation for Executive Directors that is linked to these LTIP awards as follows:

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

4. Proposed remuneration for the financial year ending 31 March 2022

4.1 New Directors' Remuneration Policy

Given that the current DRP was approved by shareholders in September 2018 when the Company's market capitalisation was £325 million (31 March 2021: £867 million) and the Company is now a member of the FTSE 250 Index, it is our intention to consult with our larger shareholders and investor bodies later this year, and after the publication of the 2021 Annual Report, with a view to putting in place a new DRP to realign base salaries, cap annual bonuses in line with best practice and put in place revised long-term incentive arrangements aligned with the next phase of the Company's development and growth plans and its status as a FTSE 250 listed company. It is intended that a new DRP will be put to shareholders for approval at a General Meeting convened before the end of 2021. In the meantime, there will not be any significant change to proposed remuneration for the Executive Directors, and further information will be provided on how we transition from the current DRP to the new DRP when we put the new DRP to shareholders.

Remuneration Report continued

4.2 Annual fixed remuneration

The Committee has not changed the base remuneration of the Executive Directors for the financial year ending 31 March 2022.

The Board itself determines the fees of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to their own position. The Board has not changed the base or component fees of the Non-executive Directors for the financial year ending 31 March 2022.

4.3 Annual bonus/variable allocation

Annual bonus/variable allocation for the financial year ending 31 March 2022 will be determined using the same structure that was used in the financial year ended 31 March 2021. 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 inflows compared to budget, further broadening of International sales, further broadening of Multi-Asset sales, investment performance.
- Strategic Measures - broadening the product range, talent management, increasing gender diversity, risk management, compliance conduct and personal performance.

The Committee sets ranges ("Target" and "Threshold") around the agreed budget figures for the main financial measures and non-financial measures. These ranges consider the level of stretch in the budget and perceived potential for out-performance and under-performance. There will be a disclosure of the ranges for the relevant performance metrics in the 2022 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 2021.

In summary, this will comprise of rating performance into one of five bands from Above Target to Below Threshold, with the Committee's aim that Above Target performance will mean that the aggregate annual bonus/variable allocation pool for the Executive Directors will increase by 50% of the change in Adjusted Profit before tax (excluding performance fee profits), subject to Committee's discretion on any change.

4.4 LTIP awards

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

LTIP awards for the financial year ending 31 March 2022 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 2021.

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

- Absolute shareholder return (20%)

Start of the performance period: on date of grant, which is expected to be June 2021, with the starting share price being the 30 day average to the Committee meeting that approves the grant (expected to be the day before the date of grant). End of the performance period: June 2024. The starting price to be disclosed in the regulated news service announcement of the LTIP award.

Performance will be assessed against the following targets:

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

There will be straight line vesting between targets.

- Relative shareholder return (20%)

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

Performance will be assessed against the following targets:

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

There will be straight line vesting between targets.

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

Starting EPS (Diluted Adjusted EPS excluding performance fees): 80.14p for the financial year ending 31 March 2021. End of the performance period is 31 March 2024.

Performance will be assessed against the following targets:

EPS growth p.a.	Vesting (% of maximum)
<10%	NIL
10%	10%
15%	100%

There will be straight line vesting between targets.

- Other strategic objectives (30%) which include:
 - Net inflows. Net inflows versus budget for the financial years ending 31 March 2022, 2023 and 2024. The budget targets are commercially sensitive, and will be disclosed after vesting.
 - Fund performance: Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 10% vests and at 75% of funds and above 100% vests.
 - Other strategic measures, which are commercially sensitive and will be disclosed after vesting.

4.5 Cap on total remuneration

The Business, Energy and Industrial Strategy Committee report on Executive Pay, released in March 2020, suggested an overall cap on total remuneration for executives in any year. Whilst not a requirement to include it currently, I can confirm that the Committee considered introducing a cap on total remuneration, and decided against currently doing so. However, the Committee intends to re-consider the appropriateness of implementing a total remuneration cap for a business of our size, and will update shareholders in due course on the results of its further consideration.

5. Returns to shareholders and Executive remuneration

5.1 Pay versus performance

Share price performance

The graph below illustrates the performance of the Group, based on share price returns, compared to FTSE All-Share and FTSE Small Cap ex-Investment Trusts indices, from 1 April 2011. These indices have been chosen to put the Group's performance into the context of the overall UK stock market, and in the context of more similar sized operating companies.



Remuneration Report continued

Table of historic levels of Chief Executive remuneration

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

Year ended 31 Mar 2020	Name	Single figure of total remuneration (£'000)	Long term incentive vesting rates (as % maximum opportunity)
2021	John Ions	6,648	100%
2020	John Ions	4,555	100%
2019	John Ions	4,419	100%
2018	John Ions	2,191	Nil
2017	John Ions	1,751	Nil
2016	John Ions	1,572	Nil
2015	John Ions	1,544	Nil
2014	John Ions	2,271	100%
2013	John Ions	2,186	Nil
2012	John Ions	1,891	Nil

6. Directors' Shareholdings

6.1 Shareholding requirement (audited information) and Fund holding information

A key component of the Company's remuneration policy is a shareholding requirement of 4 times salary/fixed allocation for Executive Directors. As at 31 March 2021 the Executive Directors and their closely associated persons held:

	Ordinary shares held	Vested but unexercised options	Value at 31 Mar 2021 (£'000)	Multiple of salary/fixed allocation
Executive Directors				
John Ions	745,833	132,698	11,590	33x
Vinay Abrol	899,849	87,453	13,436	41x

The value of the vested but unexercised options is after income tax and national insurance.

6.2 Directors' Shareholdings (audited information)

The interests of the Directors and their closely associated persons in the share capital of the Company at 31 March 2021 were as follows:

	Ordinary shares	Unvested Ordinary shares	Total Ordinary shares	Vested but unexercised options	Options subject to perf. conditions	Total options over Ordinary shares
Executive Directors						
John Ions	744,341	1,492	745,833	132,698	323,532	456,230
Vinay Abrol	898,357	1,492	899,849	87,453	213,200	300,653
Non-executive Directors						
Alastair Barbour	32,000	–	32,000	–	–	–
Mike Bishop	25,106	–	25,106	–	–	–
Mandy Donald	–	–	–	–	–	–
Sophia Tickell	–	–	–	–	–	–
George Yeandle	20,000	–	20,000	–	–	–

There were the following changes to the Directors' interests between 1 April 2021 and 22 June 2021:

- John Ions and Vinay Abrol each purchased 115 additional Ordinary shares and were each allocated 230 unvested Ordinary shares pursuant to their participation in the SIP.

Other than the above, there were no other changes.

SIP Shares (audited information)

Director	Tax year	Awards held start of year			Awards held at the end of the year		
		Number of shares as at 1 Apr 2020	Face value	Grant/Vesting date	Number of shares granted/(vested)	Number of shares as at 31 Mar 2021	Earliest vesting date
John Ions	2017/18	820	£3,600	26-Apr-20	(820)	0	26-Apr-20
	2018/19	610	£3,600				25-Apr-21
	2019/20	546	£3,600	27-Apr-20	336	336	30-Apr-22
	2020/21	0	£3,600				27-Apr-23
Vinay Abrol	2017/18	820	£3,600	26-Apr-20	(820)	0	26-Apr-20
	2018/19	610	£3,600				26-Apr-21
	2019/20	546	£3,600	27-Apr-20	336	336	30-Apr-22
	2020/21	0	£3,600				27-Apr-23

The vesting of SIP shares awarded are subject to continuous performance and claw back conditions. Vested shares may remain in the SIP after vesting.

6.3 Post-employment shareholding requirements

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

7. Other disclosures and historical information

7.1 Remuneration Committee composition and attendance

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

- George Yeandle (Chair)
- Mike Bishop
- Mandy Donald
- Sophia Tickell

The attendance record of members of the Committee during the year is shown in the table on page 63.

Activities during the year

In the financial year to 31 March 2021, the Committee met six times and discussed, amongst other things, the subjects described below:

- approval of the 2020 Remuneration Report;
- review and approval of the bonuses and variable allocations for the Executive Directors for the financial year ended 31 March 2020;
- review and approval of the bonuses and variable allocations for the employees and members (excluding the Executive Directors) for the financial year ended 31 March 2021;
- approval of salary and fixed allocation changes for the senior members of the fund management teams;
- review and approval of Profit Allocation Plans for certain fund management teams;
- approval of allocations under the Liontrust Company Share Option Plan ("CSOP") in June 2020;
- approval granting of DBVAP awards for the financial year ended 31 March 2020;
- review and approval of the Bonus/Variable Allocation Methodology, deferral methodology and Metrics for the financial year ending 31 March 2021;
- approval of LTIP allocation for the financial year ending March 2021 for the Executive Directors and key executives;
- reviewing regular reports from HR;
- approval of the vesting of the 2018 LTIPs granted in June 2017;
- review of proxy voting agency and shareholder comments on the DRP;
- review of bonus/remuneration capping and bonus performance metrics for the year ended 31 March 2021;
- review of the bonus methodology, related Executive Director remuneration and market practices on Executive Director remuneration;
- approval of Director, employee and member appraisal process for the financial year ended 31 March 2021; and
- Commissioned an external review of Executive Director remuneration to ensure pay and benefits are commensurate with Liontrust's position as a FTSE 250 company.

Remuneration Report continued

7.2 Service Contracts

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

Director	Type of contract	Date of contract	Notice period
Executive Directors			
John Ions	Director Letter of appointment	23 January 2014	6 months
	LLP membership deed of adherence	8 July 2010	6 months
Vinay Abrol	Director Letter of appointment	23 January 2014	12 months
	LLP membership deed of adherence	8 July 2010	12 months
Non-executive Directors			
Alastair Barbour	Director Letter of appointment	19 November 2019	3 months
Mike Bishop	Director Letter of appointment	1 May 2011	3 months
Mandy Donald	Director Letter of appointment	18 July 2019	3 months
Sophia Tickell	Director Letter of appointment	13 September 2017	3 months
George Yeandle	Director Letter of appointment	16 December 2014	3 months

7.3 Compensation for loss of office (audited information)

No payments for loss of office were made during the financial year ended 31 March 2021 (2020: Nil).

7.4 Payments to former Directors (audited information)

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

7.5 Dilution and employee benefit trust

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

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

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

7.6 Shareholder voting outcomes for 2020 Directors' Remuneration Report

The table below shows the advisory vote on the 2020 Directors' Remuneration Report at the Annual General Meeting held on 22 September 2020:

	Votes for	%	Votes Against	%	Votes withheld	%
2020 Annual report on remuneration	34,843,754	80.20	7,819,238	18.00	783,156	1.80

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

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

	Votes for	%	Votes Against	%	Votes withheld	%
Directors' remuneration policy	24,832,878	63.80	14,088,649	36.19	2,806	0.01

The DRP, as approved by shareholders at our September 2018 GM, remains appropriate and no changes are proposed this year. It is our intention to consult with our larger shareholders and investor bodies later this year with a view to putting in place a new DRP to realign base salaries, cap annual bonuses in line with best practice and put in place revised long-term incentive arrangements aligned with the next phase of the Company's development and growth plans and its status as a FTSE 250 listed company. It is intended that a new DRP will be put to shareholders for approval at a General Meeting convened before the end of 2021.

7.8 Advisers

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

In the performance of its duties, the Committee can seek assistance from external advisers. At the January 2021 meeting of the Committee the approved the appointment of PricewaterhouseCoopers LLP to conduct a review of Executive Director remuneration.

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

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

7.10 Historical Information

LTIP Awards (audited information)

Director	Financial year ended 31-Mar	Face value	Share price used to determine the award	Number of options held at 1 Apr 2020	Options granted or exercised	Number of options held at 31 March 2021	Exercise Price	Date of grant	End of performance period
John Ions	2016 (in respect of 2016/17/18)	£828,750	254.0p	65,256	(65,256)	0	Nil	20 June 2016	20 March 2020
	2017 (in respect of 2017/18/19)	£828,750	280.6p	118,141	(59,071)	59,070	Nil	5 September 2016	10 August 2019
	2018 (in respect of 2018/19/20)	£828,750	450.2p	184,072	(110,444)	73,628	Nil	22 June 2017	22 June 2020
	2019 (in respect of 2019/20/21)	£870,250	589.6p	147,607	0	147,607	Nil	26 June 2018	26 June 2021
	2020 (in respect of 2020/21/22)	£870,250	762.0p	114,206	0	114,206	Nil	12 August 2019	12 August 2022
	2021 (in respect of 2021/22/23)	£870,250	1410.0p	0	61,719	61,719	Nil	8 July 2020	8 July 2023
Vinay Abrol	2016 (in respect of 2016/17/18)	£546,175	254.0p	43,006	(43,006)	0	Nil	20 June 2016	20 March 2020
	2017 (in respect of 2017/18/19)	£546,175	280.6p	77,859	(38,930)	38,929	Nil	5 September 2016	10 August 2019
	2018 (in respect of 2018/19/20)	£546,175	450.2p	121,310	(72,786)	48,524	Nil	22 June 2017	22 June 2020
	2019 (in respect of 2019/20/21)	£573,475	589.6p	97,270	0	97,270	Nil	26 June 2018	26 June 2021
	2020 (in respect of 2019/20/21)	£573,475	762.0p	75,259	0	75,259	Nil	12 August 2019	12 August 2022
	2021 (in respect of 2021/21/23)	£573,475	1410.0p	0	40,671	40,671	Nil	8 July 2020	8 July 2023

The face value of the option grants is equivalent to 250% and 175% of base annual remuneration for John Ions and Vinay Abrol respectively. The share price used to determine the award is the 30 day average closing share price prior to the Remuneration Committee meeting that approved the granting of the awards. 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. Claw back and malus provisions apply, see DRP elements of reward table for further details.

Remuneration Report continued

LTIP Performance Conditions (audited information)

Financial year ended 31 March 2019 (in respect of 2019/20/21) granted on 27 June 2018:

Total Shareholder Return target (40%)

Performance condition: TSR performance (% growth per annum): Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.

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

EPS target (30%)

Performance condition: EPS growth per annum: Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.

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

Strategic targets (30%)

Performance condition 1 (7.5%): Net inflows compared to target (25% of Strategic targets portion): Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.

Required outcome: Starting year for net inflows: Year ending 31 March 2019. Ending year for net inflows: Year ending 31 March 2021. Actual target for net inflows are commercially sensitive and will be disclosed after initial vesting in the 2022 Annual Report on Remuneration.

Performance condition 2 (7.5%): Growth in assets under management compared to target (25% of Strategic targets portion): Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.

Required outcome: Starting year for growth in assets under management: Year ending 31 March 2019. Ending year for growth in asset management: Year ending 31 March 2021. Actual target for growth in assets under management are commercially sensitive and will be disclosed after initial vesting in the 2022 Annual Report on Remuneration.

Performance condition 3 (7.5%): Investment performance (25% of Strategic targets portion): Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 20% vests and at 75% of funds and above 100% vests. Straight line vesting between 50% of funds and 75% of funds.

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

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

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

Financial year ended 31 March 2020 (in respect of 2020/21/22) granted 12 August 2019:

Absolute Shareholder Return target (20%)

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

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

Relative Shareholder Return target (20%)

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

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

EPS target (30%)

Performance condition: EPS growth per annum: Below 10% per annum then nil vests, at 10% per annum growth 20% vests and at 15% per annum and above 100% vests. Straight line vesting between 10% per annum and 15% per annum growth.

Required outcome: Starting EPS (Diluted Adjusted EPS excluding performance fees): 46.87p for the financial year ending 31 March 2019. End of the performance period is 31 March 2022.

Strategic targets (30%)

Performance condition 1 (7.5%): Net inflows compared to target (25% of Strategic targets portion): Below 75% of target nil vests, at 75% of target 20% vests

and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.

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

Performance condition 2 (7.5%): Growth in assets under management compared to target (25% of Strategic targets portion): Below 75% of target nil vests, at 75% of target 20% vests and at 125% of target and above 100% vests. Straight line vesting between 75% of target and 125% per annum growth.

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

Performance condition 3 (7.5%): Investment performance (25% of Strategic targets portion): Below 50% of funds in 1st or 2nd quartile nil vests, at 50% of funds 20% vests and at 75% of funds and above 100% vests. Straight line vesting between 50% of funds and 75% of funds.

Required outcome: Starting year for investment performance: Year ending

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

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

Required outcome: Actual target for other strategic objectives are commercially sensitive and will be disclosed after initial vesting in the 2023 Annual Report on Remuneration. However, include objectives in relation to personal performance, risk management, compliance behaviour and promoting a compliant culture and improving gender diversity in the business.

Details of the awards granted on 8 July 2020 for the financial year ended 31 March 2021 are on page 84.

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

Director	Financial year ended 31-Mar	Basis of award % of annual bonus/variable allocation	Face value	Issue date	Exercise dates
John Ions	2018 (in respect of 2017)	61%	£715,000	21 June 2017	21 June 2018/19/20
	2019 (in respect of 2018)	61%	£1,104,000	28 June 2018	28 June 2019/20/21
	2020 (in respect of 2019)	61%	£870,000	27 June 2019	27 June 2020/21/22
	2021 (in respect of 2020)	80%	£1,392,000	8 July 2020	8 July 2021/22/23
Vinay Abrol	2018 (in respect of 2017)	50%	£402,000	21 June 2017	21 June 2018/19/20
	2019 (in respect of 2018)	50%	£525,000	28 June 2018	28 June 2019/20/21
	2020 (in respect of 2019)	50%	£492,000	27 June 2019	27 June 2020/21/22
	2021 (in respect of 2020)	80%	£786,000	8 July 2020	8 July 2021/22/23

The DBVAP awards nil price options over shares/units in a portfolio of Liontrust Group managed funds. The share/unit price used to determine the number of shares/units which shall be subject to the option grant is calculated using the unit price on the date of grant. The portfolio of funds each year is determined by the Remuneration Committee. A minimum of 50% of the annual bonus/variable allocation is deferred into the DBVAP scheme with higher levels of deferral at the discretion of the Remuneration Committee. No further performance conditions apply to DBVAP awards as in determining the original annual bonus, the Committee is satisfied that performance objectives have been met. One third of the awards are exercisable on the exercise dates noted.

8. Directors' remuneration policy

This section of the Remuneration Report provides an overview of the key remuneration elements in place for Executive Directors. After the support received from shareholders at the 25 September 2018 General Meeting at which the revised Directors' Remuneration Policy (the "DRP") was approved, we have not made any changes to our DRP and as such remain bound by the DRP. We have not reproduced the full DRP 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 DRP as approved by shareholders can be found in the September 2018 Notice of General Meeting, available on our website: www.liontrust.co.uk in the Investor Relations/Governance/Governance Policies section. Given that the current DRP was approved by shareholders in September 2018 when the Company's market capitalisation was £325 million (31 March 2021: £867 million) and the Company is now a member of the FTSE 250 Index, it is our intention to consult with our larger shareholders and investor bodies later this year, and after the publication of the 2021 Annual Report, with a view to putting in place a new DRP to realign base salaries, cap annual bonuses in line with best practice and put in place revised long-term incentive arrangements aligned with the next phase of the Company's development and growth plans and its status as a FTSE 250 listed company. It is intended that a new DRP will be put to shareholders for approval at a General Meeting convened before the end of 2021.

8.1 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
Base salary or Fixed allocations	To provide a satisfactory base salary/fixed allocation within a total package comprising base salary/fixed allocation and bonus/variable allocation. The level of base salary/fixed allocation reflects the value of the individual, their role, skills and experience. It is also designed to attract and retain talent in the market in which the individual is employed and/or a member.	Salaries and fixed allocations are reviewed annually effective in April taking account of market levels, corporate performance, individual performance and levels of increase for the broader employee/member population. Reference is made to upper quartile levels within the FTSE and industry comparators
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.

Maximum opportunity

There is no guaranteed or maximum annual increase. The Committee considers it important that base salary and fixed allocation increases are kept under tight control given the potential multiplier effect of such increases on future costs.

Increases in salaries and fixed allocations will not normally exceed the general employee/member increase/cost of living adjustment on a rolling three year basis. However, where an executive is extremely experienced and has a long track record of proven performance salaries/fixed allocations may need to be in the upper quartile of comparable companies of similar size (based on AuMA/revenues) and complexity.

The Committee will aim to ensure that any increase in any year would not exceed 10% above RPI except for internal promotion or where the Executive Directors' base salary/fixed allocation is significantly below the market level.

Liontrust does not explicitly link total incentive awards to a multiple of base salary or fixed allocation or cap total awards to individuals but it should be noted that the aggregate annual bonus and variable allocation pool for all employees and members including Executive Directors is capped. This is to ensure that high performers can be rewarded in line with the market on a total cash (base salary/fixed allocation plus bonus/variable allocation) basis. This also reduces the need to increase base salaries/fixed allocations and thereby increase fixed costs.

The aggregate pool is capped at no more than 27% of pre-cash bonus/variable allocation adjusted profit before tax. There will also be an individual cap for Executive Directors in relation to the cash element of the annual bonus/variable allocation of a maximum of 250% of base salary/fixed allocation (see DBVAP section below for further details), in order to increase deferral potential and place more value at risk for the Executive Directors.

The Committee will review these caps after three years to ensure that they remain appropriate. Due to the nature of the factors used by the Committee to determine level of annual bonus/variable allocation it is not possible to set out the minimum level of performance and any further levels of performance. However, annual bonuses/variable allocations will be conservative at threshold levels of corporate performance.

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.

Performance measures and assessment

Not applicable.

Individual risk and compliance behaviour is also considered in detail for relevant roles and factored into the assessment of performance and the determination of the bonus/variable allocation amount payable. The Chief Financial Officer & Chief Operating Officer, who is responsible for risk and compliance at board level, attends at least two Remuneration Committee meetings each year to provide input on risk and compliance. A claw back principle applies to the annual bonus and/or variable allocations. This enables the Committee to recoup annual bonus or variable allocations in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct of an individual.

Malus and claw back provisions will apply whereby the payment of such cash bonus and variable allocation can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.

Discretion may be exercised in cases where the Committee believes that the bonus/variable allocation outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of the bonus/variable allocation pay out resulting from the application of the performance measures.

The Committee also retains discretion in exceptional circumstances to change performance measures and targets part-through a financial year if there is a significant and material event which causes the Committee to believe the original measure are no longer appropriate.

Any adjustments of or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report.

Remuneration Report continued

	Objective and Link to strategy	Operation
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.	<p>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).</p> <p>The Committee may award dividend/distribution equivalents on Liontrust funds to the extent that awards are released.</p>
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.	<p>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.</p> <p>Awards will then be released. However, will be subject to a two year holding period from the date of release.</p> <p>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.</p> <p>The Committee may award dividend equivalents on shares to the extent that they vest.</p> <p>In line with the new UK Corporate Governance Code the Committee has the discretion to adjust formulaic outcomes on the LTIP to reflect overall corporate performance.</p>
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.
Benefits	To provide benefits which are appropriately competitive.	<p>Executive Directors are entitled to a range of benefits including:</p> <ul style="list-style-type: none"> • Private Medical Insurance • Life Assurance; • Disability Assurance; and • access to an Employee/Member Assistance Programme <p>Where relocation payments or allowances are paid it will be limited to 50% of salary/fixed allocation.</p>
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.

Maximum opportunity	Performance measures and assessment
<p>Awards under the DBVAP are compulsory and are calculated on a formulaic basis such that a proportion of annual bonuses or variable allocations take the form of an award under the DBVAP, subject to an individual cap for Executive Directors in relation to the cash element of the annual bonus/variable allocation of 250% of salary/fixed allocation if the relevant Executive Director has over 1500% of base salary/fixed allocation in the aggregate of the DBVAP (for Liontrust funds), LTIPs, Liontrust shares and Liontrust funds, or 200% of salary/fixed allocation if the aforementioned criteria is not met.</p>	<p>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.</p>
<p>The deferred amount will be a minimum of 50% of the annual bonus/variable allocation, subject to the cap on the cash bonus and variable allocation as detailed above.</p>	<p>Malus and claw back provisions will apply whereby the unvested amount deferred into Liontrust funds can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.</p>
<p>The maximum annual award which can be made under the LTIP is equal to 300% of base salary/fixed allocation.</p>	<p>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.</p>
<p>At threshold performance 10% of the award vests.</p>	<p>The current performance criteria are absolute total shareholder return (20%), relative total shareholder return (20%) earnings per share (30%) and other strategic objectives (30%) which include net inflows, growth in assets under management, fund performance and other strategic measures.</p>
	<p>There is also a shareholding requirement of 400% of base salary/fixed allocation for Executive Directors that is linked to LTIP awards as follows:</p>
	<p>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;</p>
	<p>if less than 50% of the target shareholding is met then the first award will lapse in full;</p>
	<p>if between 50% and 100% is met, vesting will be scaled back proportionately on a straight-line basis;</p>
	<p>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;</p>
	<p>for subsequent LTIP awards, vesting is conditional on the target shareholding level being maintained; and</p>
	<ul style="list-style-type: none"> 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.
<p>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.</p>	<p>No performance conditions apply.</p>
<p>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.</p>	<p>Not applicable.</p>
<p>The current Executive Directors receive a contribution or cash equivalent payment equal to 10% of base salary or fixed allocation.</p>	<p>Not applicable.</p>

Remuneration Report continued

8.2 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.	<p>Non-Executive Director fees are reviewed annually effective April.</p> <p>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.</p> <p>The Executive Directors are responsible for setting the remuneration of the Non-Executive Directors.</p> <p>Non-Executive Directors do not participate in any variable remuneration element.</p>	<p>Non-Executive Chairman fees are capped at £200,000.</p> <p>Other Non-Executive Director fees are capped at £150,000.</p> <p>Fee increases are determined by reference to individual responsibilities, inflation and an appropriate comparator group.</p>	Not applicable.

George Yeandle

Chair of the Remuneration Committee
22 June 2021

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Financial Statements

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Consolidated Statement of Comprehensive Income

for the year ended 31 March 2021

	Note	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 (restated) £'000
Revenue*	4	175,080	113,096
Cost of sales*	4	(11,321)	(6,464)
Gross profit		163,759	106,632
Realised profit on sale of financial assets		250	–
Unrealised gain/(loss) on financial assets		672	(283)
Administration expenses	5	(129,646)	(89,711)
Operating profit	6	35,035	16,638
Interest receivable	8	7	18
Interest payable	16	(113)	(148)
Profit before tax		34,929	16,508
Taxation**	10	(7,257)	(3,292)
Profit for the year		27,672	13,216
Other comprehensive income:			
Total comprehensive income		27,672	13,216
		Pence	Pence (restated)
Earnings per share			
Basic earnings per share	12	47.02	25.16
Diluted earnings per share	12	46.25	24.33

* The 2020 revenue and cost of sales have been restated to reflect rebates being reclassified as a reduction in revenue rather than a cost of sales (see Note 1v and Note 4). This has no impact on Gross profit, nor on net asset balances.

** The 2020 tax charge has been restated to reflect deferred taxation on share options charge that was not previously recognised (see Note 1v)

The notes on pages 106 to 132 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet

as at 31 March 2021

	Note	As at 31-Mar-21 £'000	As at 31-Mar-20 (restated) £'000
Assets			
Non current assets			
Intangible assets	15	84,812	37,922
Goodwill	14	27,577	19,626
Property, plant and equipment	16	5,257	7,850
Total non current assets		117,646	65,398
Current assets			
Trade and other receivables	17	289,805	175,532
Financial assets	18	2,188	2,817
Cash and cash equivalents	1(i)	71,898	40,294
Total current assets		363,891	218,643
Liabilities			
Non current liabilities			
Deferred tax liability*	11	(13,436)	(4,961)
Lease liability	16	(3,418)	(5,769)
Total non current liabilities		(16,854)	(10,730)
Current liabilities			
Trade and other payables	19	(298,007)	(182,538)
Corporation tax payable		(3,288)	(734)
Total current liabilities		(301,295)	(183,272)
Net current assets		62,596	35,371
Net assets		163,388	90,039
Shareholders' equity			
Ordinary shares	20	610	555
Share premium		64,370	57,439
Capital redemption reserve		19	19
Retained earnings*		104,207	37,888
Own shares held	23	(5,818)	(5,862)
Total equity		163,388	90,039

* The 2020 deferred taxation and retained earnings have been restated to reflect deferred taxation on the share options charge that was not previously recognised (see note 1v)

The notes on pages 106 to 132 form an integral part of these consolidated financial statements.

The financial statements on pages 102 to 132 were approved and authorised for issue by the Board of Directors on 22 June 2021 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 2021

	Note	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
Cash flows from operating activities			
Cash received from operations		141,409	96,359
Cash paid in respect of operations*		(95,913)	(77,774)
Net cash generated from changes in unit trust receivables and payables		4,554	1,561
Net cash generated from operations*		50,050	20,146
Interest received		7	18
Tax paid		(6,416)	–
Net cash generated from operating activities*		43,641	20,164
Cash flows from investing activities			
Purchase of property and equipment	16	(254)	(174)
Acquisition of Architas net of cash required		(54,124)	–
Cash acquired from acquisition of Neptune	13	–	3,661
Purchase of DBVAP Financial Asset		–	(1,362)
Sale DBVAP Financial Asset		1,334	1,333
Purchase of Seeding investments		(117)	(169)
Sale of Seeding investments		–	50
Net cash (used in)/ from used in investing activities		(53,161)	3,339
Cash flows from financing activities			
Payment of lease liabilities*		(2,263)	(1,245)
Purchase of own shares		(812)	(3,310)
Sale of own shares		852	743
Issue of new shares		64,421	–
Dividends paid	9	(21,074)	(14,948)
Net cash used in financing activities*		41,124	(18,760)
Net increase in cash and cash equivalents		31,604	4,743
Opening cash and cash equivalents		40,294	35,551
Closing cash and cash equivalents		71,898	40,294

Cash and cash equivalents consist only of cash balances.

The notes on pages 106 to 132 form an integral part of these consolidated financial statements.

* The cash flow statement has been re-presented to show the payment of lease liabilities as an item in financing activities rather than in operating activities in accordance with IAS7.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

	Note	Ordinary shares £ '000	Share premium £ '000	Capital redemption £ '000	Retained earnings £ '000	Own shares held £ '000	Total Equity £ '000
Balance at 1 April 2020 brought forward		555	57,439	19	37,888	(5,862)	90,039
Profit for the year		-	-	-	27,672	-	27,672
Total comprehensive income for the year		-	-	-	27,672	-	27,672
Dividends paid	9	-	-	-	(21,074)	-	(21,074)
Capital reorganisation	21	-	(57,439)	-	57,439	-	-
Shares issued	20	55	64,370	-	-	-	64,425
Sale/(purchase) of own shares		-	-	-	-	44	44
Equity share options issued	23	-	-	-	2,636	-	2,636
Deferred tax on option charge taken to equity	11	-	-	-	164	-	164
Share options settled		-	-	-	(518)	-	(518)
Balance at 31 March 2021		610	64,370	19	104,207	(5,818)	163,388

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

Restated

	Note	Ordinary shares £ '000	Share premium £ '000	Capital redemption £ '000	Retained earnings £ '000*	Own shares held £ '000	Total Equity £ '000
Balance at 1 April 2019 brought forward		507	19,745	19	38,373	(3,291)	55,353
Restatement relating to deferred on share options*	16	-	-	-	990	-	990
Restated 1 April 2019 brought forward*		507	19,745	19	39,363	(3,291)	56,343
Profit for the year*		-	-	-	13,216	-	13,216
Total comprehensive income for the year*		-	-	-	13,216	-	13,216
Dividends paid	9	-	-	-	(14,948)	-	(14,948)
Shares issued	20	48	37,694	-	-	-	37,742
(Purchase)/sale of own shares		-	-	-	-	(2,652)	(2,652)
EBT share option settlement	22	-	-	-	-	81	81
Share option settlement		-	-	-	(1,914)	-	(1,914)
Equity share options issued	5	-	-	-	1,934	-	1,934
Deferred tax on option charge taken to equity*		-	-	-	237	-	237
Balance at 31 March 2020*		555	57,439	19	37,888	(5,862)	90,039

* The 1 April 2019 opening balance, profit for the year, total comprehensive income and deferred tax on option charge taken to equity for the year ended 31 March 2020 have been restated to reflect the historic deferred taxation on share options charge that was not previously recognised (see note 1v)

The notes on pages 106 to 132 form an integral part of these consolidated financial statements.

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') adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, those parts of the Companies Act 2006 applicable to companies reporting under IFRS; and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS").

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

The consolidated financial information presented within these financial statements has been prepared on a going concern basis (See 'Basis of financial statements' on page 58) under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and DBVAP liability which are held at their fair value). The Group is reliant on cash generated by the business to fund its working capital. The Directors have assessed the prospects of the Group and parent company over the forthcoming 12 months, including an assessment of current trading; budgets, plans and forecasts; the adequacy of current financing arrangements; liquidity, cash reserves and regulatory capital; and potential material risks to these forecasts and the Group strategy. This assessment includes a review of the ongoing impact of the Covid-19 pandemic on the business; and reasonable and consideration of a severe but plausible downside scenarios in which AuMA falls by 20% with nil net sales. The Directors confirm that as a result of this assessment they have a reasonable expectation that the Group and parent company will continue to operate and meet its liabilities as they fall due for at least 12 months from the date of signing these accounts.

The financial information has been prepared based on the IFRS standards effective as at 31 March 2021. There have been no significant changes issued to IFRS that would affect the Group and Company during the year.

b) Going concern

The financial information presented within these financial statements has been prepared on a going concern basis (See 'Basis of financial statements' on page 58) under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and DBVAP liability which are held at their fair value). The Group is reliant on cash generated by the business to fund its working capital. The Directors have assessed the prospects of the Group and parent company over the forthcoming 12 months, including an assessment of current trading; budgets, plans and forecasts; the adequacy of current financing arrangements; liquidity, cash reserves and regulatory capital; and potential material risks to these forecasts and the Group strategy. This assessment includes a review of the ongoing impact of the Covid-19 pandemic on the business; and consideration of a severe but plausible downside scenario in which AuMA falls due to a market event by 20%. The Directors confirm that as a result of this assessment they have a reasonable expectation that the Group and parent company will continue to operate and meet its liabilities as they fall due for at least 12 months from the date of signing these accounts.

c) 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 comprise operating and holdings companies, partnerships and those funds where the Group acts as fund manager and which are consolidated as a result of additional exposure to the variable returns of the funds through seed investment. Such seed investments are typically small as a proportion of the aggregate capital of fund and at the date of the report no investee funds are considered subsidiaries and consolidated.

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.

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

1 Principal accounting policies (continued)

Accounting estimates and judgements

(i) Acquisition Architas Multi-Manager Limited and Architas Advisory Services Limited (together 'Architas'):

The consideration paid for Architas is allocated between the intangible assets related to the future rights to manage the fund management contracts acquired as part of the business, and goodwill, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, over the net identifiable assets acquired and liabilities assumed. The significant estimate is in relation to the carrying value of the intangible asset as a result of the unobservable inputs. Details of the key assumptions used are provided in note 14.

(ii) Impairment of Goodwill

Goodwill arising on acquisitions is capitalised in the consolidated balance sheet. Goodwill is carried at cost less provision for impairment. The carrying value of goodwill is not amortised but is tested annually for impairment or more frequently if any indicators of impairment arise. Goodwill is allocated to a cash generating unit (CGU) for the purpose of impairment testing, with the allocation to those CGUs that are expected to benefit from the business combination in which the goodwill arose (see note 14).

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

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

(iii) Impairment of intangible assets

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

Intangible impairment is a significant estimate in relation to the Neptune intangible (Global Equity team CGU).

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' for indications of impairment, including residual values and useful lives and will make adjustments if required.

f) Trade and other receivables

Trade and other receivables include prepayments as well as amounts the Group is due to receive from third parties in the normal course of business. These include fees as well as settlement accounts for transactions undertaken. These receivables are normally settled by receipt of cash. Trade and other receivables are initially recognised at fair value and then at amortised cost after deducting provisions for expected credit losses. The Group applies the IFRS9 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience and is adjusted for forward-looking estimates. Prepayments arise where the Group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expenses are recognised in the Consolidated Statement of Comprehensive Income.

Purchase orders from customers for units in managed funds are initially recognised as receivables pending receipt of cash to fund the purchase on a trade date basis. Settlement of the transaction occurs through exchange of cash for units in the underlying fund which are received from the registrar in exchange for this consideration. Correspondingly, redemptions of units in funds are recognised as payables from trade date until receipt of sales proceeds from the registrar. This purchase and sale process and settlement cycle results in significant, but largely offsetting, receivable and payable balances on the Group balance sheet. A breakdown of these amounts is provided in notes 17 and 19. Any balances not settled on due date are segregated within client money accounts separate from the assets of the Group.

1 Principal accounting policies (continued)

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 as noted above). 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. An assessment is made at each reporting date, on a standalone basis for each intangible asset, as to whether there is any indication that the asset in use may be impaired. If any such indication exists and the carrying value exceeds the estimated recoverable amount at the time, the assets are written down to their recoverable amount. The recoverable amount is measured as the greater of fair value less costs to sell and value in use. Further information on the impairment testing and estimates used are contained in note 15.

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

i) Financial assets

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

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

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

Units in Liontrust UK Authorised unit trusts, shares in the sub funds of the Liontrust Global Funds Plc; and shares in the Liontrust ICVCs are held by the Liontrust Asset Management Employee Trust (an Employee Benefit Trust 'EBT') in respect of the Deferred Bonus and Variable Allocation Plan (DVBAP). The units and shares are accounted for on a trade date basis and are valued on a mid (unit trust) or bid (ICVC) basis.

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 EBT and The Liontrust Members Reward Partnership LP are valued at cost and are shown as a deduction from the Group's shareholders' equity. No gains or losses are recognised in the Consolidated Statement of Comprehensive Income.

l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset (ROU) and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

1 Principal accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate (IBR). Generally, the Group uses its IBR as the discount rate.

The Group determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

m) Income and expenses

Income

Income and expenses are accounted for on an accruals basis when they become receivable or payable. The Group's primary source of revenue is fee income from investment management activities. These fees are generally based on an agreed percentage of the valuation of the AuMA and are recognised as the service is provided and it is probable that the fee will be received. Contractual rebates payable to customers are deducted from revenue.

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

Performance fees are earned in respect of certain contracts only and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal. Performance fees can include terms that a proportion of the fee earned is deferred until the next performance fee is payable. 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.

Revenue is also earned from the net value of sales and redemptions, and liquidations and creations, of units and shares in unit trusts and open-ended investment companies; and from the operation of a box of units in the unit trusts ("box profits") - being the "at risk" trading profit or loss arising from changes in the valuation of holdings of units in Group Unit Trusts to help manage client sales into, and redemptions from the trust. Box profits are recognised as incurred.

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

Expenses

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.

DBVAP – in accordance with regulatory requirements and good market practice the Group defers a proportion of senior employees' and members' annual bonuses and variable allocations over a period of 3 years. At the inception of the deferral period the company purchases units in a portfolio of Liontrust funds to match the future liability arising from these awards which is recognised in the EBT as a financial asset. The DBVAP does not have any further performance conditions but has a continuous service condition. The costs of purchasing these units is recognised over the vesting period. Further details are disclosed in the Directors Remuneration Policy Elements of Reward table on page 96.

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 these cases, the related tax is also recognised in other comprehensive income or directly in equity.

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 and Member incentive awards

The Group operates a number of equity-settled and cash-settled, share-based compensation plans, under which the entity receives services from employees and members as consideration for equity instruments of the Group. The fair value of the services received in exchange for the awards is recognised as an expense, and credited to equity reserves for equity settled awards, and provisions for cash settled awards, over the vesting period. For equity settled awards the total amount to be expensed is determined at the date of grant by reference to the fair value of the awards granted. For cash settled awards the amount to be expensed is remeasured at each balance sheet date. Monte Carlo and Black-Scholes models have been used to calculate the fair value of the awards. The models require estimates to be made to determine the fair value of the awards the most significant of which are as follows:

- Liontrust Long Term Incentive Plan ('LTIP') and Liontrust Members Reward Plan ('LMRP') with market based 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 of 3 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; and

the expected volatility is based on the Company's historical volatility

- Liontrust Long Term Incentive Plan ('LTIP') and Liontrust Members Reward Plan ('LMRP') with non-market based performance conditions attached; Liontrust Company Share Option Plan ('CSOP') and Phantom share awards:

a Black-Scholes model is used to value the award with the following assumptions having been made:

the fair value is spread over the vesting period which is 3 years with an exercise price of nil (LTIP/LMRP/Phantom), or set at the time of issue of the award for CSOP awards;

the LTIP/LMRP/Phantom awards are expected to be exercised at the point they become exercisable;

the CSOP awards are estimated to be exercised at the mid-point between vest (3 years) and lapse (10 years);

the risk-free interest rate of has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term;

the expected volatility is based on the Company's historical volatility

dividend yield of nil for LTIP/LMRP/Phantom awards as dividend equivalents are paid out in shares on vesting of these awards; and

dividend yield estimated based on the current expectation and history of dividends paid for CSOP awards.

Based on historic experience, no reduction in the expense has been taken for expected award lapses from employees/members leaving the Group.

r) Dividends

Interim dividend distributions to the shareholders of the Company are recognised as a liability in the period during which they are paid. In the case of final dividends they are recognised as a liability in the period that they are paid to shareholders.

s) Holiday pay accrual

Under IAS19, 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 carry the entitlement forward.

1 Principal accounting policies (continued)

t) Foreign currency gains/losses

Items in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (The 'functional currency'). The consolidated financial statements are presented in Sterling ('£') which is the Group and Company's functional and presentation currency.

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

u) Share Capital

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

v) Restatement

The 2020 financial statements have been restated to reflect:

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

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

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

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 28 of the Strategic Report identifies some of these measures.

a) Market risk

i) Price risk

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

The Group holds the following types of investment as assets held at fair value through profit or loss (see note 18):

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; and
2. shares in the sub-funds of Liontrust Sustainable Funds ICVC.

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

2 Financial risk management (continued)

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

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

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

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 £611,000 increase or a decrease to nil in interest receivable (2020: £317,000 increase or decrease to nil).

iii) Foreign exchange risk

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

The Group is currently exposed to foreign exchange risk in the following areas: Investments denominated in US Dollars and Euros and income receivable in Euro and US Dollars, these amounts are not considered to be material.

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

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

Sterling vs. Euros - a movement of 10% would lead to a movement of £12,000 (2020: £12,000).

Sterling vs. US Dollar - a movement of 10% would lead to a movement of less than £8,000 (2020: less than £8,000).

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £132,000 (2020: £132,000) 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 £20,000 (2020: £20,000) 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-21	31-Mar-20
Cash and cash equivalents	71,898	40,294
Trade receivables	289,805	175,532

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

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

2 Financial risk management (continued)

procedures are in place to ensure that senior management are aware of any problems at an early stage. Trade and other receivables also include cancellations of units/shares in funds and sales of units/shares in funds, title to which is not transferred until settlement is received.

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

c) Liquidity risk

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

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

As at 31 March 2021	Due within 3 months	Due between 3 months and one year	Due in over one year
Payables	298,210	–	3,215

As at 31 March 2020	Due within 3 months	Due between 3 months and one year	Due in over one year
Payables	181,693	845	5,769

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. 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 (unaudited)

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

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

The total capital requirement for the Group is £15.284 million (2020: £15.271 million).

As at 31 March 2021, the Group has regulatory capital resources of £50.6 million (2020: £31.2 million), significantly in excess of the Group's total capital requirement.

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

3 Segmental reporting

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

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

Notes to the Financial Statements continued

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-21 £'000	Year ended 31-Mar-20 (restated) £'000
United Kingdom	166,577	106,383
Europe (ex UK)	8,278	6,555
Canada	18	25
Australia	207	133
	175,080	113,096

During the year ended 31 March 2021 the Group had no client contributing more than 10% of total revenue (2020: no client).

* Following a review, Management Fees are now shown net of rebates and commissions in revenue (see note 1v).

4 Revenue and cost of sales (Gross profit)

The Group's main source of revenue is management fees. Management fees are for investment management or administrative services and are based on an agreed percentage of the AUMA. Initial charges and commissions are for additional administrative services at the beginning of a client relationship, as well as ongoing administrative costs. Performance fees are earned from some funds when agreed performance conditions are met.

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 (restated)* £'000
Revenue*	161,388	112,092
Performance fee revenue	13,692	1,004
Total revenue*	175,080	113,096
Cost of sales*	(11,321)	(6,464)
Gross profit	163,759	106,632

* Following a review, Management Fees are shown net of contractual rebates with customers, see note 1v for further information.

Revenue from earnings includes:

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

The cost of sales includes:

- Operating expenses including (but not limited to) keeping a record of investor holdings, paying income, sending annual and interim reports, valuing fund assets and calculating prices, maintaining fund accounting records, depositary and trustee oversight and auditors.
- Sales commission paid or payable.
- External investment advisory fees paid or payable.

5 Administration expenses

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
Employee related expenses		
Wages and salaries	25,817	12,406
Social Security costs	3,508	1,641
Pensions	1,480	866
Share incentivisation expense	4,693	3,725
DBVAP expense	1,656	1,335
Severance compensation	1,793	1,886
	38,947	21,859
Non- employee related expenses		
Members drawings charged as an expense	41,986	31,993
Share incentivisation expense members	1,471	1,126
Professional services (restructuring, acquisition related and other) ⁽¹⁾	15,025	8,437
Depreciation and Intangible asset amortisation	7,448	5,392
Other administration expenses	24,769	20,904
	90,699	67,852
	129,646	89,711

⁽¹⁾ Includes acquisition related costs for Architas and restructuring costs for Neptune.

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
Share incentivisation expense		
- Share option expense employees	3,222	2,487
- Share option expense members	1,471	1,126
- Share option NIC expense	685	623
- Share incentive plan expense	388	319
- Share option related expenses	398	296
	6,164	4,851

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 188 (2020:143). All employees are involved in the investment management business of the Group.

	Year ended 31-Mar-21	Year ended 31-Mar-20
Fund management	50	43
Management and operations	80	57
Sales and Marketing	53	38
Non-executive directors	5	5
	188	143

6 Operating profit

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
The following items have been included in arriving at operating profit:	£'000	£'000
Foreign exchange (losses)/gains	(117)	6
Depreciation	1,894	1,531
Amortisation of intangible asset	7,240	3,862
Costs relating to Directors, members and employees (Note 5)	82,404	54,978
Auditors remuneration:		
Fees payable to the Company's auditors and its associates for the audit of the parent Company and consolidated financial statements and subsidiaries	503	186
Fees payable to the Company's auditors and its associates for other services:		
- audit related assurance services to the Company's subsidiaries	140	166
- Other services	-	60

The Group pays audit fees for the funds as part of fund expenses costs, the total costs during the year amounted to 462,000 (2020: £314,000) of which £60,000 was paid to the previous auditors.

7 Adjusted profit

Adjusted profit reconciled in the table below:

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 (restated) £'000
Profit before tax	34,929	16,508
Share incentivisation expense	5,776	4,851
Unrealised (gain)/loss on DBVAP financial asset ⁽²⁾	(525)	216
DBVAP expense ⁽²⁾	-	1,335
Severance compensation and staff reorganisation costs	1,793	2,296
IFRS16 - property adjustment	112	(980)
Gain on sale of Asia Income fund	(250)	-
Professional services ⁽¹⁾	15,025	8,436
Depreciation, Intangible asset amortisation and impairment	7,448	5,392
Adjustments	29,379	21,546
Adjusted profit before tax	64,308	38,054
Interest receivable	(7)	(18)
Adjusted operating profit	64,301	38,036

⁽¹⁾ Includes acquisition related costs for Architas and restructuring related costs for Neptune

⁽²⁾ For the financial year ended 31 March 2021 management have reviewed their assessment of adjustments and have removed the DBVAP expense and the share incentive plan expense from its adjusted profit measure. Had this practice been in place for the year ended 31 March 2020 adjusted operating profit would have been £36,313,000.

Adjusted earnings per share is reconciled in the tables below:

	Year ended 31-Mar-21	Year ended 31-Mar-20 (restated)
Basic earnings per share	47.02	25.16
Adjustments:		
Taxation	12.33	6.27
Share incentivisation expense	9.82	9.24
DBVAP expense	-	2.54
Unrealised loss on DBVAP financial asset	(0.89)	0.41
Severance compensation and staff reorganisation costs	3.05	4.37
IFRS16 - property adjustment	0.19	(1.87)
Professional services	25.52	16.06
Depreciation and Intangible asset amortisation	12.66	10.26
Total Adjustments	62.68	47.28
Taxation at 19%	(20.84)	(13.76)
Adjusted basic earnings per share	88.86	58.68
Performance fees ⁽¹⁾	(7.38)	(0.55)
Adjusted basic earnings per share (excluding performance fees)	81.48	58.13

⁽¹⁾ Performance fee revenues contribution calculated in line with operating margin of 39% (2020: 36%) and a taxation rate of 19% (202: 19%).

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7 Adjusted profit (continued)

	Year ended 31-Mar-21	Year ended 31-Mar-20
Diluted earnings per share	46.25	24.33
Adjustments:		
Taxation	12.13	6.06
Share incentivisation expense	9.65	8.92
DBVAP expense	-	2.46
Unrealised loss on DBVAP financial asset	(0.88)	0.40
Severance compensation and staff reorganisation costs	3.00	4.23
IFRS 16 - property adjustment	0.19	(1.80)
Professional services	25.11	15.53
Depreciation and Intangible asset amortisation	12.45	9.92
Total Adjustments	61.65	45.72
Taxation at 19%	(20.50)	(13.31)
Adjusted diluted earnings per share	87.40	56.74
Performance fees ⁽¹⁾	(7.26)	(0.53)
Adjusted diluted earnings per share (excluding performance fees)	80.14	56.21
Adjusted operating profit	64,301	38,036
Gross profit	163,759	106,632
Adjusted operating margin	39.3%	35.7%

⁽¹⁾ Performance fee revenues contribution calculated in line with operating margin of 39% (2020: 36%) and a taxation rate of 19% (2020: 19%).

8 Interest receivable

Disclosures relating to the Group's financial instruments risk management policies are detailed in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2020: 0.0%).

9 Dividends

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
Ordinary Shares		
Prior year second interim at 24 pence per share (2020: 20 pence)	14,442	10,076
First interim at 11 pence per share (2019: 9 pence)	6,632	4,872
Total	21,074	14,948

In addition, the Directors are proposing a second interim dividend in respect of the financial year ending 31 March 2021 of 36p per share which will absorb an estimated £21.7 million of shareholders' funds. It will be paid on 6 August 2021 to shareholders who are on the register of members at 2 July 2021, with the shares going ex-dividend on 1 July 2021.

10 Taxation

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000 (restated)
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 19% (2020: 19%)*	8,352	3,640
Adjustment in respect of prior periods	550	261
Total current tax	8,902	3,901
Deferred tax:		
Deferred tax originated from timing differences*	(1,645)	(609)
Total charge in year*	7,257	3,292
(b) Factors affecting current tax		
Profit on ordinary activities before tax	34,929	16,508
Profit on ordinary activities at UK corporation tax rate of 19% (2020: 19%)	6,637	3,136
Effects of:		
Expenses not deductible for tax purposes	2,555	911
Depreciation in excess of capital allowances	(28)	(2)
Net Members drawings not taxable	178	258
Tax relief on exercise of unapproved options	(1,185)	(714)
Overseas losses not deductible	195	51
Deferred tax on intangible asset amortisation	(1,303)	(357)
Deferred tax on employee share options*	(342)	(252)
Adjustment in respect of prior periods	550	261
Total taxation*	7,257	3,292

* Restated - see note 1v.

11 Deferred tax

	2021 £'000	2020 £'000 restated
Deferred tax assets		
Balance as at 1 April*	1,479	990
Deferred tax on option IFRS2 charge*	505	489
Balance as at 31 March*	1,984	1,479
Deferred tax liability		
Balance as at 1 April	(6,440)	(1,620)
Deferred tax recognised on acquired intangible asset (See note 13)	(10,392)	(5,177)
Deferred tax on intangible asset amortisation	1,412	357
Balance as at 31 March	(15,420)	(6,440)
Net deferred tax liability*	(13,436)	(4,961)

* The 2020 opening balance, net deferred tax liability and charge for 2020 have been restated to reflect the historic deferred taxation on share option expense that had not been previously recognised (see note 1v).

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to from 19% to 25% from 1 April 2023. This will have a consequential effect on Liontrust's future tax charge and will also have the effect of increasing the deferred tax asset and liability balances.

At the reporting date the Group had a net deferred tax liability balance and the above increase, once substantively enacted, would increase the deferred tax liability in future reporting periods.

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 58,846,929 for the year (2020: 52,531,287). Shares held by the EBT 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 EBT that were in existence during the year ended 31 March 2021. The adjusted weighted average number of Ordinary Shares so calculated for the year was 59,831,128 (2020 : 54,320,477). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	As at 31-Mar-21 number	As at 31-Mar-20 number
Weighted average number of Ordinary Shares	58,846,929	52,531,287
Weighted average number of dilutive Ordinary shares under option:		
- to the Liontrust Long Term Incentive Plan	959,895	1,779,742
- to the Liontrust Company Share Option Plan	24,304	9,448
Adjusted weighted average number of Ordinary Shares	59,831,128	54,320,477

Details of the options outstanding at 31 March 2021 to Executive Directors are set out in the Directors' Remuneration Report on page 91.

13 Acquisition of Architas and Neptune

On 30 October 2020 ("Completion Date"), the Company acquired the entire issued share capital and obtained control of Architas Multi-Manager Limited and Architas Advisory Services Limited (together 'Architas') for a cost of £72.5 million (the "Acquisition"). The consideration was funded by an issue of 5,090,000 shares raising £64.4 million net of fees. As a result of the Acquisition, the Group is expected to increase its offerings to investors. It expects to reduce costs and benefit from economies of scale following a process of restructuring and integration.

The goodwill of £7.952 million arising from the Acquisition is attributable to the Multi-Asset fund management team, and the expected economies of scale efficiency increases from combining the operations of Architas and the Group.

13 Acquisition of Architas and Neptune (continued)

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

Consideration at 30 October 2020	£'000
Cash	72,488
Total consideration	72,488
Recognised amounts of identifiable assets acquire and liabilities assumed	
Fixed assets	281
Cash and cash equivalents	18,432
Trade and other receivables	30,854
Trade and other payables	(28,876)
Investment Management contracts	54,130
Deferred tax liabilities	(10,285)
Total identifiable net assets	64,536
Goodwill	7,952
Total	72,488

Acquisition related costs of £3.006 million and reorganisation costs of £4.062 million have been charged to administrative expenses in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2021.

The identifiable assets acquired were accounted for at fair value. The fair value of intangible assets acquired was calculated using a Multiple Periods Excess Earnings Model ('MPEEM') which takes into account the future expected revenue and costs linked to the assets acquired. The MPEEM model assisted the Group in arriving at the valuation of £54.1 million which management believe is appropriate.

The material accounting judgements used by management in the MPEEM included the useful economic life of the assets (10 years), the discount rate (13.9%), and net AuMA growth rate (1%). A 1% increase/decrease in the discount rate used would result in a decrease/increase in the value of the intangible of £2.0 million and £2.1 million respectively; and a corresponding increase/decrease in the value of goodwill of £1.6 million and £1.7 million. An increase/decrease in net AuMA growth of 1% would result in an increase/decrease in the value of the intangible of £2.6 million respectively; and a corresponding decrease/increase in the value of goodwill of £2.1 million. An increase of 1 year in the useful economic life of the asset would result in an increase in the intangible of £2.9 million and decrease in goodwill of £2.3 million; a decrease in the useful economic life of 1 year would decrease the value of the intangible by £2.6 million and increase the goodwill valuation by £2.1 million.

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

The discount rate used in the intangible model was a market participant weighted average cost of capital, determined using the capital asset pricing model (post-tax) and calibrated using current assessments of market equity risk premia, company risk / beta, small company premium, tax rates and gearing. The appropriate discount rate is appraised at the date of the relevant transaction and then also at the reporting date to enable impairment reviews and testing.

On 1 October 2019 ("Completion Date"), the Company acquired the entire issued share capital and obtained control of Neptune Investment Management Limited ("Neptune") at a cost of £38 million (the "Acquisition"). As a result of the Acquisition, the Group expected to increase its offerings to investors, both domestically and across Europe. It has reduced costs and benefits from economies of scale following a process of restructuring and integration.

The goodwill of £7.8 million arising from the Acquisition is attributable to the Global Equity fund management team.

13 Acquisition of Architas and Neptune (continued)

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

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

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

Equity instruments issued

The instruments issued comprise of 4,485,123 of the Company's ordinary shares.

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

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

Additionally, if the AuMA managed by the Neptune Investment team exceeds £4 billion on the 3rd anniversary of the Completion Date, an earnout of 661,813 Liontrust Shares ("Tranche Two Consideration Shares") is payable.

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

The identifiable assets acquired were accounted for at fair value. The fair value of intangible assets acquired was calculated using a Multiple Periods Excess Earnings Model ("MPEEM") which takes into account the future expected revenue and costs linked to the assets acquired. The MPEEM model assisted the Group in arriving at the valuation of £30 million which management believe is appropriate.

The additional contingent consideration that is payable if, on the 3rd anniversary of the Completion Date, the average assets under management managed by the Global Equity team for the 3 month period prior to this date is in excess of £4 billion the Group will issue a further 661,813 Liontrust Shares to the former shareholders of Neptune.

Based on facts and circumstances known at 31 March 2021 the fair value of the contingent consideration was assessed as nil and no liability recorded.

Goodwill on acquisition is allocated to the Global Equity funds CGU. See note 14 for details.

14 Goodwill

Goodwill is allocated to the CGU to which it relates as the underlying funds acquired in each business acquisition are clearly identifiable to the ongoing investment team that is managing them. The ATI Goodwill on acquisition is allocated to the Sustainable Funds team CGU and at 31 March 2021 was £11,873,000 (2020: £11,873,000). At the balance sheet date an assessment was made in relation to impairment of the goodwill where the recoverable amount, based on a value in use, was calculated using an earnings model which used key assumptions such as the discount rate (12.8%, 2020: 13.0%), terminal growth rate (2%, 2020: 2%) and net AuMA growth (5%, 2020: 5%). Sensitivity analysis was carried out on this model which significantly reduced the forecast net AuMA growth. These changes in estimates would not lead to any impairment in the carrying value of this goodwill.

14 Goodwill (continued)

The Neptune Goodwill on acquisition is allocated to the Global Equities team CGU and at 31 March 2021 was £7,753,000 (2020: £7,753,000). At the balance sheet date an assessment was made in relation to impairment of the goodwill where the recoverable amount, based on a value in use, was calculated using an earnings model with reference to the projected cashflows relating to the CGU over a period of 5 years, which used key assumptions such as net AuMA growth, comprising net sales of £150 million and market growth rate (5%, 2020: 2.5% per annum), terminal growth rate (2%, 2020: 2%) and a discount rate (12.8%, 2020: 13.0%). Based on these reasonable estimates there was no indication of impairment and headroom over the carrying value of goodwill of £5.9 million. Sensitivity analysis was carried out on this model which included changing the discount rate and reducing the net AuMA growth. The discount rate could be increased by 1% without impacting goodwill and resulted in a £5.1 million reduction in headroom. If the terminal growth rate reduced by 0.6% the headroom would be reduced by £2.2 million but would not lead to an impairment. However, reducing the fund inflows to nil would result in the carrying value of goodwill being fully impaired. Management consider this to be a reasonably possible scenario, however the five year modelling timeframe would give ample time for management action. The "breakeven" point for impairment is net flows of £104 million. Further, given the relatively recent acquisition of Neptune, strong current investment performance, and positive net sales for the Global Equity funds in the year ended 31 March 2021 management have concluded that no impairment of the goodwill is required.

The Architas Goodwill on acquisition is allocated to the Multi Asset team CGU. At the balance sheet date an assessment was made in relation to impairment of the goodwill where the recoverable amount, based on a value in use, was calculated using an earnings model with reference to the projected cashflows relating to the CGU over a period of 5 years, which used key assumptions such as net sales, net AuMA growth rates (4% per annum), terminal growth rate (2%) and a discount rate of 12.8%. Based on this assessment there was no indication of impairment. Sensitivity analysis was carried out on this model which included changing the discount rate and reducing the market growth. A reasonably possible change in the key assumptions would not lead to an impairment. In a severe scenario of nil market growth and nil net sales over the five year model the goodwill would be impaired. Management consider this to be a highly unlikely scenario and management would take action in such a scenario. Further, given this recent acquisition and strong current performance in the period since acquisition management have concluded that no impairment of the goodwill is required.

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

15 Intangible assets

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

An assessment is made at each reporting date, on a standalone basis for each intangible asset, as to whether there is any indication that an asset in use may be impaired. If any such indication exists and the carrying value exceeds the estimated recoverable amount at the time, the assets are written down to their recoverable amount. The recoverable amount is measured as the greater of fair value less costs to sell and value in use. The assessment made at 31 March 2021 did not indicate any impairment in the value of the intangible assets. For ATI the performance and growth of the CGU since acquisition is such that there is very significant headroom over the carrying value of the related intangible asset and therefore no uncertainty related to the accounting estimates. Neptune headroom is smaller based on estimated net AuMA growth of 1.5%, discount rate of 13.6%, and a useful economic life of 10 years. Sensitivity analysis was carried out on this model to assess the impact of reasonable downside scenarios, which included reducing the AuMA growth, increasing the discount rate, and reducing the useful economic life of the asset. A 1% decrease in AuMA growth would result in an impairment of the intangible asset of £1.3m, a 1% increase in the discount rate would result in an impairment of £1.1m, and a 1 year reduction in the useful economic life of the asset would result in an impairment of £2.0m.

Year to 31 March 2021

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired as part of ATI acquisition	7,200	6 Years
Investment management contracts acquired as part of Neptune acquisition	25,737	8½ Years
Investment management contracts acquired as part of Architas acquisition	51,874	9½ Years

15 Intangible assets (continued)

	Investment management contracts £'000
Cost	
At 1 April 2020	60,983
Additions:	
Investment management contracts acquired - Architas	54,130
At 31 March 2021	115,113
Accumulated amortisation and impairment	
At 1 April 2020	23,061
Amortisation for the year	7,240
At 31 March 2021	30,301
Net Book Value	
At 31 March 2021	84,812
At 31 March 2020	37,922

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

16 Property, plant and equipment

Property, plant and equipment is made up of leasehold improvements, office equipment, computer equipment and right-of-use (ROU) assets. The adoption of IFRS16 Leases resulted in an increase in the net book value of property, plant and equipment by £4.421m.

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

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

16 Property, plant and equipment (continued)

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

Year to 31 March 2021	ROU Assets £'000	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
As at 31 March 2020	8,551	953	471	603	10,578
Adjustment to remove previously capitalised VAT	(1,170)	–	–	–	(1,170)
As at 1 April 2020	7,381	953	471	603	9,408
Additions	216	60	14	181	471
As at 31 March 2021	7,597	1,013	485	784	9,879
Accumulated depreciation					
As at 1 April 2020	1,282	586	378	482	2,728
Charge for the year	1,598	166	35	95	1,894
As at 31 March 2021	2,880	752	413	577	4,622
Net Book Value					
As at 31 March 2021	4,717	261	72	207	5,257
As at 31 March 2020	7,269	367	93	121	7,850
Year to 31 March 2020					
Year to 31 March 2020	ROU Assets £'000	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
As at 1 April 2019 (restated for introduction of IFRS 16)	4,421	888	417	509	6,235
Additions	4,130	65	54	94	4,343
As at 31 March 2020	8,551	953	471	603	10,578
Accumulated depreciation					
As at 1 April 2019	–	442	340	415	1,197
Charge for the year	1,282	144	38	67	1,531
As at 31 March 2020	1,282	586	378	482	2,728
Net Book Value					
As at 31 March 2020	7,269	367	93	121	7,850
As at 31 March 2019	–	446	77	94	617

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

16 Property, plant and equipment (continued)

Lease liability

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Current	1,598	1,801
Non-current	3,418	5,769
	5,016	7,570

Measurement of ROU asset

At the initial application date, 1 April 2019, the ROU asset was measured at the amount equal the lease liability with an IFRS16 reserve adjustment made to retained earnings for the lease prepayments accounted for in the prior financial year ending 31 March 2019.

ROU asset

	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Office space	4,717	7,269
	4,717	7,269
Depreciation on ROU asset	1,597	1,282
Finance costs	113	148
Cash outflow for leases for the year	1,169	1,129

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

Additional profit or loss and cash flow information

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

Sale and leaseback transactions

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

17 Trade and other receivables

	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000
Trade receivables		
- Fees receivable	33,118	11,313
- Unit trust sales and cancellations	254,006	160,346
Prepayments and accrued income	2,681	3,873
	289,805	175,532

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

As at 31 March 2021, trade receivables of £nil (2020 : £nil) were past due but not impaired. Expected credit losses are immaterial.

18 Financial assets

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

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

Under IFRS9 all financial assets are categorised as Assets held at fair value through profit and loss

18 Financial assets (continued)

The Group's financial assets represent shares in the GF Global Strategic Equity Fund, the GF European Smaller Companies Fund, the GF European Strategic Equity Fund, The GF Asia Income Fund, and the GF UK Growth Fund (all sub-funds of Liontrust Global Funds PLC) and are valued at bid price); and units in the Liontrust Global Income Fund, The Liontrust Macro Equity Income Fund, The Liontrust Asia Income Fund and the Liontrust UK Growth Fund. The gain on the fair value adjustments during the year net of tax was £672,000 (2020 loss: £283,000). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date.

	As at 31-Mar-21		As at 31-Mar-20	
	Assets held at fair value through profit and loss £'000	Total £'000	Assets held at fair value through profit and loss £'000	Total £'000
Financial assets in Level 1				
UK Authorised unit trusts & UK authorised ICVCs	1,520	1,520	2,404	2,404
Ireland Open Ended Investment company	668	668	413	413
	2,188	2,188	2,817	2,817
Total Financial Assets	2,188	2,188	2,817	2,817

19 Trade and other payables

	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000
Current Liabilities		
Trade payables – unit trust repurchases and creations	255,690	161,099
Other payables including taxation and social security	3,087	1,161
Lease liability	1,598	1,801
DBVAP liability	1,491	845
Other payables	36,141	17,632
	298,007	182,538
	As at 31-Mar-21 £'000	As at 31-Mar-20 £'000
Non current Liabilities		
Lease liability	3,418	5,769

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

20 Ordinary Shares

	2021 Shares	2021 £'000	2020 Shares	2020 £'000
Allotted, called up and fully paid ordinary shares of 1 pence				
As at 1 April	55,512,061	555	50,728,681	507
Issued during the year	5,546,899	55	4,783,380	48
As at 31 March	61,058,960	610	55,512,061	555

In July 2020 the Group issued 5,090,000 shares in a placing for the acquisition of Architas (see note 13).

21 Reserves

In October 2020 the Group undertook a capital reduction process to transfer £57,439,000 from the Share Premium Reserve to the Profit and Loss Reserve.

22 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 2021 are listed below

Name of undertaking	country of incorporation	% held
Liontrust Investment Funds Limited*	UK ⁽¹⁾	100%
Liontrust Investment Services Limited*	UK ⁽¹⁾	100%
Liontrust Investment Management Limited*	UK ⁽¹⁾	100%
Liontrust Investments Limited*	UK ⁽¹⁾	100%
Liontrust Investment Solutions Limited*	UK ⁽¹⁾	100%
Liontrust Multi-Asset Limited*	UK ⁽¹⁾	100%
Liontrust Advisory Services Limited*	UK ⁽¹⁾	100%
Liontrust International Luxembourg SA*	Luxembourg ⁽²⁾	100%
Liontrust GF European Strategic Equity Fund CF	Ireland ⁽³⁾	100%
Liontrust GF European Smaller Companies CF	Ireland ⁽³⁾	100%
Liontrust GF Strategic Bond Fund B1	Ireland ⁽³⁾	100%
Liontrust GF SF European Corporate Bond Fund A1	Ireland ⁽³⁾	42%
Liontrust GF SF European Corporate Bond Fund A5	Ireland ⁽³⁾	67%
Liontrust GF Absolute Return Bond Fund B10 acc dist	Ireland ⁽³⁾	100%
Liontrust GF UK Growth Fund C1	Ireland ⁽³⁾	100%
Liontrust GF Absolute Return Bond Fund A1	Ireland ⁽³⁾	100%
Liontrust GF SF Global Growth Fund A1	Ireland ⁽³⁾	84%

b) The indirect related undertakings of the Company as at 31 March 2021 are listed below

Name of undertaking	Country of incorporation	% held
Liontrust Fund Partners LLP*	UK ⁽¹⁾	100%
Liontrust Investment Partners LLP*	UK ⁽¹⁾	100%
Liontrust Members Reward Partnership LP*	Jersey ⁽⁴⁾	100%

⁽¹⁾ Registered office: 2 Savoy Court, London, WC2R 0EZ

⁽²⁾ Registered office: 18 Val Sainte Croix, L-1370, Luxembourg

⁽³⁾ Registered office: 5th floor, The Exchange, George's Dock, IFSC, Dublin 1, Ireland

⁽⁴⁾ Registered office: 44 Esplanade, St Helier, Jersey, JE4 9WG

* Consolidated entities

23 Own shares

Approval was given at a General Meeting in February 2016 for the grant of options under the Liontrust Long Term Incentive Plan (the "LTIP"). The Board adopted the Liontrust Company Share Option Plan (the "CSOP") in June 2018. The options granted under the LTIP and CSOP, including to the Executive Directors, were as follows:

The CSOP scheme is an HMRC approved company share option plan that is aimed at those employees not covered by the LTIP scheme. The options become exercisable between the 3rd and 10th anniversary of the issue date.

The Phantom Option Scheme is an unapproved scheme to cover international employees. It is a cash settled scheme arranged to mirror the LTIP arrangements.

Options in issue

Issue Date	1 April 2020	Options Granted	Options Exercised	Lapsed	31 March 2021	Exercise price	Scheme
20 June 2016	111,845	–	(111,845)	–	–	Nil	LTIP
5 September 2017	234,562	–	(117,281)	–	117,281	Nil	LTIP
22 June 2017	379,619	–	(227,744)	–	151,875	Nil	LTIP
27 June 2018	272,013	–	–	–	272,013	Nil	LTIP
27 June 2018	32,560	–	–	(3,256)	29,304	£6.14	CSOP
8 April 2019	33,173	–	–	–	33,173	Nil	Phantom
12 August 2019	283,621	–	–	–	283,621	Nil	LTIP
12 August 2019	28,864	–	–	(1,312)	27,552	£7.62	CSOP
8 July 2020	–	190,503	–	–	190,503	Nil	LTIP
14 July 2020	–	21,808	–	(752)	21,056	£13.30	CSOP

Issue Date	1 April 2019	Options Granted	Options Exercised	Lapsed	31 March 2020	Exercise price	Scheme
20 June 2016	238,453	–	(126,608)	–	111,845	Nil	LTIP
5 September 2017	599,766	–	(365,204)	–	234,562	Nil	LTIP
22 June 2017	387,948	–	(8,329)	–	379,619	Nil	LTIP
27 June 2018	272,013	–	–	–	272,013	Nil	LTIP
27 June 2018	32,560	–	–	–	32,560	£6.14	CSOP
8 April 2019	–	33,173	–	–	33,173	Nil	Phantom
12 August 2019	–	283,621	–	–	283,621	Nil	LTIP
12 August 2019	–	28,864	–	–	28,864	£7.62	CSOP

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 2020	Granted	Exercised	Lapsed	31 March 2021	Exercise price	Scheme
6 September 2017	148,948	–	(103,260)	–	45,688	Nil	LMRP
22 June 2017	189,692	–	(113,814)	–	75,878	Nil	LMRP
22 June 2018	18,896	–	–	–	18,896	Nil	LMRP
12 August 2019	94,411	–	–	–	94,411	Nil	LMRP
7 July 2020	–	57,605	–	–	57,605	Nil	LMRP

Issue Date	1 April 2019	Granted	Exercised	Lapsed	31 March 2020	Exercise price	Scheme
6 September 2017	334,447	–	(185,499)	–	148,948	Nil	LMRP
22 June 2017	189,692	–	–	–	189,692	Nil	LMRP
22 June 2018	18,896	–	–	–	18,896	Nil	LMRP
12 August 2019	–	94,411	–	–	94,411	Nil	LMRP

Details of the LTIP options can be found in the Directors' Remuneration report.

At 31 March 2021, the Liontrust Asset Management Employee Trust owned 656,257 shares (2020: 656,257) at a cost of £3,694,167 (2020: £3,694,167). 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 2021 the market value of the shares was £9,319,000 (2020: £5,053,000).

24 Share based payments

Liontrust Asset Management PLC ("Company", "LAM") currently operates a number of equity-settled, and cash-settled, share-based compensation plans under which the entity receives services from employees and members as consideration for equity-linked instruments (share options, phantom share awards and share awards with vesting conditions).

(a) The Company Share Option Plan ("CSOP") permits the Company to grant share options with a strike price set at the market price at the date of issue over ordinary shares in the capital of LAM to qualifying employees. The equity settled options vest after 3 years and do not have any performance conditions attached.

(b) The Employees Long Term Incentive Plan ("eLTIP") is intended to provide long term reward, incentivise strong performance and retain Executive Directors and senior employees employed by LAM. The eLTIP issues nil-priced options with vesting, exercise and holding conditions. The equity settled options vest after 3 years subject to various performance targets detailed below:

- Absolute TSP performance condition - 20% of the award vest subject to the Company's absolute Total Shareholder Return ("TSR") performance from the grant date to the vesting date.
- Relative TSR performance condition - 20% of the award vest subject to the Company's relative TSR performance compared to the FTSE All Share Index ("Index") with the Index price calculated based on the 30 day average preceding, and at the end of, the performance period.
- EPS performance condition - 30% of the award will vest subject to the Company's diluted earnings per share ("EPS") performance with EPS growth and vesting at the same thresholds as the TSR vesting percentages.
- Strategic performance condition - 30% of the award will vest subject to the Company's performance against certain strategic targets which include growth in assets under management, investment performance, and personal appraisal/HR performance.

(c) The Members Long Term Incentive Plan ("mLTIP") is intended to provide long term reward, incentivise strong performance and retain senior management executives who are members of Liontrust Investment Partners LIP ("LIP") and Liontrust Fund Partners LLP ("LFP"). The mLTIP awards equity settled options to members with vesting, exercise and holding conditions aligned to those of the eLTIP.

(d) The Phantom Awards are intended to provide long term reward, incentivise strong performance and retain senior management employed by Liontrust International (Luxembourg) S.A. ("LILSA"). Phantom awards are contractual arrangements to provide equivalent reward and incentivisation as the eLTIP to employees of the Luxembourg subsidiary LILSA. These options are cash settled.

	Number of shares	Weighted average exercise price
Unvested options for the year:		
Outstanding at 1 April 2020	1,828,224	
Granted during year	269,916	
Forfeited during year	(5,340)	
Exercised during year	(673,944)	10.26
Expired during year	-	
Outstanding at 31 March 2021	1,418,856	5.38
Exercisable at 31 March 2021	-	-

Valuation approach

The fair value of the options granted during the year were calculated at the measurement date using the valuation models

- *Monte Carlo* - for options subject to the absolute and relative TSR performance conditions in the eLTIP, mLTIP and Phantom Awards; and
- *Black Scholes* - for options under the eLTIP, mLTIP and Phantom Awards with non-market based performance conditions, and for all CSOP options.

The specific adjustments made to value the share options subject to the absolute TSR performance condition are as follows:

1. simulated one possible path of the daily share price (assuming nil dividends) from the grant/measurement dates to the end of the performance period;
2. calculated the 30 day average Company share at the end of the performance period;
3. used the total Company share price calculated in step 2 to calculate the share price return over the performance period;
4. calculated the percentage of options vesting on the vesting date using the vesting criteria;
5. assessed the Company share price on vesting at the vesting date and the present value of a nil-cost option over a single share at that date, discounted at the grant/measurement date using a risk-free rate;

24 Share based payments (continued)

6. applied the percentage of options calculated in step 4 to the present value of the nil-cost call option in step5; and
7. run steps 1 to 5 for 100,000 iterations and taken the mean-average outcome to arrive at the assessed fair value per option.

The specific adjustments made to value the share options subject to the relative TSR performance condition are as follows:

1. simulated one possible path of the daily Company share price and one possible path of daily index price from the grant/measurement dates to the end of the performance period. Company and index prices are not correlated;
2. calculated the 30 day average Company share price and 30 day average index price at the end of the performance period;
3. used the total Company share price and Index price calculated in Step 2 to calculate the share price return and Index return over the Performance Period;
4. measured the difference between the Company share price return and Index return to calculate the percentage of options vesting on the vesting date using the vesting criteria;
5. assessed the Company share price on vesting at the vesting date and the present value of a nil-cost option over a single share at that date, discounted to the grant date/measurement date using a risk-free rate;
6. applied the percentage of options calculated in Step 4 to the present value of the nil-cost call option in Step 5; and
7. run steps 1 to 5 for 100,000 iterations and taken the mean-average outcome to arrive at the assessed fair value per option.

Measurement date

- Equity settled transactions - date the awards were granted
- Cash settled transactions - financial reporting date

Inputs common to both valuation models

Plan	Valuation date	Share price at valuation date	Exercise price at valuation date	Option life	Expected volatility	Dividend yield	Risk free interest rate
CSOP	8-Jul-20	£14.00	£12.95	6.5 years	37.60%	2.60%	0.01%
eLTIP	8-Jul-20	£14.00	£nil	3.0 years	40.90%	0.00%	0.01%
mLTIP	8-Jul-20	£14.00	£nil	3.0 years	40.90%	0.00%	0.01%
Phantom awards	30-Sep-20	£12.40	£nil	1.2 years	49.70%	0.00%	0.01%

Inputs specific to the Monte Carlo valuation model

Plan	Index price at valuation date	Expected index volatility
eLTIP	£3,408	18.10%
mLTIP	£3,408	18.10%
Phantom awards	£3,282	26.50%

Fair value conclusion

	Number of shares	Weighted average fair value of options
Options granted during year to 31 March 2021:		
CSOP	21,808	86,896
eLTIP	190,503	2,001,425
mLTIP	57,605	628,812
Phantom awards	-	-
	269,916	2,717,133

The share incentivisation expense in relation to the Directors for the year ended 31 March 2021 was £868,000.

25 Related party transactions

During the year the Group received fees from unit trusts and ICVCs under management of £148,800,000 (2020 : £105,522,000). Transactions with these funds comprised creations of £5,552,260,000 (2020 : £5,314,333,000) and liquidations of £4,179,127,000 (2020 : £3,227,271,000). Directors can invest in funds managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31 March 2021 the Group owed the funds £255,680,000 (2020 : £161,000,000) in respect of creations and was owed £271,642,000 (2020 : £161,979,000) in respect of cancellations and fees.

During the year the Group received fees from offshore funds under management of £5,567,000 (2020 : £4,904,000). Transactions with these funds comprised purchases of £47,000 (2020 : £50,000) and sales of £nil (2020 : £50,000). As at 31 March 2021 the Group was owed £711,000 (2020 : £361,000) in respect of offshore fund fees. Compensation to key management personnel (Directors) is disclosed in table 1.1 of the Directors' Remuneration Report on pages 76 and 77. The aggregate gains made by Directors on the exercise of share options is disclosed in the table in section 3.1 of the Directors Remuneration Report on page 84. The charge recognised in the statement of comprehensive income in relation to Directors share options was £868,000.

Interests in structured entities

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

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

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

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

	Number of funds	Net AuM of funds £bn	Financial assets at FVTPL £m	Fees received in the year £m	Fees receivable £m
As at 31 March 2021	87	27.6	2.1	148.8	17.6
As at 31 March 2020	52	14.1	2.8	110.4	9.1

26 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 2021 has not been recognised in the results for the year.

Company Balance Sheet

as at 31 March 2021

	Note	31-Mar-21 £'000	31-Mar-20 £'000 (restated)
Assets			
Non current assets			
Property, plant and equipment	30	5,244	7,837
Investment in subsidiary undertakings	31	153,210	80,633
Loan to Employee Benefit Trust	29	4,992	5,876
Total non current assets		163,446	94,346
Current assets			
Trade and other receivables	32	21,116	20,133
Financial assets	33	560	413
Deferred tax assets*		1,985	1,479
Cash and cash equivalents		6,705	2,634
Total current assets		30,366	24,659
Liabilities			
Non current liabilities			
Lease liabilities		(3,215)	(5,769)
Total non current liabilities		(3,215)	(5,769)
Current liabilities			
Trade and other payables	34	(42,106)	(19,522)
Corporation tax payable		-	(852)
Total current liabilities		(42,106)	(20,374)
Net current (liabilities) / assets		(11,740)	4,285
Net assets		148,491	92,862
Shareholders' equity			
Ordinary shares	35	610	555
Share premium		64,370	57,439
Capital redemption reserve		19	19
Retained earnings*		83,492	34,849
Total equity		148,491	92,862

* The 2020 deferred taxation and retained earnings have been restated to reflect deferred taxation on the share options charge that was not previously recognised (see note 27)

The notes on pages 136 to 140 form an integral part of these Company financial statements.

The financial statements on pages 133 to 140 were approved and authorised for issue by the Board of Directors on 22 June 2021 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 2021

	Year ended 31-Mar-21 £'000	Year ended 31-Mar-20 £'000
Cash flows from operating activities		
Cash inflow from operations	21,734	–
Cash outflow from operations*	(10,786)	(18,639)
Net cash generated from/(used in) operations*	10,948	(18,639)
Interest received	5	11
Tax paid	(6,416)	–
Net cash generated from/(used in) operating activities*	4,537	(18,628)
Cash flows from investing activities		
Purchase of property and equipment	(254)	(199)
Acquisition of Architas	(72,556)	–
Loan to the EBT	–	(3,940)
Loan repaid by the EBT	1,334	1,418
Purchase of seeding investments	(116)	(169)
Sale of seeding investments	–	50
Increase in Investment in subsidiary	(1,175)	(248)
Dividends received from subsidiaries*	30,000	38,000
Net cash used in investing activities*	(42,767)	34,912
Cash flows from financing activities		
Payment of lease liabilities*	(1,046)	(1,100)
Issue of shares	64,421	–
Dividend paid	(21,074)	(14,948)
Net cash used in financing activities*	42,301	(16,048)
Net decrease in cash and cash equivalents	4,071	236
Effect of exchange rate changes	–	–
Opening cash and cash equivalents	2,634	2,398
Closing cash and cash equivalents	6,705	2,634

Cash and cash equivalents consist only of cash balances.

The notes on pages 136 to 140 form an integral part of these Company financial statements.

* The cash flow statement has been re-presented to show the payment of lease liabilities as an item in financing activities rather than operating activities and dividends received from subsidiaries as inflows from investing activities rather than financing activities, in accordance with IAS7.

Company Statement of Changes in Equity

for the year ended 31 March 2021

	Note	Ordinary shares £ '000	Share premium £ '000	Capital redemption £ '000	Retained earnings £ '000	Total Equity £ '000
Balance at 1 April 2020 brought forward		555	57,439	19	34,849	92,862
Profit for the year		-	-	-	9,889	9,889
Capital reorganisation		-	-	-	-	-
Dividends paid		-	-	-	(21,074)	(21,074)
Capital reorganisation		-	(57,439)	-	57,439	-
Shares issued		55	64,370	-	-	64,425
Equity share options issued		-	-	-	2,225	2,225
Deferred tax on option charge taken to equity		-	-	-	164	164
Balance at 31 March 2021		610	64,370	19	83,492	148,491

Company Statement of Changes in Equity

for the year ended 31 March 2020 (restated)

	Ordinary shares £ '000	Share premium £ '000	Capital redemption £ '000	Retained earnings (restated) £ '000	Total Equity £ '000
Balance at 1 April 2019 brought forward*	507	19,745	19	25,975	46,246
Restatement relating to deferred tax on share options*	-	-	-	990	990
Revised 1 April 2019 brought forward	507	19,745	19	26,965	47,236
Profit for the year*	-	-	-	22,394	22,394
Dividends paid	-	-	-	(14,948)	(14,948)
Shares issued	48	37,694	-	-	37,742
Purchase of own shares	-	-	-	-	-
Share option settlement	-	-	-	(1,256)	(1,256)
Equity share options issued	-	-	-	1,457	1,457
Deferred tax on option charge taken to equity*	-	-	-	237	237
Balance at 31 March 2020*	555	57,439	19	34,849	92,862

* The 1 April 2019 opening balance, profit for the year, total comprehensive income and deferred tax on option charge taken to equity for the year ended 31 March 2020 have been restated to reflect the historic deferred taxation on share options charge that was not previously recognised (see note 27)

The notes on pages 136 to 140 form an integral part of these Company financial statements.

Notes to the Financial Statements

27 Significant Accounting policies

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations issued by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors as adopted by the European Union ('IFRS'), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS; and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS"). The financial information has been prepared based on the IFRS standards effective as at 31 March 2021.

The financial statements have been prepared on the going concern basis under the historical cost convention. The principle accounting policies are the same as those set out in note 1.

Investment in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Notes 27 to 36 reflect the information for the Company.

Restatement

The 2020 financial statements have been restated to reflect the corrected treatment of the deferred tax asset arising from the issue of employee share options due to the timing difference between the service period and the future tax income when the options are exercised. The restatement increased opening deferred tax assets and retained earnings at 1 April 2019 by £990,000. In the year ended 31 March 2020 the restatement increased deferred tax assets by a further £489,000 with £237,000 crediting retained earnings and £252,000 crediting taxation in the Statement of Comprehensive Income. The restatement increased profit and total comprehensive income for the year ended 31 March 2020 by £252,000 to £22,394,000 and increased net assets at 31 March 2020 by £1,479,000 to £92,862,000. The Balance Sheet, Statement of Changes in Equity and related notes were updated to reflect this restatement.

28 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk, capital risk and liquidity risk. The Company is covered by the Group's overall risk management programme. The risk management policies are the same as those set out in note 2 and elsewhere in the report and financial statements.

The specific risks affecting the Company are as follows:

Market risk

The investments in the sub-funds of Liontrust Global Funds PLC are valued on a daily basis at bid price. The investments are held as fair value through profit and loss financial assets.

Management consider, based on historic information, that a sensitivity rate of 20% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 20% would result in a movement in the value of the investment of £83,000 (2020: £83,000).

Cash flow interest rate risk

The Company holds cash on deposit. The interest on these balances is based on floating rates and fixed rates. The Company monitors its exposure to interest rate movements and may decide to adjust the balance between deposits on fixed or floating interest rates, or adjust the level of deposits. Following a review of sensitivity based on average cash holdings during the year a 1% increase or decrease in the interest rate will cause a £40,000 increase or decrease in interest receivable (2020 : £40,000).

In addition to the risks covered by the Group risk management policies. The Company is subject to some specific risks relating to its interaction with other Group companies. The company reviews its balances due to and from other Group companies on a regular basis.

Prudent liquidity risk management required the maintenance of sufficient cash and marketable securities. The Company monitors rolling forecasts of its liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flow.

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

As at 31 March 2021	within 3 months	Between 3 months	Over one year
Payables	41,542	–	3,215

As at 31 March 2020	within 3 months	Between 3 months	Over one year
Payables	18,677	845	5,769

29 Loan to the Employee Benefit Trust

The Company is the sponsor of Liontrust Asset Management Employee Trust (the 'Trust'). An annual impairment review was carried out under the appropriate accounting standards and the value of the loan to the EBT was calculated at £4,992,000 (2020 : £5,876,000) . The current value of the shares in the trust are disclosed in Note 23.

30 Property, plant and equipment

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

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

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

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

Year to 31 March 2021	ROU Assets £'000	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
As at 1 April 2020	8,551	953	458	603	10,565
Adjustment to remove previously capitalised VAT	(1,170)	–	–	–	(1,170)
	7,381	953	458	603	9,395
Additions	216	60	14	181	471
As at 31 March 2021	7,597	1,013	472	784	9,866
Accumulated depreciation					
As at 1 April 2020	1,282	586	378	482	2,728
Charge for the year	1,598	166	35	95	1,894
As at 31 March 2021	2,880	752	413	577	4,622
Net Book Value	4,717	261	59	207	5,244
As at 31 March 2021	7,269	367	80	121	7,837
As at 31 March 2020					
Year to 31 March 2020	ROU Assets £'000	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
As at 1 April 2019 (restated following the introduction of IFRS 16)	4,421	888	417	509	6,235
Additions	4,130	65	41	94	4,330
As at 31 March 2020	8,551	953	458	603	10,565
Accumulated depreciation					
As at 1 April 2019	–	442	340	415	1,197
Charge for the year	1,282	144	38	67	1,531
As at 31 March 2020	1,282	586	378	482	2,728
Net Book Value					
As at 31 March 2020	7,269	367	80	121	7,837
As at 31 March 2019	–	446	77	94	617

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

30 Property, plant and equipment (continued)

Lease liability

	As at 31 March 2021 £'000	As at 1 April 2020 £'000
Current	1,801	1,801
Non-current	3,215	5,769
	5,016	7,570

Measurement of ROU asset

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

ROU asset

	Year ended 31 March 2021 £'000	As at 1 April 2020 £'000
Office space	4,717	7,269
	4,717	7,269
Depreciation on ROU asset	1,597	1,282
Finance costs	113	148
Cash outflow for leases for the year	1,169	1,129

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

Additional profit or loss and cash flow information

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

Sale and leaseback transactions

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

31 Investment in subsidiary undertakings

The Company's investment in subsidiary undertakings represents 100% interests in the ordinary shares, capital, voting rights 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 Management Limited, whose principal activity is investment management and Liontrust International Luxembourg SA, whose principal activity is European sales; Liontrust Multi-Asset Limited, whose principal activity is investment management. All subsidiary undertakings have the same accounting date as the parent company except for Liontrust Multi-Asset Limited which has an accounting reference date of 30th October. Full details of the Company's subsidiary undertakings can be found on page 55.

	2021 £'000	2020 £'000
Balance at 1 April	80,633	42,893
Additions during the year	73,663	37,988
Impairment during the year	(1,086)	(248)
Balance at 31 March	153,210	80,633

The directors consider there to be no indicators of impairment in all subsidiary undertakings apart from Liontrust International Luxembourg SA. As the net asset value of Liontrust International Luxembourg SA, which the Directors believe is a proxy for fair value, was lower than the carrying value of the investment in subsidiary, an impairment was recognised to reduce the carrying value of the investment in subsidiary by £1.1 million to the net asset value of Liontrust International Luxembourg SA.

32 Trade and other receivables

	31-Mar-21 £'000	31-Mar-20 £'000
Receivables due from subsidiary undertakings ⁽¹⁾	21,020	20,005
Prepayments and accrued income	96	128
	21,116	20,133

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.

33 Financial assets

Assets held as available-for-sale:

The Company's financial assets held as fair value through profit or loss represent shares in the sub funds of the Liontrust Global Fund PLC and are valued at mid price. The assets are all categorized as Level 1 in line with the categorization detailed in note 16.

	31-Mar-21		31-Mar-20	
	Assets held at fair value through profit and loss £'000	Total £'000	Assets held at fair value through profit and loss £'000	Total £'000
Financial assets				
Ireland Open Ended Investment Company	560	560	413	413
	560	560	413	413

34 Trade and other payables

	2021 £'000	2020 £'000
Current payables		
Other payables including taxation and social security	3,613	1,160
Payables due to subsidiary undertakings ⁽¹⁾	29,163	14,568
Lease liability	1,801	1,801
Other payables	7,529	1,993
	42,106	19,522

	2021 £'000	2020 £'000
Non current payables		
Lease liability	3,215	5,769

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

⁽¹⁾ In the normal course of business the Company will receive and reimburse amounts for services provided to, and received from, Group entities

35 Ordinary Shares

	2021 Shares	2021 £'000	2020 Shares	2020 £'000
Allotted, called up and fully paid shares of 1 pence				
As at 1 April	55,512,061	555	50,728,681	507
Issued during the year	5,546,899	55	4,783,380	48
As at 31 March	60,958,960	610	55,512,061	555

36 Related Party Transactions

In the normal course of business the Company will receive and reimburse amounts for services provided to, and received from, Group entities.

As at 31 March 2021 the Company owed the following intercompany balances to:

Liontrust Investments Limited - £12,164,000 (2020 : £12,211,000).

Liontrust Investment Solutions Limited - £738,000 (2020 : £738,000).

Liontrust Investment Partners LLP - £5,459,000 (2020 : £1,621,000).

Liontrust Investment Funds Limited - £3,996,000 (2020: £nil).

Liontrust Investment Management Limited - £1,843,000 (2020: £nil).

Liontrust Multi-Asset Limited - £6,334,000 (2020: N/A).

As at 31 March 2020 the Company was owed the following intercompany balances by:

Liontrust Fund Partners LLP - £19,835,000 (2020 : £16,783,000).

Liontrust Investment Services Limited - £2,556,000 (2020: £nil)

The Liontrust Asset Management Employee Trust - £4,992,000 (2020 : £5,876,000).

Independent auditor's report to the members of Liontrust Asset Management PLC

1. Our opinion is unmodified

We have audited the financial statements of Liontrust Asset Management PLC ("the Company") for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Cash Flow Statement, and the related notes, including the accounting policies in note 1 and note 25.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements 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 to the extent applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit & Risk Committee.

We were first appointed as auditor by the directors on 4 November 2020. The period of total uninterrupted engagement is for the financial year ending 31 March 2021, accordingly this is our first year as auditor. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£2.6m
	5% of normalised Group profit before tax
Coverage	95% of Group profit before tax
Key audit matters	
New risks (Group)	Recoverability of Neptune Intangible Assets Recoverability of Neptune Goodwill
New risks (Parent)	Recoverability of parent company's investment in subsidiaries
Event driven (Group)	Acquisition of Architas – Goodwill and valuation of Intangible assets

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	<i>The risk</i>	<i>Our response</i>
<p>Acquisition of Architas – Goodwill and valuation of Intangible assets</p> <p>(Goodwill £8.0million; Intangible assets £51.9million)</p> <p><i>Refer to page 69 (Audit & Risk Committee Report), page 106 (accounting policy) and page 120 (financial disclosures).</i></p>	<p>Forecast based valuation:</p> <p>This risk relates to the fair value of identifiable intangible assets (investment management contracts) recognised separately as a result of the acquisition of Architas. This directly affects the amount of goodwill recognised. There is inherent uncertainty involved in forecasting the cash flows of the acquired business and discounting them to the present day, which determines the fair value of the intangible assets at the acquisition date.</p> <p>The key assumptions affecting the valuation of intangible assets are the discount rate, the useful economic life of the intangible assets and Assets Under Management (AUM) growth rates.</p> <p>The fair value of these intangible assets recognised in the business combination is</p> <p>£54.1 million. There would be a corresponding impact on the amount of goodwill recognised of £8 million if alternative assumptions had been adopted; in future periods goodwill will not be amortised, but intangible assets will be.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the fair value of the acquired intangible assets and goodwill has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (note 13) disclose the sensitivity estimated by the Group.</p>	<p>We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Sector experience: We considered the rationale for the acquisition to challenge the identification of intangible assets. We inspected the purchase agreements, board minutes and held discussions with Directors. • Our valuation expertise: Using our own valuation specialists we challenged the Group's identification and valuation of the net assets acquired including the intangible asset. In valuing the intangible asset in relation to investment management contracts the key assumptions were AUM growth rates, useful economic life and discount rate. Our challenge was based on historical experience, market comparable data obtained publically or through internally derived data. • We engaged our own valuation specialists to create our own expectation of the company specific discount rate and compared the Group's discount rate assumptions with our own estimate of a range of reasonable discount rates, based on comparable company information • Sensitivity analysis: We challenged the Group's sensitivity analysis and performed our own sensitivity analysis, which included assessing the effect of the reasonably possible changes in discount rate, useful economic life and AUM growth on the valuation of the intangible asset. • Assessing Transparency: We assessed the Group's disclosures regarding the acquisition including estimation assumptions and their sensitivity and considered whether they have been adequately disclosed. <p>Our findings</p> <ul style="list-style-type: none"> • We found the valuation of the intangible asset and consequential goodwill balance to be balanced with proportionate disclosures of the related assumptions and sensitivities.

	<i>The risk</i>	<i>Our response</i>
<p>Recoverability of Neptune Goodwill</p> <p>(Goodwill £7.7 million 2020: £7.7 million)</p> <p><i>Refer to page 69 (Audit & Risk Committee Report), page 107 (accounting policy) and page 122 (financial disclosures).</i></p>	<p>Subjective estimate:</p> <p>The Neptune goodwill recognised at the Group is at risk of irrecoverability due to reductions in assets under management (AUM) which impact revenues.</p> <p>The impairment review involves a number of assumptions to be made by the Group. The key assumptions that affect the value in use of the cash generating unit ("CGU") are the discount rate, the terminal growth rate and AUM growth rates.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value in use of the CGU has a high degree of estimation uncertainty; with a potential range of reasonable outcomes greater than our materiality for the financial statements and possibly many times that amount.</p> <p>The financial statements (Note 14) disclose the sensitivity estimated by the Group.</p>	<p>We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Valuation expertise: We critically assessed the key assumptions underpinning the Group's value in use model including the discount rate, the terminal growth rate, and AUM growth rates. • We engaged our own valuation specialists to assist us in assessing the appropriateness of the Group's valuation model. This included creating our own expectation of the company specific discount rate and terminal growth rate and comparing the Group's discount rate and terminal growth rate assumptions with our own estimate of a range of reasonable discount rates and terminal growth rates, based on comparable company information • Our sector experience: We evaluated the appropriateness of assumptions applied in key inputs such as AUM growth rates. Our challenge was based on historical experience and market comparable data obtained publicly or through internally derived data. • Sensitivity analysis: We challenged the Group's sensitivity analysis and performed our own sensitivity analysis, which included assessing the effect of the reasonably possible reductions in discount rate terminal growth rate, and AUM growth rates to evaluate the impact on the current head room. • Assessing transparency: we considered whether the Group's disclosures in relation to the assumptions used in goodwill impairment adequately reflect the sensitivities of the goodwill to the use of alternative assumptions. <p>Our findings</p> <ul style="list-style-type: none"> • We found the Group's conclusion that there is no impairment of Neptune goodwill to be acceptable although we found the Group's estimated recoverable amount to optimistic, with proportionate disclosure of the related assumptions and sensitivities.

	<i>The risk</i>	<i>Our response</i>
<p>Recoverability of Neptune Intangible Assets</p> <p>(Intangible assets £25.7 million; 2020: £29.5 million)</p> <p><i>Refer to page 69 (Audit & Risk Committee Report), page 107 (accounting policy) and page 123 (financial disclosures).</i></p>	<p>Forecast based valuation:</p> <p>The Group's intangible assets include investment management contracts acquired in the acquisition of Neptune Investment Management Limited ("Neptune") in October 2019.</p> <p>Such assets are only subject to an impairment review if there are indicators of impairment. During our planning phase certain assumptions were noted as being out of line with expectation and accordingly an impairment review was undertaken by the Group.</p> <p>The impairment review involves a number of assumptions to be made by the Group. The key assumptions that give rise to a significant risk are the discount rate, the useful economic life of the intangible asset and AUM growth rates.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value in use of these assets has a high degree of estimation uncertainty; with a potential range of reasonable outcomes greater than our materiality for the financial statements and possibly many times that amount.</p> <p>The financial statements (Note 15) disclose the sensitivity estimated by the Group.</p>	<p>We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Our valuation expertise: We critically assessed the key assumptions underpinning the Group's value in use model including the discount rate, the useful economic life of the intangible assets and AUM growth rates. • We engaged our own valuation specialists to assist us in assessing the appropriateness of the Group's valuation model. This included creating our own expectation of the company specific discount rate and comparing the Group's discount rate assumptions with our own estimate of a range of reasonable discount rates, based on comparable company information • Our sector experience: We used our sector experience to challenge the appropriateness of assumptions applied in key inputs such as useful economic life of the intangible assets and AUM growth rates. Our challenge was based on historical experience and market comparable data obtained publically or through internally derived data. • Sensitivity analysis: We challenged the Group's sensitivity analysis and performed our own sensitivity analysis, which included assessing the effect of the reasonably possible reductions in discount rate, useful economic life and AUM growth rates to evaluate the impact on the current head room. • Assessing transparency: We considered whether the Group's disclosures in relation to the as assumptions used in the valuation of the intangible assets appropriately represent the sensitivities of assets' value in use to the use of alternative assumptions. <p>Our findings</p> <ul style="list-style-type: none"> • We found the carrying value of the Neptune intangible assets to be balanced with proportionate disclosures of the related assumptions and sensitivities.

	<i>The risk</i>	<i>Our response</i>
<p>Recoverability of parent company's investment in subsidiaries</p> <p>(Investment in subsidiary £153million; 2020: £80.6million)</p> <p><i>Refer to page 136 (accounting policy) and page 138 (financial disclosures).</i></p>	<p>Low risk, high value</p> <p>The carrying amount of the parent company's investment in subsidiaries represents 79% (2020: 68%) of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However due to their materiality in the context of the parent company financial statements, this is considered to be the area of most focus in the overall parent company audit.</p>	<p>We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Tests of detail: We compared the carrying amount of 100% of investment balance with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. <p>Our findings</p> <ul style="list-style-type: none"> • We found the balance of the Company's investments in subsidiaries and the related impairment charge to be balanced.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £2.6m, determined as 5% of Group profit before tax, normalised to exclude this year's exceptional costs in relation to the Neptune and Architas acquisitions as disclosed in note 7.

Materiality for the parent company financial statements as a whole was set at £1.7m determined with reference to a benchmark of company total assets, of which it represents 1%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group and parent Company was set at 65% for the financial statements as a whole, which equates to £1.7m for the Group and £1.3m for the parent Company.

We applied this percentage in our determination of performance materiality based on our assessment of the risks associated with a first year audit of the Group and parent company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.1m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

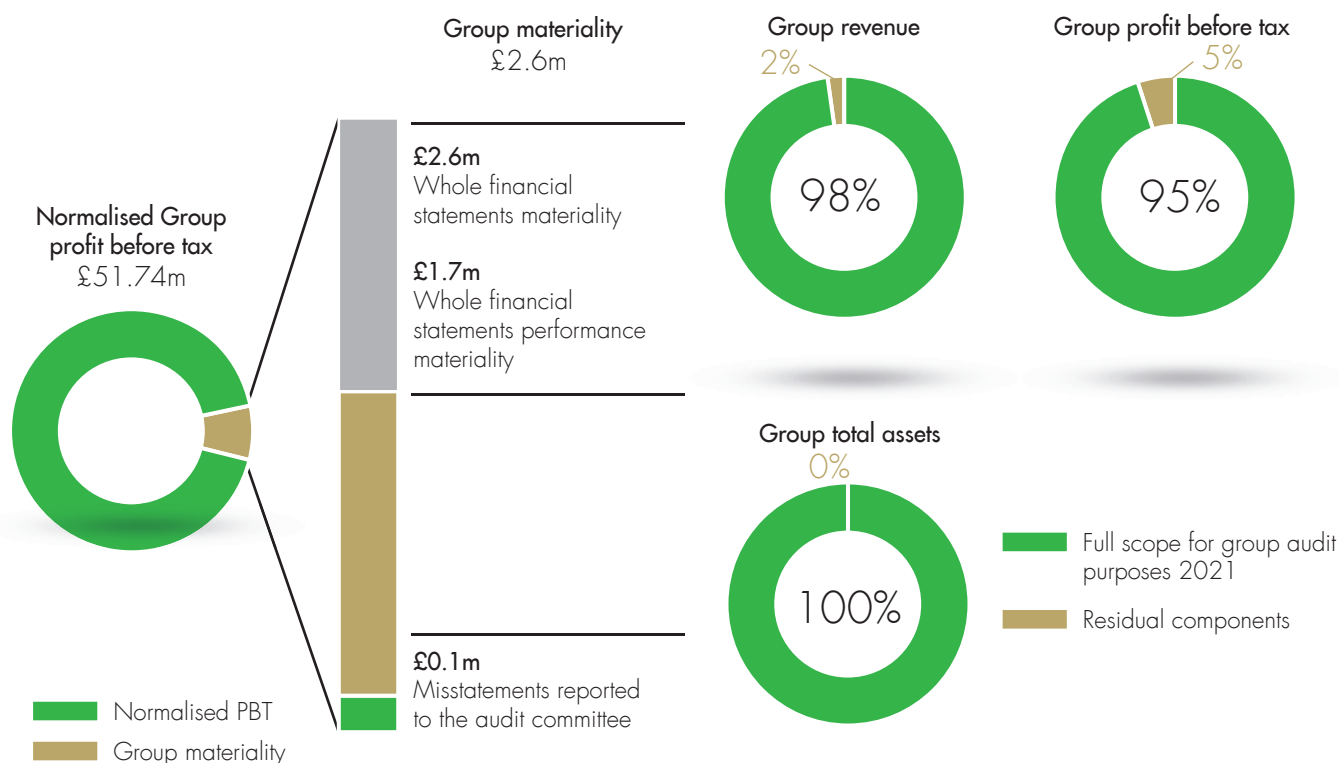
Of the Group's 11 reporting components, we subjected 4 to full scope audits for Group purposes. The components within the scope of our work accounted for the percentages illustrated opposite.

For the residual 7 components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The range of materiality set for the 4 components was between £0.4 and £2m, having regard to the mix of size and risk profile of the Group across the components.

The work on all of the components, including the audit of the parent company, was performed by the Group team. The group team performed procedures on the items excluded from normalised group profit before tax.

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



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry and operating model, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and the parent Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and parent Company's available financial resources over this period was the impact of significant adverse market movements on assets under management.

We considered whether reasonable, but plausible downside assumptions over asset under management levels could result in insufficient financial resources being available to settle financial obligations as they fall due for a period of at least 12 months from the date of the approval of these financial statements.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 1b to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1b to be acceptable; and
- the related statement under the Listing Rules set out on page 28 is materially consistent with the financial statements and our audit knowledge.
- We considered whether the going concern disclosure in note 1b to the financial statements gives a full and accurate description of the Directors' assessment of going concern including the identified risks and, dependencies, and related sensitivities. We assessed the completeness of the going concern disclosure.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify our risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Group Audit & Risk Committee, Group Internal Audit and the Group's Compliance team and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud identifying and responding to risks of material misstatement due to fraud
- Reading Board minutes and attending Group Audit & Risk Committee meetings
- Considering remuneration incentive schemes and performance targets for management and Directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of Architas intangible assets and goodwill, the recoverability of Neptune intangible assets and the recoverability of the Neptune goodwill.

On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited management judgement involved in the valuation and recognition of all material revenue streams.

We did not identify any additional fraud risks other than those professional standards require us to consider.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included, but were not limited to, journals impacting cash balances that were identified as unusual or unexpected in our risk assessment procedures.
- Evaluating the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and Disclosure Guideline and Transparency Rules, specific areas of regulatory capital and liquidity, conduct including Client Assets, money laundering, market abuse regulations and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We assessed the legality of the distributions in the period based on the level of distributable profits.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within viability statement [page 28] that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered 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 are also required to review the Statement of viability, set out on page 28 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they 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's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 58, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

E14 5GL

22 June 2021

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

KPMG LLP
15 Canada Square,
London,
E14 5GL

Legal Advisers

Macfarlanes LLP
20 Cursitor Street
London EC4A 3LT

Simmons & Simmons LLP
City Point, 1 Ropemaker Street
London EC2Y 9SS

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 European Growth Fund
Liontrust Balanced Fund

Liontrust Investment Funds ICVC, comprising 2 sub funds

Liontrust Monthly Income Bond Fund
Liontrust Strategic Bond Fund

Liontrust Investment Funds II OEIC, comprising 2 sub funds

Liontrust Emerging Markets Fund
Liontrust Global Smaller Companies Fund

Bankers

Royal Bank of Scotland Plc
280 Bishopsgate
London EC2M 4RB

Financial Adviser and Corporate Broker

Panmure Gordon & Co
One New Change,
London EC4M 9AF

N+1 Singer
1 Bartholomew Lane
London EC2N 2AX

Liontrust Sustainable Future ICVC, comprising 9 sub funds

Liontrust Sustainable Future Managed Growth Fund
Liontrust Sustainable Future Cautious Managed Fund
Liontrust Sustainable Future Corporate Bond Fund
Liontrust Sustainable Future Defensive Managed Fund
Liontrust Sustainable Future European Growth Fund
Liontrust Sustainable Future Global Growth Fund
Liontrust Sustainable Future Managed Fund
Liontrust Sustainable Future UK Growth Fund
Liontrust UK Ethical Fund

Liontrust Investment Funds IV OEIC, comprising 2 sub funds

Liontrust Global Technology Fund
Liontrust Japan Equity Fund

Liontrust Investment Funds OEIC, comprising 14 sub funds

Liontrust China Fund
Liontrust European Opportunities Fund
Liontrust Global Alpha Fund
Liontrust Global Equity Fund
Liontrust Global Dividend Fund
Liontrust Income Fund
Liontrust India Fund
Liontrust Japan Opportunities Fund
Liontrust Latin America Fund
Liontrust Russia Fund
Liontrust US Income Fund
Liontrust US Opportunities Fund
Liontrust UK Mid Cap Fund (closed 2/12/2020)
Liontrust UK Opportunities Fund (closed 2/12/2020)

Liontrust Multi Asset Investments II ICVC, OEIC comprising 10 sub funds

Liontrust MA Blended Intermediate Fund
Liontrust MA Blended Reserve Fund
Liontrust MA Monthly High Income Fund
Liontrust MA UK Equity Fund
Liontrust MA Blended Moderate Fund
Liontrust MA Strategic Bond Fund
Liontrust MA Blended Growth Fund
Liontrust MA Blended Progressive Fund
Liontrust MA Positive Future Fund (closed 13/1/2021)
Liontrust MA Global Equity Income Fund (closed 13/1/2021)

Liontrust Global Funds PLC,

Ireland domiciled OEIC, comprising 13 sub funds

Liontrust GF European Strategic Equity Fund
Liontrust GF Special Situations Fund
Liontrust GF UK Growth Fund
Liontrust GF Asia Income Fund (Closed 28/10/20)
Liontrust GF European Smaller Companies Fund
Liontrust GF Strategic Bond Fund
Liontrust GF Sustainable Future European Corporate Bond Fund
Liontrust GF High Yield Bond Fund
Liontrust GF Absolute Return Bond Fund
Liontrust GF Sustainable Future Pan-European Growth Fund
Liontrust GF Sustainable Future Global Growth Fund
Liontrust GF Russia Fund
Liontrust GF Sustainable Multi Asset Global Fund

Fund prices:

The prices of Liontrust's range of retail funds are listed on our website www.liontrust.co.uk.

Further information:

For further information on the Company's range of funds and services please contact our Broker Services Department at:
Liontrust Fund Partners LLP

2 Savoy Court
London WC2R 0EZ

Telephone: 020 7412 1700
Facsimile: 020 7412 1779
e-mail: info@liontrust.co.uk
or visit: www.liontrust.co.uk

Liontrust Multi Asset Investments ICVC, OEIC comprising 5 sub funds

Liontrust MA Active Dynamic Fund
Liontrust MA Active Growth Fund
Liontrust MA Active Intermediate Income Fund
Liontrust MA Active Moderate Income Fund
Liontrust MA Active Progressive Fund

Liontrust Multi Asset Global Solutions ICVC, OEIC comprising 18 sub funds

Liontrust MA Passive Prudent Fund
Liontrust MA Passive Reserve Fund
Liontrust MA Passive Moderate Fund
Liontrust MA Passive Intermediate Fund
Liontrust MA Passive Progressive Fund
Liontrust MA Passive Growth Fund
Liontrust MA Passive Dynamic Fund
Liontrust MA Active Reserve Fund
Liontrust MA Diversified Real Assets Fund
Liontrust MA Diversified Global Income Fund

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 Management Limited

E.J.F Catton M.F. Kearney

Liontrust International (Luxembourg) SA

E.J.F Catton M.F. Kearney
J. Bedall

Liontrust Multi-Asset Limited

E.J.F Catton M.F. Kearney

Liontrust Advisory Services Limited

E.J.F Catton M.F. Kearney

Investment companies – board members:

Liontrust Global Funds Plc

E.J.F. Catton M.F. Kearney
D.J. Hammond S. O'Sullivan
D. Reidy



LIONTRUST ASSET MANAGEMENT PLC
2 Savoy Court, London WC2R 0EZ
Telephone: +44 (0)20 7412 1700
Email: info@liontrust.co.uk Web: www.liontrust.co.uk

