

# PRIDE IN OUR PERFORMANCE

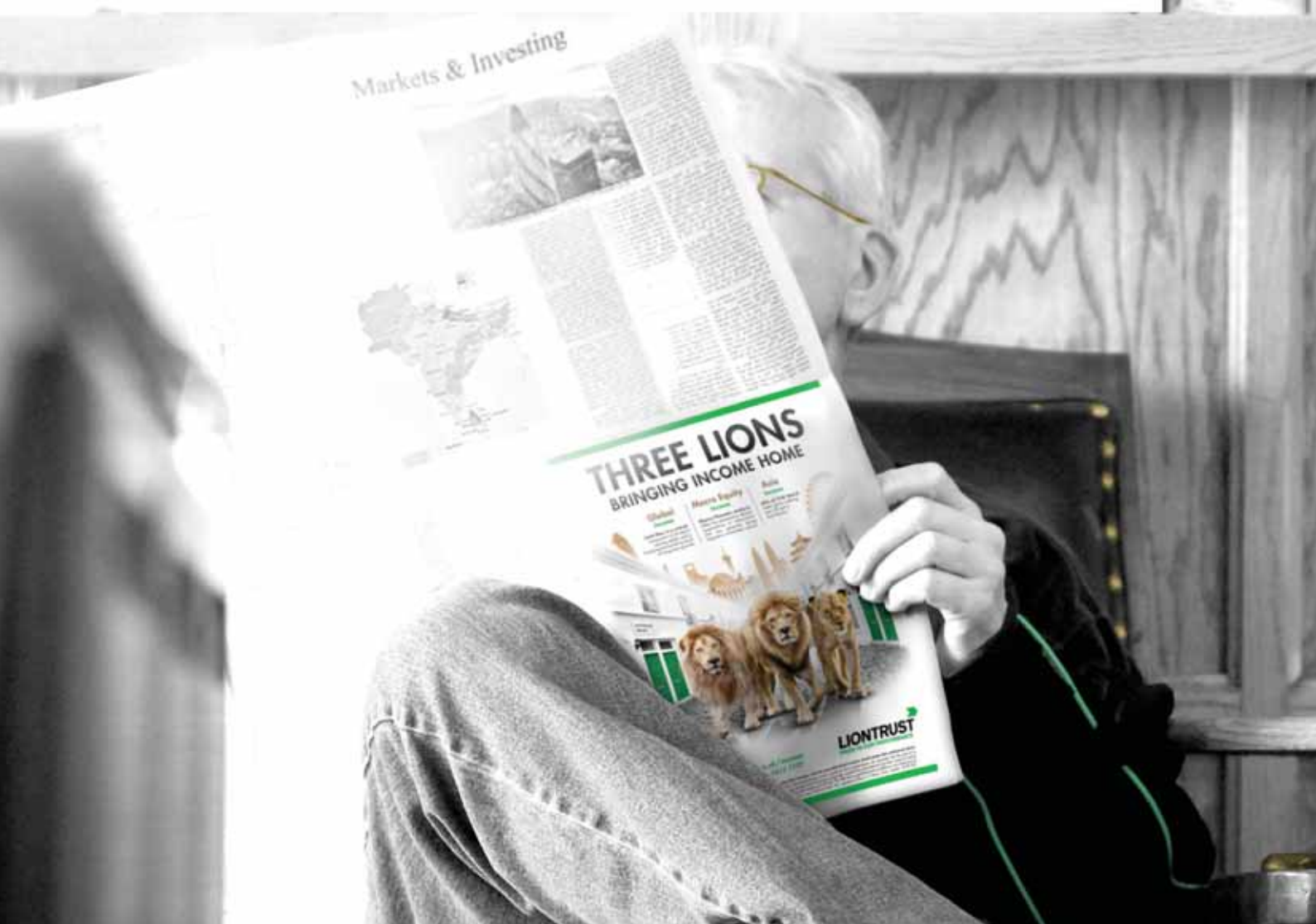
LIONTRUST ASSET MANAGEMENT PLC  
ANNUAL REPORT & FINANCIAL STATEMENTS 2014



# About Liontrust

**Liontrust Asset Management PLC** (the “Company” or “Liontrust”, or together with its subsidiary entities, the “Group”, as the context requires) is a specialist fund management business founded in 1994 and listed on the London Stock Exchange in 1999. We manage UK, European, Asian and Global equities, Global credit and Multi-Asset. We take pride in having a distinct culture and approach to fund management through the following factors:

- We are an independent business with no corporate parent.
- We are transparent and consistent in everything we do and operate with integrity.
- We specialise in those asset classes where we have particular expertise.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.
- We have distinct and rigorous investment processes that ensure the way we manage money is predictable and repeatable.
- All fund managers have the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management business.
- We aim to treat clients, investors, members, employees, suppliers and other stakeholders fairly and with respect. We are committed to the principles of Treating Customers Fairly (TCF) and they are central to how we conduct business across all our functions.



# Highlights

Sustained growth of our assets under management from £3,039 million to £3,613 million demonstrates the substantial progress made in this year. To have recorded four consecutive years of net inflows shows the progress the business has made over the last four years.

	2014	2013	
Assets under management	£3,613 million	£3,039 million	19% increase ▲
Net flows	£381 million	£514 million	26% decrease ▼
Profit before tax	£3,678 million	loss of £3,935 million	increase ▲
Adjusted profit before tax <sup>1</sup>	£8.4 million	£3.8 million	122% increase ▲
Adjusted operating margins <sup>2</sup>	29.7%	19.6%	51% increase ▲
Diluted adjusted earnings per share <sup>3</sup>	15.2 pence	7.3 pence	110% increase ▲
Net cash <sup>4</sup>	£12.0 million	£7.7 million	55% increase ▲
Total Dividend per share <sup>5</sup>	3.0 pence	1.0 pence	200% increase ▲

1. After adding back expenses for share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, Global equities closure costs, restructuring (acquisitions related and other), members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

2. Calculated as Adjusted Operating Profit dividend by Gross Profit.

3. Calculated using adjusted profit before tax and a tax rate of 23% (2013:24%).

4. Cash and Cash equivalents plus other current assets less current liabilities.

5. Total dividend shown for the relevant financial year.



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## Other Information

### Forward-Looking statements

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

# Chairman's Statement

## Introduction

I am delighted to report a year of significant growth and development for Liontrust and the fact we have once again met key strategic objectives of delivering outperformance, effective distribution and a growth in profitability.

We continue to deliver excellent long-term fund performance, with six of our actively managed UK Retail Funds, for example, in the first quartile of their respective IMA sectors since launch or since fund manager inception to 31 March 2014.

We have expanded our fund management expertise through the acquisition of North Investment Partners Limited in October 2013, which has brought our number of fund management teams to six and enabled us to move into the strategically important multi-asset/multi-manager space. We believe demand for multi-asset and multi-manager will continue to grow from financial advisers and private investors, especially among the post-retirement market following the government's recently announced annuity reforms. These pension changes could lead to fund managers attracting billions of pounds in extra flows every year.

Positive awareness about Liontrust and our funds among financial intermediaries has continued to grow. This is demonstrated by another four quarters of net inflows of £381 million in the financial year, which contributed to our near 20% increase in assets under management to £3.6 billion, and our ability to attract nearly 200 professional advisers to our September 2013 Income Roadshow and another 200 to our Annual Investment Conference in January this year.

In spite of this growth, Liontrust, like all other fund management companies, is not immune to our economic and political environment. The results of the European elections were recently announced and UKIP gave all the main UK political parties a bloody nose. Our nearest European neighbour – France – has been flirting with a toxic mixture of socialism and introspective legislation to protect its economy from the real world. With our General Election less than 12 months away, it is to be hoped that the economic policies of France, which have resulted in unemployment rates of 10% of the overall population and 25% among the under 25s, will guide the UK voters' hand. After all, no economy has ever taxed its way to growth.

It has been a good year for your company and I would like to thank all our staff for their efforts and, while the fund management industry is an ever changing landscape, I hope and expect to be able to report another successful year in 2015.

## Results

Adjusted profit before tax was £8.352 million (2013: £3.766 million).

Adjusted profit (or loss) 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 (acquisition, cost reduction, restructuring, share incentivisation and severance compensation related) expenses ("Adjustments"), see Note 4 below for a reconciliation of adjusted profit (or loss) before tax.

Profit before tax of £3.678 million (2013: Loss of £3.935 million) includes a loss of £4.674 million (2013: £7.701 million) of Adjustments.

## Dividend

The success in fund performance and distribution has resulted in an increase in revenues of 39% and a more than doubling of our adjusted profit before tax to £8.4 million. This has enabled the Board to declare a second interim dividend of 2.0 pence per share (2013: 1.0 pence) which will be payable on 30 July 2014 to shareholders who are on the register as at 4 July 2014, the shares going ex-dividend on 2 July 2014. The total dividend for the financial year ending 31 March 2014 is 3.0 pence per share (2013: 1.0 pence per share).

## Directorate changes

Glyn Hirsch will be stepping down from the board at the Company's Annual General Meeting in September 2014. He now finds that he is unable to give us the time required to fulfil his role as a Non-executive Director of the Company and I am sad to see him go. I have enjoyed working with him and his tireless energy and input will be missed. We wish him well.

With effect from 19 June 2014, Mike Bishop becomes our Senior Independent Director.

### Adrian Collins

Chairman

18 June 2014



"We are proud to be supporting ZSL London Zoo, and sponsoring the Asian lions especially, because of our admiration and respect for ZSL's devotion to the worldwide conservation of animals and their habitats."

John Ions, Chief Executive of Liontrust



# Strategic report

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## Chief Executive's Report

### Introduction

Liontrust has delivered another year of expansion with net inflows of £381 million. It is particularly pleasing that we have experienced net inflows across four of our fund management teams which is recognition of the strong long-term performance we have been producing. It also shows the benefit of focusing on those asset classes where we have the expertise to add value, having fund managers with the courage of their convictions and distinct and rigorous investment processes.

The hard work of the past four years in developing our distribution capability and reach, client engagement and raising our profile is also bearing fruit. The addition of the multi-asset/multi-manager team of John Husselbee and Paul Kim is enabling us to access the wider adviser market and meet the increasing demand for investment solutions.

### Assets under Management

On 31 March 2014, our assets under management ("AuM") stood at £3,613 million and were broken down by type and process as follows:-

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	DPMS (£m)	Offshore Funds (£m)
Cashflow Solution	860	552	305	–	3
Economic Advantage	1,826	–	1,813	–	13
Macro-Thematic	650	76	574	–	–
Credit	55	–	–	–	55
Asia	23	–	23	–	–
Multi-Asset	143	29	–	114	–
Indexed	56	–	56	–	–
<b>Total</b>	<b>3,613</b>	<b>657</b>	<b>2,771</b>	<b>114</b>	<b>71</b>

### Fund Flows

Liontrust has recorded net inflows of £381 million in the year (2013: £569 million). A reconciliation of fund flows and AuM over the year is as follows:-

	Total £m	Institutional £m	UK Retail £m	DPMS £m	Offshore Funds £m
<b>Opening AuM - 1 April 2013</b>	<b>3,039</b>	<b>501</b>	<b>2,263</b>	<b>-</b>	<b>275</b>
Net flows*	<b>381</b>	109	293	111	(132)
Market and Investment performance	<b>193</b>	47	215	3	(72)
<b>Closing AuM - 31 March 2014</b>	<b>3,613</b>	<b>657</b>	<b>2,771</b>	<b>114</b>	<b>71</b>

\* The figures for "Net flows" include £123 million relating to Discretionary Portfolio Management Service ('DPMS') and Institutional assets that came with the recruitment of the Multi-Asset team and the acquisition of North Investment Partners Limited.

## Outlook

We are excited about the opportunities for Liontrust over the next few years. The long-term savings market can only grow as the ageing population is required to take more responsibility for funding their own retirement. The government's recent announcement that they will remove the obligation on individuals to buy an annuity with their pension fund presents the fund management industry with the opportunity to offer investment solutions to the post-retirement market. We are ideally placed to attract assets from this market with our equity income franchise encompassing UK, Asia and Global funds and our experienced multi-asset/multi-manager team.

We see significant opportunities as well for distribution internationally, which until now has only contributed around 5% of our sales. We have been building our Dublin range of funds in anticipation of an expansion outside the UK.

I am confident we will continue to grow Liontrust's profits and AuM given our excellent long-term investment performance, the distribution capability we have been developing and the opportunities for the long-term savings industry in general.

### John Ions

Chief Executive  
18 June 2014



## Vision and Strategic Objectives

### Our Vision

Our vision is to become one of the leading fund management companies in the UK and internationally, renowned for consistently adding value to clients' investment portfolios.

### Our Strategic Objectives

#### Outperformance

One of our key objectives is for all Liontrust funds and portfolios to outperform relevant benchmarks and the average returns of their respective peer groups over the medium to long term. We achieve this by retaining and recruiting fund managers who have excellent track records, expertise in their respective asset classes and who use rigorous investment processes that are clearly documented. There is an acceptance that no process will work 100% of the time but there is also an understanding that processes which are robust and scalable have the potential to deliver excellent long-term returns. We provide an environment that enables fund managers to focus on managing funds according to their own investment processes and market views and not be distracted by taking on responsibilities associated with running the business.

#### Effective distribution

We distribute our funds to as broad a client base 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 are also expanding our distribution presence internationally, notably in continental Europe.

#### Excellent customer service and support

We pride ourselves on providing our investors with exceptional service and support and place treating customers fairly is central to how we conduct business across all our departments and functions.

#### Clear and regular communication

We communicate clearly and frequently with our investors and shareholders, regularly updating them on the performance of each of our funds and portfolios, the effectiveness of the investment processes as applied to each of our funds and portfolios and the progress of the business as a whole. This is a key part of our objective of being as transparent as possible with all investors and stakeholders.

#### Appropriate risk

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

#### A profitable business

All stakeholders, including investors, members, employees and shareholders, benefit from a successful and stable business. We aim to increase profitability by growing our revenues faster than our costs through continued growth in assets under management and by increasing margins through the focused management and control of costs.

### Business model

Our business model operates in the manner to best serve our strategic objectives, comprising three interdependent divisions: Fund Management, Distribution and Operations.

### Fund Management

We have a single fund management division of six fund management teams who manage a range of funds, portfolios and segregated accounts using distinct investment processes and a centralised dealing team.

### Distribution

Our sales and marketing teams distribute our funds and portfolios in the UK and internationally. In the UK, we market to institutional investors, wealth managers, financial advisers and private investors. Outside the UK, we are focused on family offices, private banks, wealth managers and multi-managers in a number of countries including France, Luxembourg, Malta, Germany and the Nordic region.

We maintain a consistent brand across all our marketing activities which reflects the values, culture and ethos of Liontrust. We are an independent business with no corporate parent, we are transparent and consistent in everything we do and operate with integrity. Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions. We have distinct and rigorous investment processes and we specialise in those asset classes where we have particular expertise. We have distinctive branding across all our marketing and sales material that features images of lions. This ties in with our sponsorship of the lions at ZSL London Zoo and has created strong awareness and attribution among wealth managers and advisers.

### Operations

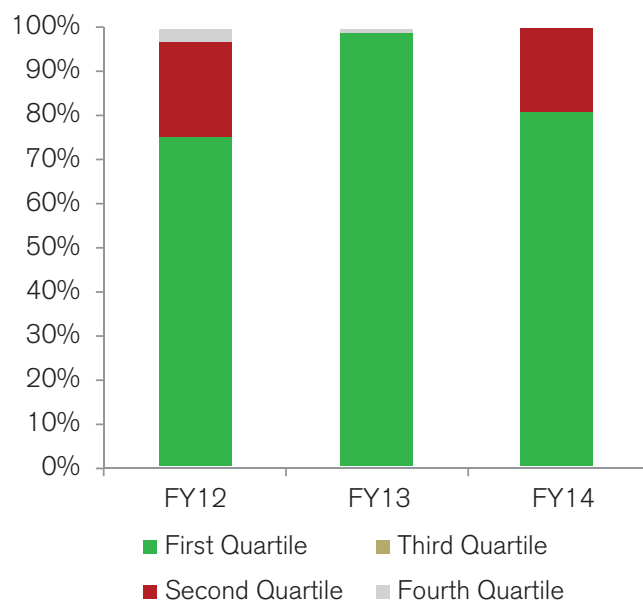
We operate a single Operations division, designed to support a fast growing business. Having a single Operations function ensures the fund management and distribution divisions have the appropriate tools to be effective, provides executive management with the performance and risk monitoring information required to manage the business and supports the requirements of external stakeholders such as customers, shareholders and regulators.

## Key performance measures

### Fund management ability and investment performance

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

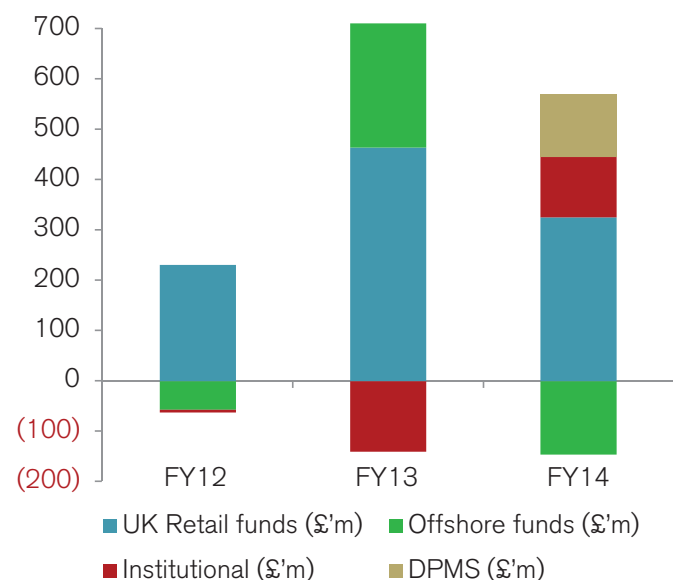
Figure 1 - AuM weighted quartile ranking since launch or launch/manager inception



## Distribution

The effectiveness of Liontrust's distribution capability is shown by the fact that over the last three years we have seen net flows of over £1 billion (see Figure 2).

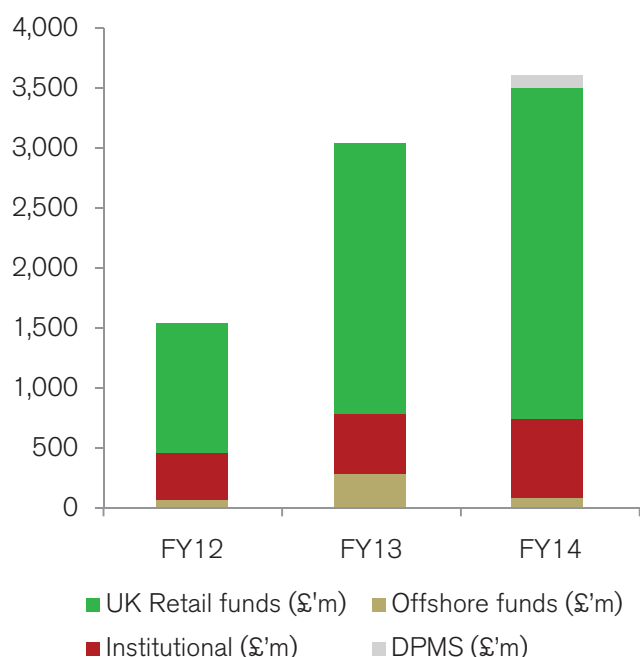
Figure 2 – New flows by type



## A profitable and growing business

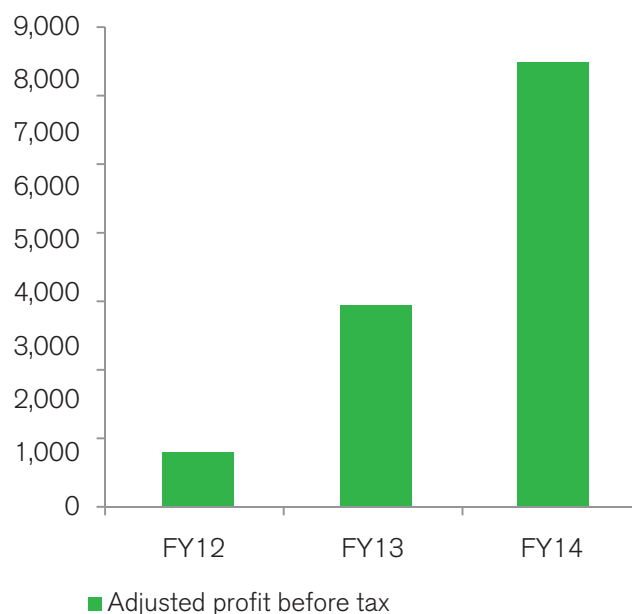
Our AuM has increased by 136% from 31 March 2012 to 31 March 2014, reflecting market performance, acquisitions and fund net flows, and by 19% from 31 March 2013 to 31 March 2014, reflecting market performance and net flows (see Figure 3).

Figure 3 – AuM by investor type



Our adjusted profit before tax increased by 734% from 31 March 2012 to 31 March 2014 and by 122% from 31 March 2013 to 31 March 2014 (see Figure 4).

Figure 4 – Adjusted profit before tax



## Fund Management review

Currently, Liontrust has six fund management teams each with distinct investment processes.

### Economic Advantage equity team

Anthony Cross and Julian Fosh manage the Liontrust UK Growth, Liontrust Special Situations, Liontrust UK Smaller Companies, the Liontrust GF Special Situations and Liontrust Guernsey International funds UK Growth funds in accordance with the Economic Advantage investment process. The fund managers evaluate companies in the UK stock market for their possession of durable Economic Advantage. Companies must possess at least one of the main advantages: intellectual property, strong distribution or recurring business (at least 70% of annual turnover). The fund managers expect these companies to deliver strong financial returns, sustaining a higher than average level of profitability for longer than expected. The process involves screening for companies with proven signals of under-appreciation by the market: surprising earnings growth, under-estimation of future recovery in earnings or a re-rating of highly profitable companies.

Liontrust Special Situations Fund, for example, is in the first quartile of its sector over three and five years to 31 March 2014 and since launch on 11 November 2005.

### Macro-Thematic equity team

Stephen Bailey and Jan Luthman manage the Liontrust Macro UK Growth, the Liontrust Macro Equity Income and the Liontrust GF Macro Equity Income funds in accordance with the Liontrust Macro-Thematic investment process. The process seeks to identify asymmetries of information that confer the potential to generate strong long-term investment returns. The fund managers believe that information at company level is efficiently reflected in equity prices. They therefore seek to identify, at an early stage, the development of political, social and economic macro-themes to which they can gain investment exposure. They believe that at the macro-thematic level there are asymmetries of awareness, understanding and interpretation which can lead to the generation of excess returns.

Liontrust Macro Equity Income Fund, for example, was in the first quartile of its sector since launch on 31 October 2003.

### Cashflow Solution equity team

James Inglis-Jones and Samantha Gleave manage the Liontrust Global Income, Liontrust European Growth, the Liontrust GF Pan European and the Liontrust Guernsey International funds Global Income funds in accordance with the Cashflow Solution investment process. The process is based on the belief that the most important determinant of shareholder return is company cash flows. Cashflows determine the ability of a business to grow in a self-sustaining way and to return money to shareholders through dividend yield and share buybacks. The fund managers believe that stock prices are frequently mis-priced because investors undervalue free cashflow, a fundamental building block of long-term growth, in favour of short-term profit forecasts. The process seeks to identify companies that generate significant free cashflows from their asset base, are lowly valued, and are run by company managers that allocate their cashflows in an intelligent way.

Liontrust European Growth Fund, for example, was in the first quartile since launch on 11 November 2006.

### Asia equity team

Mark Williams and Carolyn Chan manage the Liontrust Asia Income fund according to the Asia Equity investment process. The process is based on the premise that any single investment style is unlikely to deliver consistent outperformance when investing in Asian equities. This is because the region is subject to business and economic cycles despite attempts to dampen them by both governments and central banks. The fund managers believe the secret to successful investing in Asia, therefore, is to choose the style of investment to suit the particular point in the cycle. There are four main stages to the investment process: (1) identifying the key drivers for Asian equities, (2) incorporating these into a framework to determine the likely beneficiaries and losers of these drivers and to identify appropriate valuation methods, (3) fundamental stock analysis to identify individual companies that will benefit the most from the drivers, and (4) portfolio construction.

Liontrust Asia Income Fund, for example, was in the first quartile since launch on 5 March 2013.

### Global Credit team

Mike Mabbutt manages the Liontrust GF Global Strategic Bond Fund, which was launched on 6 February 2014, in accordance with the Global Credit investment process. The process adopts a fundamental approach to investing in the bond, credit and currency markets. The fund manager uses top-down analysis for making strategic decisions, bottom-up analysis to assess issuers' creditworthiness and a security selection process. Top-down analysis is used to assess the attraction of different areas of the global bond and credit markets as well as regions, countries and currencies. Bottom-up analysis is used to determine the creditworthiness of the issuers of debt securities of any credit quality with respect to both ability and willingness to pay commitments in a timely manner. The security selection stage involves the consideration of a number of factors such as: the expected total return relative to the assessed risk; the contribution from income and capital to the expected return; issue size and liquidity; currency of denomination; outstanding term to maturity; and duration.

Since launch on 6 February 2013, the Liontrust Global Strategic Bond Fund's US dollar accumulation share class has returned -8.9% (as at 31 March 2014), compared with the IMA Strategic Bond sector average of +5.1%. Broadly speaking the fund's negative performance has been the result of long positions in emerging market sovereign bonds and short positions in US and European high yield corporate bonds.

### Multi-Asset team

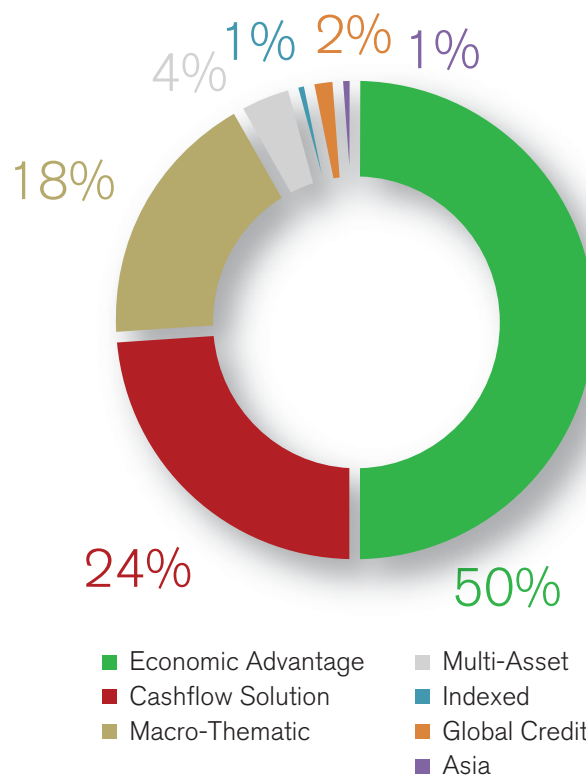
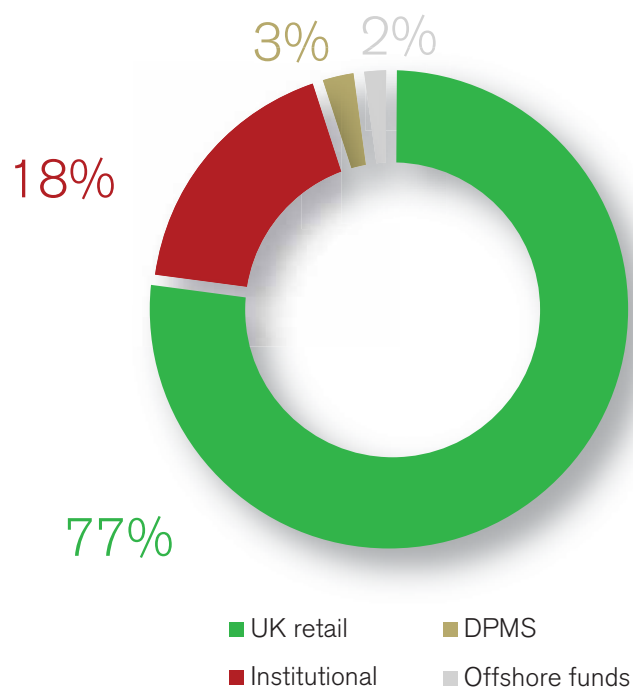
John Husselbee and Paul Kim manage the Liontrust Multi-Asset and Multi-Manager portfolios in accordance with the Multi-Manager investment process. The process is built around the fundamental belief that asset allocation is the key determinant of risk, or volatility, as well as long-term portfolio returns. The goal of the investment process is to provide a series of portfolios which each possess a consistent long-term risk profile that can be mapped to a client's risk appetite.

By adopting a Multi-Manager approach, the managers are able to gain key diversification benefits in the form of a reduction in overall portfolio risk and a potential improvement of returns. There are four key stages to the investment process: (i) strategic asset allocation (ii) tactical asset allocation (iii) fund selection and (iv) risk control and portfolio construction.

## Split of AuM

By product type:

By investment process:

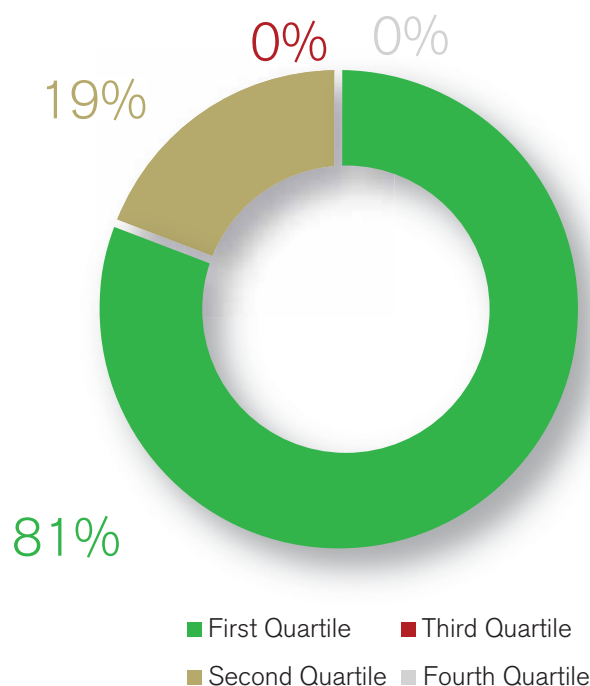


## Fund performance

### UK Retail fund performance

The strength of Liontrust's fund management capability is shown by the fact that all but two of its eight actively managed unit trust funds are in the first quartile since launch or since the fund managers were appointed to 31 March 2014. Since launch or since the fund managers were appointed 81% were in the first quartile (see Figure 2 below).

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





## UK Retail fund performance (continued)

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 - 1 year	Quartile ranking - 3 year	Quartile ranking - 5 year	Quartile ranking - Since Manager tenure	Launch / Manager appointed/ Change in Objective
Liontrust Global Income Fund*	–	–	–	2	01/08/2013
Liontrust UK Growth Fund	4	2	2	2	25/03/2009
Liontrust Special Situations Fund	3	1	1	1	11/11/2005
Liontrust UK Smaller Companies Fund	2	1	1	1	08/01/1998
Liontrust European Growth Fund	4	4	2	1	15/11/2006
Liontrust Asia Income Fund	3	–	–	1	05/03/2012
Liontrust Macro Equity Income Fund	2	3	2	1	31/10/2003
Liontrust Macro UK Growth Fund	2	3	3	1	01/08/2002

Source: Financial Express, total return, bid to bid, to 31 March 2014 unless otherwise stated. The above funds are all UK authorised unit trusts (retail share class). Liontrust FTSE 100 Tracker Fund (index fund) not included. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

\*Liontrust Global Income Fund's investment objective and policy changed to allow the fund managers to select companies on a global basis. The fund moved into the IMA Global Equity Income sector on 1 August 2013.

## Offshore fund performance

Detailed fund vs benchmarks over one, three and five years and since launch or the fund manager was appointed are shown in the table below.

	Fund vs Benchmark - 1 year	Fund vs Benchmark - 3 year	Fund vs Benchmark - 5 year	Fund vs Benchmark - Since Manager tenure	Launch
Liontrust GF Pan European Fund	11.8% vs 16.4%	24.2% vs 29.4%	107.9% vs 106.5%	48.2% vs 37.7%	08/09/2008
Liontrust GF European Strategic Equity Fund *	–	–	–	–	15/02/2013
Liontrust GF Special Situations Fund	9.1% vs 8.8%	–	–	18.6% vs 23.4%	08/11/2013
Liontrust GF Global Strategic Bond Fund	(9.2%)	–	–	(9.0%)	06/02/2014

Source: Financial Express, total return for the base currency class, to 31 March 2014 unless otherwise stated. The above funds sub-funds of Liontrust Global Funds Plc, an Ireland domiciled Open Ended Investment Company. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

\* Liontrust GF European Strategic Equity Fund's investment objective and policy changed in April 2014 so the performance track record is not shown.

## Distribution review

We made good progress in distribution during the financial year. The Group generated positive fund flows in every quarter, which led to a fourth successive year of net positive flows, and our AuM increased to £3,613 million from £3,039 million.

We have broadened our client base further over the year and have created strong awareness of Liontrust and our funds among intermediaries. The strength of our proposition is shown by the fact that we have been chosen by Standard Life to be one of the key fund management groups they are promoting through their account managers across the UK. The fact that we are entering into a deeper partnership with such an important distributor as Standard Life demonstrates the significant progress we have made in developing Liontrust over the past four years.

Further evidence of the increased awareness of and engagement with Liontrust is demonstrated by the fact we attracted nearly 200 professional advisers and fund buyers to attend our 5<sup>th</sup> Annual Investment Conference in January and 200 intermediaries to our Equity Income Roadshow at five locations around the UK in September 2013.

The profile of the business continues to strengthen. For example, we achieved 86% correct attribution for our ads among intermediaries in March 2014, according to Marketing Pulse, compared to an average score among peers of 59%.

At present, 95% of our sales success has come from our domestic market but we see significant opportunities for distribution outside the UK. Therefore, we are enhancing our international offering through the launch of four Dublin-based feeder funds for Liontrust Macro Equity Income, Asia Income, Global Income and UK Growth UK retail unit trusts.

## Operations review

We are focused on maintaining an operations team that is efficient, scalable and that gives us the ability to continue our growth whilst controlling costs to deliver returns to shareholders. With our recent acquisitions we have strengthened our operations team and built strong relationships with our key outsourcing providers; State Street, International Financial Data Services ("IFDS") and Northern Trust.

During the year we split the responsibilities for IT/Office from Investment Operations, to give us three key operations teams, all reporting to the Chief Financial Officer & Chief Operating Officer. This has allowed the:

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

In the financial year to 31 March 2014, the Operations teams, amongst other things, achieved the following:

- Successfully integrated Multi-Asset operations into the operations team;
- Completed a formal review into the provision of outsourced services for our Dublin domiciled Open Ended Investment Company;
- Worked with IFDS on a project to allow UK customers to access their investments online, this project is expected to go live in the first half of the financial year ending 31 March 2015;
- Transferred our fund administration for our Guernsey business to International Administration Group;
- Successfully commissioned the 5<sup>th</sup> floor at 2 Savoy Court, with a new reception area and new meeting rooms;
- Successfully completed the migration to latest Microsoft Windows technology.

## Financial review

### Financial performance

In analysing its financial performance, management have chosen to present some of the information using its adjusted profit figures (see Note 1c) on page 55) as they believe that this provides a more appropriate basis for its key performance indicators.

Adjusted profit before tax increased to £8.352 million from £3.766 million last year, reflecting the benefits achieved through increased non-performance fee revenues.

**Table (a) Analysis of financial performance**

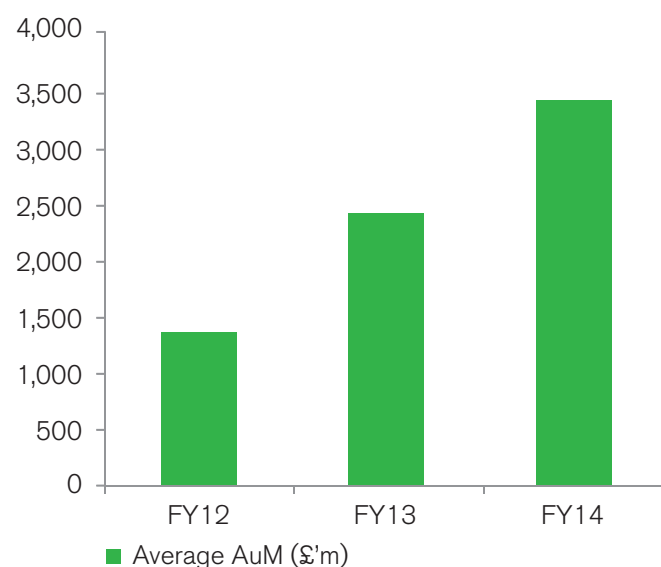
	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000	Year on Year Change
Gross profit	28,372	20,341	39%
Realised gain on sale of financial assets	–	(6)	–
Director, employee and members compensation	(13,809)	(11,483)	20%
Other Administration expenses	(6,153)	(4,867)	26%
Adjusted operating profit	8,410	3,985	111%
Interest receivable	23	9	156%
Interest payable	(81)	(228)	(64%)
Adjusted profit before tax <sup>(1)</sup>	8,352	3,766	122%

(1) See Note 7 on page 64 for reconciliation of adjusted profit before tax to profit for the year

### AuM

Average AuM increased by 42% compared to last year and by 153% over two years (see Figure 1 below), reflecting strong net flows, acquisitions and new fund launches.

Figure 1 – Change in average AuM



### Revenues

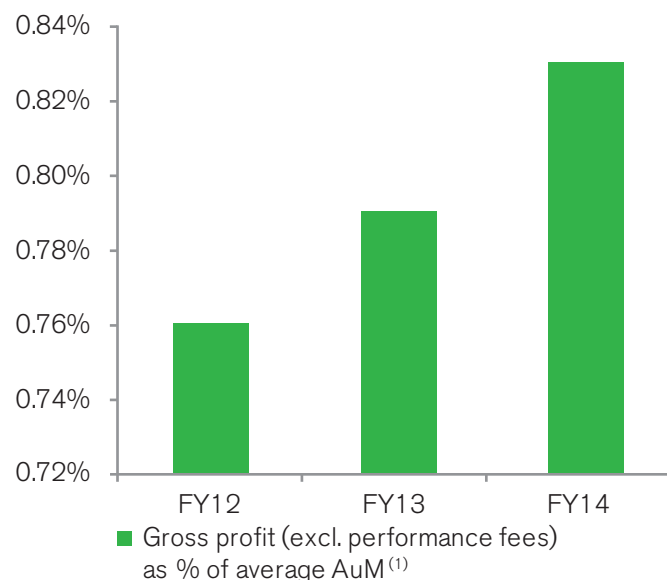
Revenues from Continuing Operations excluding performance fees increased by 49% compared to last year and by 47% compared to three years ago, equivalent to an annualised growth rate of 40% over the two years (see Figure 2 below).

Figure 2 – Change in Gross profit (excluding performance fee revenues)



Revenue margin (Gross profit (excluding performance fees) divided by average AuM) has also increased to 0.83% compared to 0.79% last year and 0.76% two years ago, reflecting the increased impact of higher average AuM and improving revenue margin (see Figure 3 below).

Figure 3 – Gross profit (excluding performance fee revenues) as a % of average AuM



(1) From Continuing operations

### Profit and operating margin

Adjusted operating profit increased to £8.410 million from £3.985 million last year and from £979,000 two years ago reflecting the increase in average AuM, this in turn is reflected in strong growth in basic and diluted earnings per share (see Figures 4 and 5).

Figure 4 – Change in Adjusted operating profit

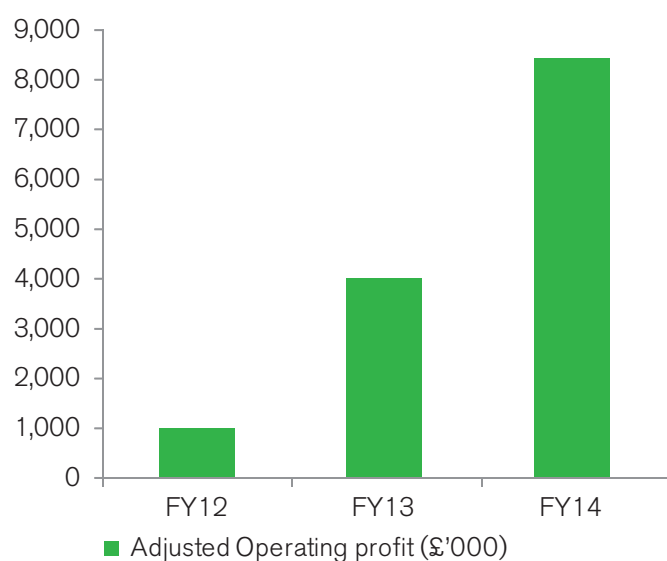
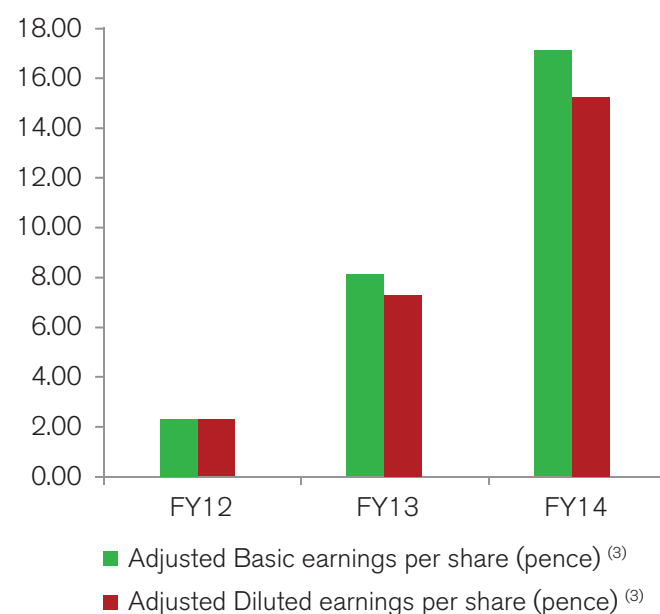
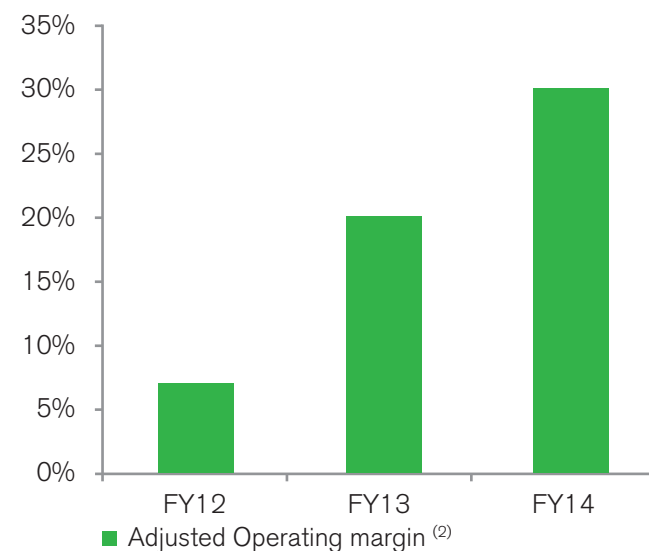


Figure 5 – Change in basic and diluted earnings per share



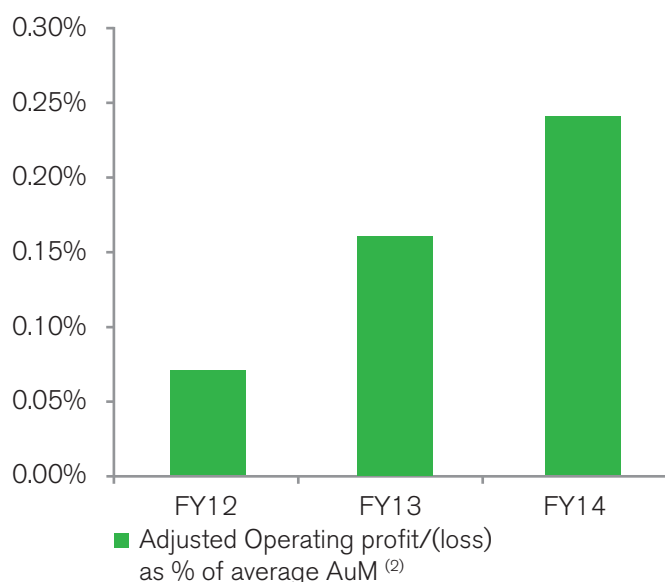
Adjusted operating margin (calculated as Adjusted operating profit divided by Gross profit) has been increasing year on year reflecting the increase in revenues compared to costs, cost control and the strong operating gearing in the business (see Figure 6 below).

Figure 6 – Adjusted operating margin



Adjusted operating profit/(loss) as a percentage of average AuM has increased to 0.24% compared to last year when it was 0.16% and two years ago when it was 0.07%, reflecting the strong operating gearing in the business and cost control (see Figure 7 below).

Figure 7 – Change in Adjusted operating profit/(loss) as a % of average AuM

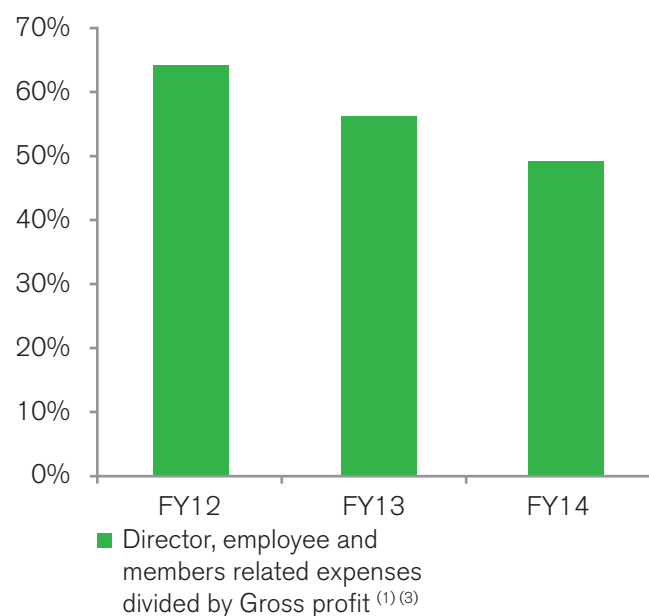


(2) Adjusted for expenses for share incentivisation, severance compensation, gain on the sale of the credit business, acquisitions related costs, Global equities closure costs, restructuring (acquisition related and other), members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy.

## 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 increased by 20% reflecting higher fund manager compensation. However, as a percentage of Gross profit our Director, employer and member related expenses has decreased to 49% from 56% last year and from 64% two years ago (see Figure 8 below).

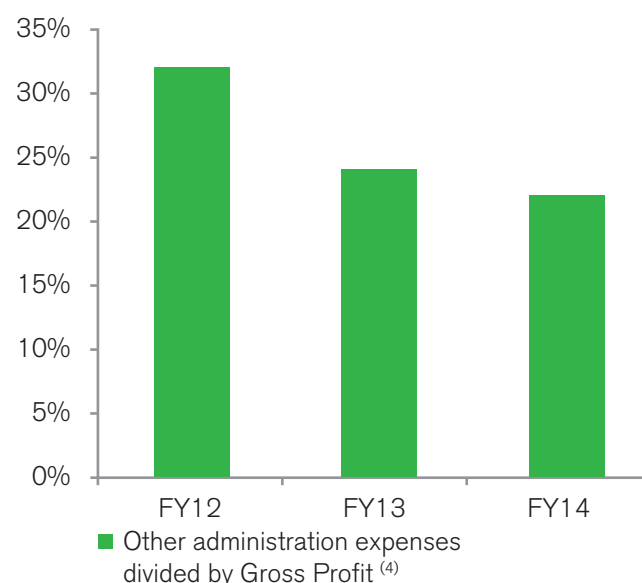
Figure 8 – Director, employee and member related expenses as a percentage of Gross profit



(3) From Continuing operations. 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).

Other administration expenses as a percentage of Gross profit decreased to 22%, as a result of strong cost control within the business (see Figure 9 below).

Figure 9 – Other administration expenses as a percentage of Gross Profit

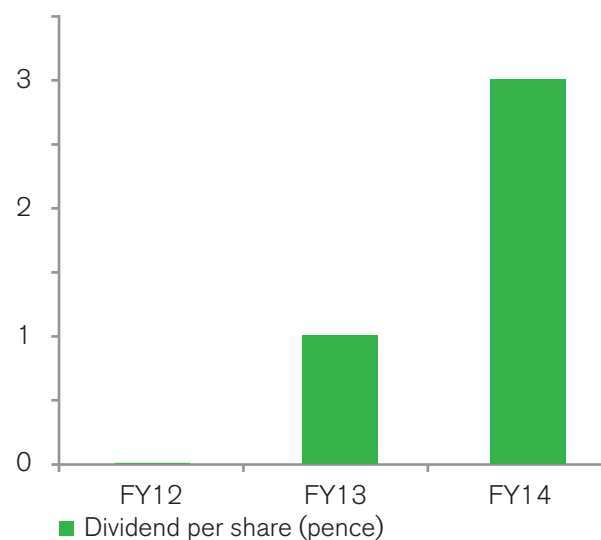


(4) From Continuing operations

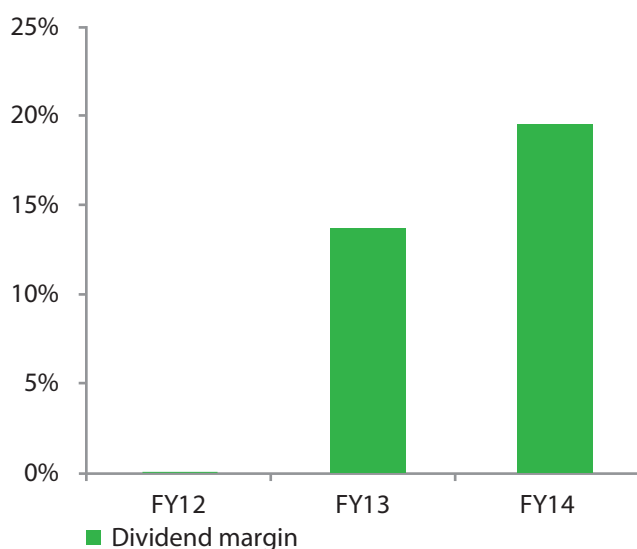
## Dividend

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 2.0p per share (2013: 1.0 pence) which will result in total dividends for the financial year ending 31 March 2014 of 3.0 pence per share (2013: 1.0 pence) (See Figure 10 below). This reflects a dividend margin (dividend per share divided by Adjusted diluted earnings per share) of 20%, an increase of 43% on last year (See Figures 10 and 11 below).

Figure 10 – Dividend per share







### 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.

### Principal risks and mitigations

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

Our Professional Indemnity Insurance covers us for losses, errors, fraud etc. 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.

In order to help identify, manage and control risk, Liontrust breaks it down into four categories. On the basis of disciplined risk assessment, the key risks to the Group's business are considered. A high level summary is shown below with details of any mitigating factors and the risks are also discussed in the Risk Management and Internal Controls section of the Directors' Report on page 26.

### Credit risk

Credit Risk covers the risk of loss due to a debtor's inability to pay. The Liontrust Group of companies maintains a Liquidity policy document which identifies the Credit risks that may affect any area of the business and details how these risks are monitored and controlled. These risks include: Failure of banks / credit institution / significant counterparties; Failure of a client to pay fees; Failure of a client to pay funds for an investment; Failure of a fund to pay redemption monies.

Major counterparties are reviewed at least monthly which 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 make moves to either move any functions or cash away from the institution or closely monitor the institution as per our Counterparty Selection and Monitoring Policy.

### Market risk

Market risk is the risk that the value of an asset 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; Management Fee income.

Liontrust has only minor direct exposure to market risk through Manager Box positions and investments in the sub funds of Liontrust Global Funds PLC which have been undertaken to aid incorporation and will be redeemed when the funds grow in size. The Group has a regular review process for the investment which identifies specific criteria to ensure that the investment is within agreed limits.

### 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, documented procedures and compliance manuals, a comprehensive compliance monitoring programme (both internal and external), issue tracking and an annual 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:

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

These risk event types are broken down into 36 sub-categories each with a risk assessment made 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; this is two measures, the cost of a typical event as well as the cost of an extreme case. The risk assessment and risk scorecard can then be used to create risk maps which visually model and communicate risks and their trends.

Each operational department is responsible for one or more of these sub-categories which forms their own Risk Register. This discusses risk at a process and controls level so that each member of the team is able to participate in the management of risk on a day to day basis. The output from these team registers is co-ordinated with the Groups Risk Register to ensure that we are capturing evolving risks for the Group as they emerge.

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.

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

Liontrust also commissions an external firm to report on internal controls in accordance with AAF 01/06.

### Other risk

The firm also faces other risks such as Regulatory risk, Key Employee risk, Market Changes, mis-selling and the underperformance of one, or more, of the investment processes.

### Regulatory risk

The regulatory environment that the Company operates in continues to grow more complex. There have been significant new legislative changes around the globe which has impacted both the Group and the investment vehicles operated by the Group. These changes 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 works with industry bodies, lawyers and consultants to ensure all regulatory change is appropriately handled.

### Competitive Environment

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

### Key employee risk

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

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

### The risk of investment performance leading to customer loss

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

### Suitability and Conduct risk

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

### Client Concentration and the risk of redemptions at short notice

Liontrust has several larger 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. The largest client represents approximately 7% of the Company's assets under management and the concentration is lower than this by revenue. 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.

### Corporate Social Responsibility

Liontrust is committed to the principle of Corporate Social Responsibility ("CSR") and intends that it should become embedded, where appropriate, into its policies and practices, to the benefit of stakeholders as well as the wider community. 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.

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

- ✓ Clear direction and strong leadership;
- ✓ Customer focus;
- ✓ Respect for people;
- ✓ Open communication;
- ✓ Working to deliver best value;
- ✓ Openness and transparency;
- ✓ Equality;
- ✓ Probity;
- ✓ Development of positive working relationships with others;
- ✓ Commitment to the highest ethical standards; and
- ✓ Valuing and harnessing the diversity of Liontrust members and employees.

### CSR Strategies

Liontrust seeks to achieve corporate and social objectives by focusing on the following areas:

#### Equal Opportunities and Human Rights

Liontrust has committed to the promotion of Equal Opportunities and 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.

Liontrust has put in place a series of policies, including a Recruitment Policy, Parental Leave Policy, and a Discipline and Grievance policy which aims to ensure that all members/Directors, employees and associated persons have equal opportunities.

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. As at 31 March 2014 the gender diversity within the group was as follows:

2014	Male	Female
Executive Directors	4	–
Senior Management	25	1
Employees	17	16

#### 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 firm 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 law. In implementing this policy the firm will demonstrate its commitment to preventing bribery, and establishing a zero-tolerance approach to bribery in all parts of the firm's operations.

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

### Health and Safety

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.

### Environment and Sustainability

Liontrust believes that businesses are responsible for achieving good environmental practice and operating in a sustainable manner. We are therefore committed to minimising our environmental impact and continually improving our environmental performance as an integral and fundamental part of our business strategy and operating methods. Liontrust has put in place an Environmental policy that details the key points of our strategy on the Environment.

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

Using the most recent data available from our landlords, we have identified an emissions intensity per member of staff (employees and members) of 2.3 tCO<sub>2</sub> per annum.

### Charitable Giving and Social Responsibility

As the business has grown over the past four years, we have considered our social responsibilities both locally and globally. In addition to making some small donations in response to staff requests, Liontrust has entered into two partnerships with relevant charities that we believe make a difference at both global and local levels.

Sponsorship of the Asian lions at ZSL London Zoo:

The mission of ZSL London Zoo as part of the Zoological Society of London is to promote and achieve the worldwide conservation of animals and their habitats. As the wild population is so vulnerable, those in zoos are crucial to the future conservation of the species. For example, there are only 400 lions remaining in Asia and they have an "Endangered" conservation status. Through our sponsorship of the Asian lions, we have been able to support ZSL's conservation work and, through the education and engagement provided by ZSL London Zoo, inspire our stakeholders to take a lifelong interest in wild animals.

Supporting the charity Kids Company:

Kids Company was founded by Camila Batmanghelidjh in 1996. The charity provides practical, emotional and educational support to vulnerable inner-city children. In 2007, Kids Company was awarded the Liberty and JUSTICE Human Rights Award. In 2010 they were selected as a 'Child Poverty Champion' by the End Child Poverty project for their success in enabling children to achieve their full potential. We worked with Kids Company to commission 30 children aged seven to visit ZSL London Zoo and draw and paint the Asian lions. Some of this artwork is adorning Liontrust's offices.

### Approval

The Strategic Report was approved by the Board on 18 June 2014 and Signed on its behalf by:

John Ions  
**Chief Executive**  
 18 June 2014









# Governance

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## Board of Directors

**Adrian Collins, 60, (Chairman).** Joined the Board in June 2009. Adrian has worked in the fund management business for over 30 years, a large part of which was at Gartmore Investment Management Limited where, latterly, he was the Managing Director. He was a consultant to Strand Partners Limited, a corporate finance business based in the West End of London. He is also a Director of Bahamas Petroleum Company Plc, City Natural Resources High Yield Trust Plc, New City High Yield Trust Plc and a number of other companies.

**John Ions, 48, (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, 49, (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.

**Jonathan Hughes-Morgan, 52, (Executive Director).** Joined the Board in October 2011. Jonathan began his career as a trainee fund manager with Hendersons, moving after four years to Sun Life as a fund manager. Following spells at Odey Asset Management and Edmond de Rothschild, Jonathan joined Jardine Fleming to run their European business for three years. In 1998 he co-founded Thames River Capital with Charlie Porter. Jonathan was Managing Director of Thames River, leaving at the end of 2006 to set up Occam Asset Management. Jonathan graduated from the University of Warwick with a degree in Management Science.

**Alastair Barbour, 61, (Non-executive Director).** Joined the Board in April 2011. Alastair is a chartered accountant with 25 years' experience spent auditing and advising boards and management of public companies in the UK and internationally, principally in the financial services industry. He trained with Peat, Marwick, Mitchell & Co in London before being admitted as a partner with KPMG in Bermuda in 1985. Alastair returned to the UK as a partner of KPMG in 1991 and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a Director of RSA Insurance Group Plc, The Bank of N.T. Butterfield & Son Limited, Standard Life European Private Equity Trust Plc and CATCo Reinsurance Opportunities Fund Ltd and private companies CATCo Reinsurance Fund Limited and Scottish Equitable Policyholders Trust Limited.

**Mike Bishop, 63, (Non-executive Director).** Joined the Board in May 2011. Mike has more than forty years' experience as a fund manager and is currently a Non-executive Director of RWC Focus Asset Management and an adviser to its UK equity activist funds. Before joining Hermes in 2005, Mr Bishop was Head of Pan-European Equities at Morley Fund Management Limited and a Director and fund manager at Gartmore Investment Management.

**Glyn Hirsch, 52, (Non-executive Director).** Joined the Board in June 1999. Glyn is chief executive of Raven Russia Limited. He holds a number of other non-executive directorships. He is a law graduate of Southampton University and qualified as a Chartered Accountant with Peat, Marwick, Mitchell & Co. He also worked for 10 years as a corporate financier at UBS Limited.

# Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management PLC for the year ended 31 March 2014.

## Principal activities

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

Subsidiary name	% owned by the Company	Subsidiary principal activities
Liontrust Fund Partners LLP	100%	A financial services organisation managing unit trusts, authorised and regulated by the Financial Conduct Authority.
Liontrust Investment Partners LLP	100%	A financial services organisation offering investment management services to professional investors directly, through investment consultants and through other professional advisers, which is authorised and regulated by the Financial Conduct Authority. Liontrust Investment Partners LLP is also approved as an Investment Manager by the Central Bank of Ireland.
Liontrust Investment Solutions Limited	100%	A financial services organisation offering discretionary fund management services to the advisory intermediary market in the UK (formerly North Investment Partners Limited), authorised and regulated by the Financial Conduct Authority, and acquired during the year. (see Note 12)
Liontrust International (Guernsey) Limited	100%	Incorporated in Guernsey, a financial services organisation managing investment funds, which is regulated by the Guernsey Financial Services Commission.

In addition to the operating subsidiaries listed above, Liontrust Asset Management Plc has five 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 Management Services Limited, which employed all employees of the Company until 31 October 2010, Liontrust European Investment Services Limited, which acted investment manager for certain portfolios, and Liontrust Asset Managers Limited (previously Walker Crips Asset Managers Limited). All will be liquidated in due course.

## Results and dividends

Profit before tax from Continuing operations was £3.678 million (2013: loss of £3.935 million).

Adjusted profit before tax was £8.352 million after adding back expenses share incentivisation, severance compensation, acquisitions related costs, restructuring (acquisition related and other), depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy (2013: £3.766 million)

The Directors declare a second interim dividend of 2.0 pence per share (2013: 1.0 pence). This results in total dividends of 3.0 pence per share for the financial year ending 31 March 2014.

## 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 pages 3 and 6 to 17 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 2014 are set out in the Remuneration report on page 33.

Adrian Collins  
John Ions  
Vinay Abrol  
Jonathan Hughes-Morgan  
Alastair Barbour  
Mike Bishop  
Glyn Hirsch

## Capital structure and voting rights

The Company's share capital comprises of ordinary shares of 1 pence each. As at 31 March 2014, 42,471,555 Ordinary shares were in issue (2013: 39,896,555), representing 100% of the total voting rights the Company. There were a number of changes to the issued share capital of the Company during the year; the Company purchased for cancellation 455,000 Ordinary shares on 5 September 2013 and issued 3,030,000 new Ordinary shares on 6 September 2013.

Under Resolution 14 of the Annual General Meeting held on 10 September 2013, the shareholders authorised the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006. This authority is limited to the maximum number of 5,980,483 Ordinary shares of 1 pence each (equivalent to approximately fifteen per cent of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company or 10 December 2014 (whichever is the earlier). The maximum price that may be paid for an Ordinary share will be the amount that is equal to 5% 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.

As at 31 March 2014 the Directors held the authority for the Company to purchase its own shares up to a maximum of 5,525,483 Ordinary shares of 1 pence each.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 9 September 2014. In the event that the Company should purchase shares for cancellation, the Directors would only do so after consideration of the effect on earnings per share and the longer term benefits for shareholders.

### Corporate governance

A report on corporate governance appears on pages 24 to 25.

### Risks and uncertainties

A report on principal risks appears in the Strategic Review on pages 15 to 16 and a report on the risk management and internal controls appear on pages 26 to 28.

### Corporate social responsibility

A report on Corporate social responsibility appears in the Strategic Review on page 16.

### Financial instruments

The Group's financial instruments at 31 March 2014 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, title to which are not transferred until settlement is received. The Group's credit risk is assessed as low.

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

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

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

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 58.

### Annual General Meeting

The seventeenth Annual General Meeting of the Company will be held in the Nelson Room at the Corinthia Hotel London, Whitehall Place, London, SW1A 2BD on 9 September 2014 at 2 p.m. A notice convening this meeting will be sent to shareholders in August 2014.

### 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 21.

Details of the most substantial shareholders in the company are listed on page 25.

The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 24.

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; 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 2014.

### Basis of financial statements

Having given consideration to the uncertainties and contingencies disclosed in the financial statements, the Directors have satisfied themselves that the Group has adequate resources to continue in operation for the foreseeable future and have therefore prepared the financial statements on a going concern basis.

### Statement of disclosure of information to Auditors

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

### Independent Auditors

PricewaterhouseCoopers LLP were the independent auditors to the Company during the year and have confirmed their willingness to continue in office. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the Directors to fix their remuneration will be proposed at the 2014 Annual General Meeting.

### By order of the Board

Mark Jackson  
Company Secretary  
18 June 2014



# Directors' Responsibility Statement

## Statement of Directors' responsibilities

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Each of the Directors, whose names and functions are listed on page 20 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the Strategic Report contained on pages 6 to 17 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

### By order of the Board

Vinay Abrol  
Chief Operating Officer & Chief Financial Officer  
18 June 2014

## Compliance with the provisions of the Code

The Company is committed to the principles of the UK Corporate Governance Code (September 2012) ("the Code"). During the year the Company has complied with the main principles of the Code, with the following exceptions:

The Board appointed Mike Bishop as Senior Independent Director on 18 June 2014. Prior to this period the Board did not identify a Senior Independent Director (As noted in the Code A.3.3). Based on the experience of the Non-executive Directors during the year the Board does not believe that this instance of non-compliance was significant but has chosen to rectify it.

As at the 2014 Annual General Meeting, Glyn Hirsch would have served as a Non-executive Director for thirteen years. This means that Mr Hirsch would not meet the test for independence under the Code (B.1.1) The Board supported the Nominations Committee's recommendation which recommended that Glyn Hirsch should continue to be considered to be an independent Director in view of his independence of character and judgement.

## The Board

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

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

The Chief Executive's main responsibilities are the executive management of the Group, liaison with the Board and shareholders (as required by the Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Chief Executive discharges his responsibilities in relation to the executive management of the Group via three management committees as detailed in the Risk management and internal controls report on pages 26 to 28.

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

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

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

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

The Board met nine 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 20.

There were no changes to the Board during the financial year and up to the date of the signing of the financial statements. Attendance at meetings of the Board and the Audit & Risk, Nomination and Remuneration Committees is shown in the table on page 32.

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

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

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

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

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

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

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

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

## Performance

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

The Executive Directors have been subject to a formal performance appraisal. These appraisals were carried out in May 2014 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2014 has been reviewed by the Executive Directors. The review has confirmed that the performance of the Non-executive Directors is effective and appropriate.

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

## Professional development and training

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

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

## Communication with shareholders

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

## Substantial shareholders

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

### As at 31 March 2014

Name	Number of voting rights	Percentage of voting rights
Schroders Plc	9,740,361	22.9
Liontrust Asset Management Employee Trust	3,740,958	8.8
Polygon Global Partners	2,906,000	6.8
Jonathan Hughes-Morgan	2,150,032	5.1
Artemis Investment Management LLP	2,100,000	4.9

### As at 18 June 2014

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Polygon Global Partners	2,906,000	6.8
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Jonathan Hughes-Morgan	2,150,032	5.1
Artemis Investment Management LLP	2,100,000	4.9

## 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 32 together with details of attendance at meetings.

## Share buy backs

At the 2013 Annual General Meeting shareholders gave approval for the Company to buy back up to 5,980,483 Ordinary shares. Shareholders have also renewed the Directors' authority to issue Ordinary shares up to an aggregate nominal value of £132,988.

## Annual General Meeting

Notices convening Annual General Meetings are despatched to shareholders at least 20 working days before the relevant meeting and contain separate resolutions on each issue, including a resolution to adopt the annual report and financial statements. At every Annual General Meeting, the Chairman of the Group and the chairmen of the Audit & Risk, Nomination and Remuneration Committees make themselves available to take questions from shareholders.

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

# Risk Management and Internal Controls Report

## Responsibility for Risk Management

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, and cost effectiveness of the audit and the independence of the external auditors.

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 Head of Risk is responsible for overseeing all risk management and legal functions 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 on pages 15 to 16.

## Committee structure and delegation of powers

The Corporate Governance report on pages 24 and 25 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 sub-committees; the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee.

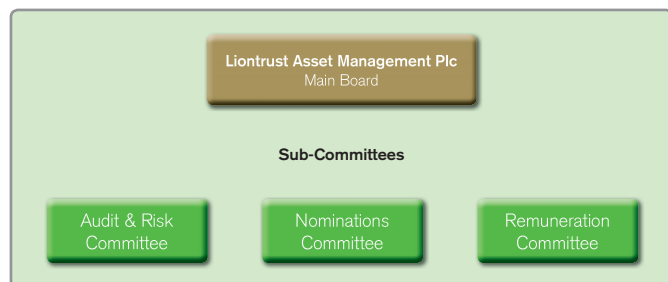


Figure 1: Board and Sub-Committees

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 several management committees to assist the Chief Executive, namely the:

- Executive Advisory Group Committee ("EAG")** chaired by the Chief Executive and consisting of the executive members of the Board and other key personnel as the EAG sees fit. The EAG is responsible for the management of the general business and affairs of the company including, strategy development, financial planning and performance, employment and termination decisions.
- 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

- Liontrust Investment Partners LLP Partnership Management Committee ("LIPPM")** for dealing, trading systems, research tools (including fund management data services and research tools), for 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).

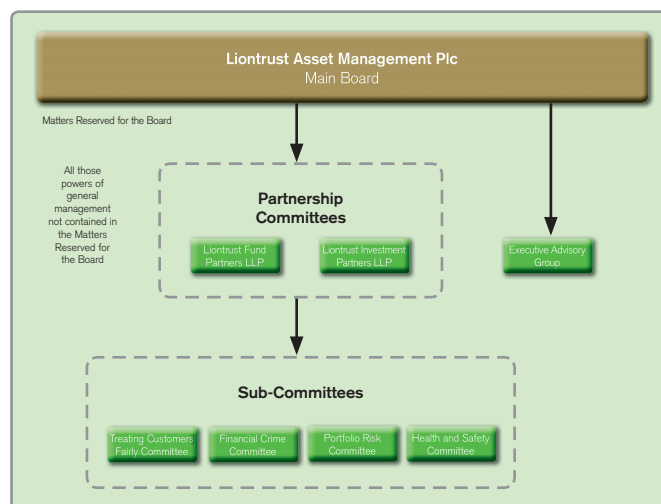


Figure 2: Board and Management committees and sub-committees

The EAG meets at least monthly, and the Partnership Management Committee Meetings are quarterly.

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

### Treating Customers Fairly Committee

The Treating Customers Fairly Committee ("TCFC") oversees the management of the Groups' Treating Customers Fairly initiatives throughout the business. The TCFC agrees the Groups' approach to TCF and how our responsibilities are discharged. It keeps track of any regulatory developments and also manages the TCF 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, 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 ("RMP") document. The PRC also monitors portfolio performance, establishing parameters for exception



reporting and ensuring that appropriate client communications are prepared as necessary. The Portfolio Risk Committee meets on an at least monthly basis to ensure that all the monitored risk controls are in place and the risk limits are appropriate for funds managed and reports on the various aspects and activities discussed within the RMP.

### Health and Safety Committee

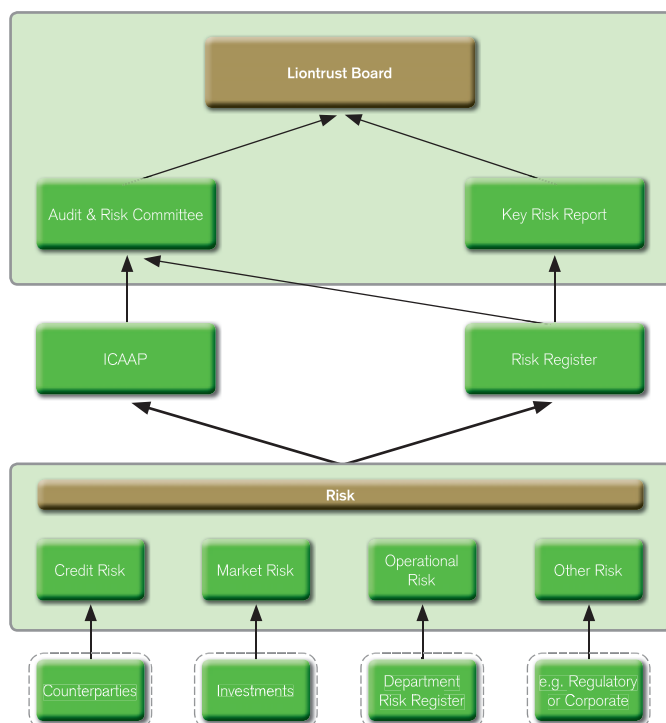
The Health and Safety Committee ("HSC") is responsible for all health and safety matters for the Group including the health and safety policy statement, any required health and safety related risk assessments for the Group, the first aid requirements, all fire safety and emergency procedures, the environmental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

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

### Risk Management framework

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

The diagram below summarises the Group's Risk Framework.



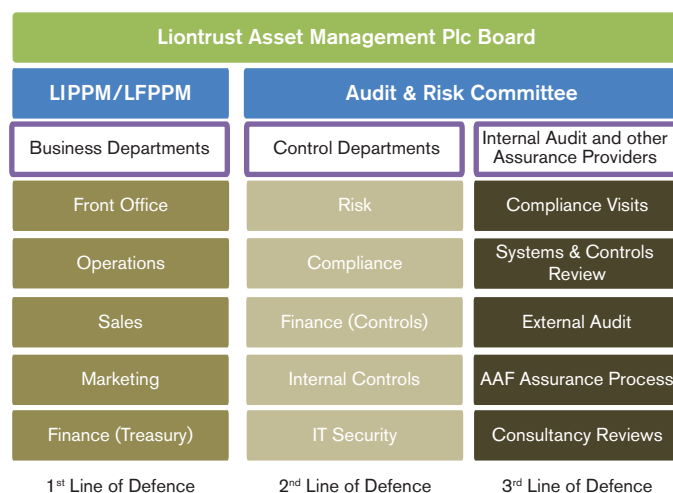
There are two main elements to capturing and reviewing risk within the Group; the Risk Register and the Internal Capital Adequacy Assessment Process ("ICAAP"). The Risk Register records potential risks, their materiality and their likelihood of occurrence and is updated on at least a quarterly basis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

The Group breaks risk down into four main categories that feed into the Risk Register and the ICAAP: Credit Risk, Market Risk, Operational Risk and Other Risk. Further details of the risks are listed in the Principal risks and mitigations section on pages 15 to 16. Each element of risk is formally reviewed by the Audit & Risk committee on a minimum of an annual basis, and the Group ensures appropriate controls are in place to manage these risks.

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

### Internal controls

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



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

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

- a clear division of responsibilities and lines of accountability, allowing adequate supervision of staff;
- detailed procedures and controls for each department;
- the development and implementation of specific accounting policies;
- preparation of annual plans and performance targets in light of the overall Group objectives;
- reports from the Executive Directors to the Board on the actual performance against plans;
- Senior Management Arrangements, Systems and Controls review from the Chief Operating Officer & Chief Financial Officer to the Board;

# Risk Management and Internal Controls Report continued

- reports from the Head of Risk highlighting the key risks faced by the Group detailing the exposures, controls and mitigations in place;
- reports from the Head of Compliance detailing the robustness of procedures and controls for each department;
- reports from the Money Laundering Reporting Officer (MLRO) detailing the arrangements in place for anti-money laundering and financial crime prevention;
- reports to the Board in respect of the management of, and results of visits to, third parties to whom functions have been outsourced;
- compliance by all members of staff with the Group's policies and statement of business conduct, which seeks to ensure business is conducted in accordance with the highest standards; and
- capture and evaluation of failings and weaknesses and confirmation that necessary action is taken to remedy the failings, particularly those categorised as 'significant'.

The Board has reviewed the effectiveness of the Group's system of internal control for the financial year and up to the date of this annual report and financial statements. The Board has carried out an evaluation of the major 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 report on Internal Controls (formally the Turnbull Guidance). The Board is of the view that all necessary actions have been, or are being, taken to remedy any significant failings identified as part of the ongoing risk management process and that no significant weaknesses were identified during the year.

## Stakeholders and Key Contracts

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

Each of these groups presents different risks and uncertainties and the Group ensures that there is regular contact and monitoring of the various bodies.

Outsourcing is an integral part of the Liontrust operating model. Recent changes in legislation and renewed interest by the FCA in the topic have prompted the documenting of how the model operates and determining if any changes are required within the new regulatory environment. Liontrust outsources in two key areas, Transfer Agency and Fund Accounting & Fund Valuation Services across three main jurisdictions.

### Transfer Agency

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

### Fund Accounting & Fund Valuation

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

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

Jurisdiction	Transfer Agent	Fund Accounting & Fund Valuation
UK	International Financial Data Services Limited	State Street Bank & Trust Company
Ireland	Northern Trust International Fund Administration Services (Ireland) Limited	Northern Trust International Fund Administration Services (Ireland) Limited
Guernsey	International Administration Group	International Administration Group

Liontrust has detailed service level agreements in place with these key outsource providers and they are closely monitored to ensure these standards are met. The Board have agreed a Counterparty Selection and Management Policy which details monitoring, contingency and resilience plans for all counterparties.

## Internal audit

The Board considered whether to establish a separate internal audit function. It was decided that, under the direction of the Chief Operating Officer & Chief Financial Officer, the compliance department meets most of the objectives of an internal audit function. Consequently a separate internal audit function is not currently required. This will continue to be reviewed on an annual basis.

## Assurance process

The senior management arrangements, systems and controls environment in place across the Group is reviewed during the course of a year by the Chief Operating Officer & Chief Financial Officer and his report is provided to senior management, the Board and Audit & Risk Committee.

On an annual basis, Liontrust commissions Deloitte LLP, an external audit 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. The results of this testing, including any exceptions identified, are made available to senior management, the Board, Audit & Risk Committee and our institutional customers as appropriate.

# Audit & Risk Committee Report

## Composition and attendance

The membership of the Audit & Risk Committee and the attendance record of Directors during the year are shown in the table on page 32. All members of the Audit & Risk Committee are independent Non-executive Directors. All members have recent and relevant financial experience; Alastair Barbour and Glyn Hirsch are chartered accountants.

## Principal duties

The Audit & Risk Committee's principal duties are as follows:

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

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

## Activities during the year

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

In the financial year to 31 March 2014, the Audit & Risk Committee met five times and discussed, amongst other things, the subjects described below:

- Reviewing the annual financial statements for the year ended 31 March 2013 and half-year financial statements for the six months to 30 September 2013 with particular emphasis on their fair presentation, the reasonableness of judgements made and the valuation of assets and liabilities;
- The appropriateness of the accounting policies used in drawing up the Group's financial statements;
- Review of the Group's governance, risk framework, risk management, risk management processes and related policies;

- Consideration of the external auditors' report on the full year ending 31 March 2013 audit and discussion of their findings with them;
- Consideration of the external auditors' report on the half year ending 31 September 2013 audit and discussion of their findings with them;
- Consideration and approval of the external audit plan for 2014;
- Review and approval of the Group's ICAAP;
- Review of the Groups compliance monitoring programme, compliance manual (including whistle blowing arrangements), annual anti-money laundering report;
- Review and discussion of regular reports on financial reporting, key risks, compliance and financial crime from the Head of Finance, Head of Risk and Head of Compliance & Financial Crime;
- Review of reports relating to the following:
  - o Group's Outsourcing Arrangements;
  - o Bribery Risk Assessment for the Group;
  - o Anti-Money Laundering Assessment for the Group;
  - o Client Money arrangements;
  - o The need for an Internal Audit Function for the Group;
  - o Implications of HMRC's proposals on the taxation of members of limited liability partnerships;
  - o Accounting policies to be adopted in relation to the acquisition of North Investment Partners Limited; and
  - o Director, member and employees' expenses.
- Review of the Type 2 AAF 01/06 report on the Group's control environment;
- Review of the 2013 Senior Management Arrangements, Systems and Controls Review Report for the Group; and
- Assessment of the performance, independence and objectivity of the external auditors; and
- A review of fees for non-audit services carried out by the external auditors.

The Chief Operating Officer & Chief Financial Officer is a regular attendee, as are the Head of Finance, Head of Risk and the Head of Compliance & Financial Crime.

## Significant accounting matters

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

- Revenue recognition**  
The risk of recognising revenue in incorrect periods via management manipulation is significant in that revenue levels may affect management's levels of remuneration and incentivisation. Risks of such manipulation are heightened where there is judgement applied in calculation or recognition of revenue. Any such calculations are subject to internal approvals and sign offs and is subject to independent verification. Revenue is recognised in accordance with the accounting policy on Note 1 m) on page 57. The committee discussed recognition of revenue with management and questioned them on the application of the group's accounting policy with particular emphasis on fee income, performance fees and profits from dealing in unit trusts. Revenue recognition was also a key focus for the auditors and they reported to the committee on their work and findings.
- Risk of management override of controls**  
International Standards on Auditing ('ISA's) require that this is identified as a significant risk by our auditors and, as such, it is treated as a significant risk by the audit and risk committee. The potential for manipulation of the accounting records and financial reports by overriding controls is an important area of focus for the audit committee and is considered a significant risk by the auditors. Reported financial information is regularly reviewed and discussed by the audit committee and the Board with any significant deviations from expectations being queried. The auditors reported to the committee on the results of their work as set out in their report on page 48.

### External auditors

PricewaterhouseCoopers LLP were appointed as the Group's auditors in 1999, since that date, no tender has been conducted, however, since then there have been regular rotations of the partner responsible for the audit, with the most recent rotation occurring in 2014. The Committee are aware of planned changes to the Governance Code and the recent report from the Competition Commission that will require FTSE 350 companies to put their external audit out to tender at least every 10 years and cap the level of non-audit services provided by the audit firm. The European Parliament is also finalising its proposals for reform of the audit market which embeds the principle of the rotation of auditors every 20 years.

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

The Audit Committee reviewed the performance and effectiveness of the auditors during the year using a number of measures, including:

- Reviewing the quality and scope of the proposed audit plan;
- Responsiveness of the auditors to changes in our business;
- Monitoring the independence and transparency of the audit and the auditors;
- Reviewing the Financial Reporting Council's Audit Quality Review (AQR) reports for the 'Big Four' audit firms; and
- obtaining feedback on the auditors from relevant stakeholders within operations, the executive management and the Audit Committee members.

In conjunction with the Audit & Risk Committee, the Board has adopted a policy and guidelines on use of non-audit services from the external auditors to safeguard the objectivity and independence of the external auditors. This policy is reviewed regularly and sets out standards for approval of the external auditors in relation to non-audit services, details of services that are not permitted to be purchased from the external auditors, procedures for the approval of non-audit services provided by the auditors and restrictions on the employment of senior members of the audit engagement team or a partner of the external auditors. The Audit & Risk Committee receives a regular report setting out the non-audit services provided by the external auditors during the year and the fees charged; an analysis of fees paid in respect of audit and non-audit services provided by the external auditors is provided within the administrative services note of the financial statements.

During the year, the external auditors were, on a number of occasions, engaged as advisers. The range of non-audit services provided included tax compliance advice, and employee and member incentivisation advice. In order to maintain their independence, such appointments are only made when the Audit & Risk Committee is satisfied that there are no matters that would compromise the independence of the auditors or affect the performance of their statutory duties. The Audit & Risk 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. Details of fees paid to the auditors can be found in Note 6 of the financial statements on page 64.

PricewaterhouseCoopers LLP have also considered their position and have confirmed their independence to the Company in writing. The Group's external auditors are also required to provide an annual report to the Audit & Risk Committee detailing all non-audit services, including the level of fees charged, and to have their own internal processes to ensure that the firm, its partners and its staff are independent of the Group. Annually the Audit & Risk Committee reviews a formal letter provided by the external auditors confirming its independence and objectivity within the context of applicable regulatory requirements and professional standards.

Based on the satisfactory conclusions of the work described above carried out by the Audit & Risk Committee to assess the performance of the external auditors and safeguard their independence, the Audit & Risk Committee considers that it is in the best interests of the Group that PricewaterhouseCoopers LLP continue to act as the Group's external auditors and has recommended this to the Board. The Board has accepted the Audit & Risk Committee's recommendation a resolution will be proposed at the 2014 Annual General Meeting for the reappointment of PricewaterhouseCoopers LLP as external auditors.

### Alastair Barbour

Chairman of the Audit & Risk Committee

18 June 2014



# Nomination Committee Report

## Composition and attendance

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The membership of the Nominations Committee and the attendance record of Directors during the year are shown in the table on page 32. The Nominations Committee met three times in the year under review.

## Principal duties

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The Nominations Committee's principal duties are as follows:

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

The terms of reference of the Nominations 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 Annual General Meeting.

## Activities during the year

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The Nominations Committee reviewed the size and composition of the Board and considered the position of Glyn Hirsch as an independent Non-executive Director given that at the 2014 Annual General Meeting he would have served for thirteen years. The Nominations Committee recommended that Glyn Hirsch should be considered to be an independent Director in view of his independence of character and judgement. The Board supported the Nominations Committee's recommendation.

During the financial year the Nominations Committee considered and approved a number of recommendations from the management committees of LIP and LFP for new SIF employees and members, including details of the controlled functions that they will perform.

The Nominations Committee considered whether there was any need to appoint a Senior Independent Director and it was agreed to appoint Mike Bishop to the position on 19 June 2014.

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

### Glyn Hirsch

Chairman of the Nominations Committee  
18 June 2014

# Directors' Board Attendance Report

## Board and board committee membership and attendance

The number of Board and Board committee meetings attended by Directors in the year ended 31 March 2014 was as follows:

	Board <sup>1</sup>	Audit & Risk Committee	Remuneration Committee	Nominations Committee
<b>Total number of meetings during the year</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>2</b>
Adrian Collins	8*	–	–	2
John Ions	8	–	–	2
Vinay Abrol	9	–	–	–
Jonathan Hughes-Morgan	5	–	–	–
Alastair Barbour	8	5*	4	2
Mike Bishop	6	5	4	2
Glyn Hirsch	4	2	3*	1*

\* Chairman of the Board or Committee

<sup>1</sup> Of the 9 board meetings that took place during the year, 6 were scheduled meetings. The other 3 board meetings took place on short notice in relation to the acquisition of North Investment Partners Limited or were administrative in nature.

# Remuneration Report

## Introduction by the Chairman of the Remuneration Committee

### Dear shareholder,

On behalf of the Remuneration Committee (the "Committee"), I am pleased to present the Remuneration report for year ended 31 March 2014, which, in accordance with the new reporting regulations is split into two parts:

- Directors' remuneration policy - setting out the framework within which we operate and that will be subject to a binding vote; and
- Annual report on remuneration - outlining how our policy has been implemented in financial year ended 31 March 2014 and is intended to apply in financial year ending 31 March 2015, which will be subject to an advisory vote.

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

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

Over the past year the Group has continued the progress made in previous years in executing its business strategy, has more than doubled profitability (on an adjusted basis), increased assets under management by nearly 20% and increased dividends to shareholders. While recognising the rapidly changing environment from both a shareholder and regulatory perspective for executive pay in the UK, the Committee completed a review of executive annual base remuneration, bonus/variable allocation and long-term incentivisation the objectives of the review were to:-

- ensure that key executives critical to the execution of the strategy are appropriately retained and attracted to the business;
- ensure there is a strong link between reward and the Company's strategy and an equitable allocation of value between management and shareholders; and
- ensure that the remuneration structure contains all aspects of best practice where relevant; and
- ensure that Executive Directors had an appropriate level of shareholding to align their interests with those of shareholders.

The results of this review are described in greater detail later within the Directors' remuneration policy section, but can be summarised as:

- Salary/Fixed allocation to increase in line with inflation for the Executive Directors;
- Aggregate annual bonus and variable allocation pool for all employees and members including Executive Directors is to be normally capped no more than 20% of pre-bonus/variable allocation Adjusted Operating Profit; and
- No successor long-term incentivisation plan to the Liontrust Senior Incentive Plan ("LSIP"), under which the share options granted in February 2011 and vested in February 2014, to be put in place at the current time given the level of vesting of the historic LSIP grants and the deferral mechanisms in place linked to the annual bonus/variable allocation.

Remuneration of the Non-executive Directors of the Company, after a 5 year freeze, increased by 28% for the financial year ending 31 March 2015. The Committee has increased the base remuneration of the Executive Directors by 2% and has also approved cash bonuses and variable allocations

to the Executive Directors of between 29% and 106% of annual base remuneration, with an equivalent amount deferred into Ordinary shares of the Company, which vest after three years.

### Composition and attendance

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

- Glyn Hirsch (Chairman)
- Alastair Barbour
- Mike Bishop

The attendance record of members of the Committee during the year is shown in the table on page 32.

### Glyn Hirsch

Chairman of the Remuneration Committee  
18 June 2014

## Directors' remuneration policy

The Committee's objective is to ensure that the remuneration paid to senior executives is appropriate in both amount and structure, is directly linked to the Group's annual and longer-term performance and is in alignment with the interests of shareholders.

Liontrust's remuneration policy is designed to be market competitive in order to motivate, aid staff retention, improve individual and corporate performance and align employee/member behaviour with the interests of shareholders. The remuneration policy is, therefore, strongly linked to performance and corporate strategy.

Benchmarking data from comparable investment management businesses both in the quoted and private environment is used to ensure that total compensation is market competitive. Total cash (salary/fixed allocation plus annual cash bonus/variable allocation) and total compensation (total cash, deferred bonus/variable allocation plus long-term incentives) are targeted at between market median and upper quartile, with the actual level determined based on the performance of the individual and the Group.

The Committee has considered the Environmental, Social and Governance implications of the remuneration policy and is satisfied that it does not lead to irresponsible behaviour.

The Directors remuneration policy, which applies to Directors with effect from the 2014 Annual General Meeting, is based on the following key principles:

- the terms of the remuneration policy are applied consistently;
- alignment to effective risk management;
- the need to provide market competitive total compensation;
- differentiation by performance;
- an emphasis on variable, performance-driven remuneration to ensure affordability with base salary and fixed allocations generally at market median levels and bonus and variable allocation funded from retained profits;
- consistency with the FCA's Remuneration Code;
- alignment with shareholders' interests through long-term arrangements and significant and widespread share ownership; and
- clarity and consistency of process.

In setting Directors' remuneration, the Committee also takes into account the pay and membership/employment conditions of all the Group's members and employees. In particular, this includes considering the bonus/variable allocation pool split between all functions of the Group. The Chairman of the Committee will also consult with major shareholder in relation to any material changes to the remuneration policy and structure ahead of any changes.

## 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, with additional information provided in the sections following the table:

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Salary or Fixed allocations	To provide a satisfactory salary/fixed allocation within a total package comprising salary/fixed allocation and bonus/variable allocation. The level of salary/fixed allocation broadly reflects the value of the individual, their role, skills and experience. It is also designed to attract and retain talent in the market in which the individual is employed and/or a member.	Salaries and fixed allocations are reviewed annually effective in April taking account of market levels, corporate performance, individual performance and levels of increase for the broader employee/member population. Reference is made to median – upper quartile levels within the asset management sector.	There is no guaranteed or maximum annual increase. The Committee considers it important that base salary and fixed allocation increases are kept under tight control given the potential multiplier effect of such increases on future costs. The Committee will aim to keep salaries and fixed allocations in line with inflation.	Not applicable.
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-bonus/variable allocation Adjusted Operating Profit unless exceptional circumstances justify a higher level. 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, excluding the fund managers, participate and which is approved by the Committee each year. The actual level of annual bonus/variable allocation payment to the individual Executive Director take account of 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 shares.	Liontrust does not explicitly link incentive awards to a multiple of salary and/or fixed allocation or cap 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 but excluding the fund managers is normally capped no more than 20% of per-bonus/variable allocation Adjusted Operating Profit. This is to ensure that high performers can be rewarded in line with the market on a total cash (salary/fixed allocation plus bonus/variable allocation) basis. This also reduces the need to increase salaries/fixed allocations and thereby increase fixed costs.  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 encourages both excellent performance and prudent risk management.	Individual risk and compliance behaviour is also considered in detail for relevant roles and factored into the assessment of performance and the determination of the bonus/variable allocation amount payable. The Chief Operating Officer & Chief Financial Officer, who is responsible for risk and compliance at Board level, attends at least two Committee meetings each year to provide input on risk and compliance.  A clawback principle applies to the annual bonus and/or variable allocations. This enables the Committee to recoup annual bonus or variable allocations in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct of an individual.



Objective and Link to strategy		Operation	Maximum opportunity	Performance measures and assessment
Deferred Bonus and Variable Allocation Plan ("DBVAP")	The DBVAP provides a deferral element to annual bonuses and variable allocations above a certain level, to ensure a link to longer term performance and to align the interests of Executive Directors with shareholders.	<p>The DBVAP offers deferrals into awards over shares in the Company, to ensure alignment of future risk exposure between the Executive Directors and shareholders. Awards vest up to three years after the date of grant subject to a continuing employment and/or membership requirement.</p> <p>DBVAP awards are satisfied by market purchased Ordinary shares.</p>	<p>Awards under the DBVAP are compulsory and are calculated by the Committee on a formulaic basis such that a proportion of annual bonus or variable allocation (deferred amount is a minimum 50% and a maximum of 100% of the cash bonus/variable allocation).</p> <p>The maximum period of deferral is 3 years.</p>	<p>No further performance conditions apply to DBVAP awards as, in determining the original annual cash bonus or variable allocation amount, the Committee has been satisfied that performance objectives have been met.</p> <p>Clawback provisions apply during the deferral period in the event the recipient is a bad leaver.</p>
Share Incentive Plan ("SIP")	The SIP allows the Executive Directors to purchase shares (partnership shares) with a matching element (matching shares), to build up an interest in shares and increase alignment of interests with shareholders.	<p>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.</p> <p>In line with the normal operation of a SIP envisaged by HMRC, there are no performance conditions on matching shares.</p> <p>Matching shares are satisfied by market purchased Ordinary shares.</p>	<p>Up to a maximum of £1,800 per annum (or such amount as permitted by HMRC rules) to purchase shares which are matched by the Company on a 2-for-1 basis.</p> <p>Matching shares vest after three years.</p>	<p>No performance conditions apply.</p> <p>Clawback provisions apply on matching shares during the vesting period in the event the recipient is a bad leaver.</p>
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"> <li>• Private Medical Insurance;</li> <li>• Life Assurance;</li> <li>• Disability Assurance; and</li> <li>• access to an Employee/Member Assistance Programme</li> </ul> <p>Where relocation payments or allowances are paid it will be limited to 50% of salary/fixed allocation.</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.	Not applicable.
Pension	To provide competitive levels of retirement benefit.	<p>Executive Directors' pension contributions are made at percentage of salary/fixed allocation into the Liontrust Group Pension Plan.</p> <p>Executive Directors have the choice of taking an equivalent cash payment/fixed allocation in lieu of pension contributions.</p>	The Executive Directors' pension contribution or cash equivalent is capped at 15% of base salary/fixed allocation.	Not applicable.

Note, the Committee do not operate formal shareholding guidelines given the size of current shareholdings and/or vested option awards amongst the Executive Directors.

## Remuneration Report continued

### Non-executive Directors

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

	Objective and link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Non-executive Director fees	To provide a satisfactory level of Non-executive Director fees which is sufficient to attract individuals with appropriate knowledge and experience to review and support the implementation of the Group's strategy.	Non-executive Director fees are reviewed annually effective April. This is reflected in the policy of positioning Non-executive Director fees at, generally, around what the Executive Directors believe is median in the market for a company of similar size and complexity from the asset management sector. The Executive Directors are responsible for setting the remuneration of the Non-executive Directors. Non-executive Directors do not participate in any variable remuneration element, other than there being the flexibility to introduce additional Non-executive Director fee elements (e.g. Senior Independent Director fee, Committee Chairman fee, Committee member fee).	Non-executive Director fees capped at £150,000. Fee increases are determined by reference to individual responsibilities, inflation and an appropriate comparator group.	Not applicable.

### Fund manager remuneration

Elements of reward for fund manager remuneration are broadly similar to elements of reward for the Executive Directors, other than:

- Annual base remuneration for fund managers is capped at £150,000<sup>(1)</sup>. Fund managers also receive a share of a pool (the "Pool") that is calculated as a percentage of the net management and performance fees received by the Group in relation to funds and customer accounts that are managed by the relevant fund management team minus the annual base remuneration for the fund managers in the relevant fund management team.
- <sup>(1)</sup> For all fund managers except Anthony Cross and Julian Fosh, whose annual base remuneration will decrease to £150,000 with effect from December 2014, subject to certain conditions
- Fund managers do not participate in the DBVAP; and
- Fund managers who are members participate in the Liontrust Members Incentive Plan ("LMIP"). Further details of the LMIP are set out below.

The Pool is not treated as a bonus or variable allocation for the purposes of the calculation of the annual bonus or variable allocation pool for employees and members, including the Executive Directors, but excluding the fund managers.

### Other member and employee remuneration

Elements of reward for other member and employee remuneration is broadly similar to elements of reward for the Executive Directors, other than:

- The Maximum Opportunity for salary or fixed allocations increases for other members and employees is not capped;
- Other members and employees do not participate in the DBVAP;
- Members participate in the Liontrust Members Incentive Plan ("LMIP"). Further details of the LMIP are set out in pages below; and

- Employees participate in the Liontrust Option Plan ("LOP"), which is an HMRC approved Company Share Option Plan and the all-employee Liontrust Share Incentive Plan. Further details of the LOP are set out below.

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
LMIP	The LMIP is intended to provide long-term reward, incentivise strong performance and retain the members of Liontrust Fund Partners LLP and Liontrust Investment Partners LLP, but excluding the Executive Directors. Vesting will be subject to a continuing membership requirement and performance conditions which are linked to the Company's strategy/KPIs.	<p>The LMIP Awards will vest three years after the date of grant subject to continued membership and the achievement of share price targets.</p> <p>LMIP awards are satisfied by new Ordinary shares and/or market purchased Ordinary shares and/or Ordinary shares held in treasury shares and/or cash.</p>	The total value of the LMIP Award pool, which is the equivalent in value to the maximum number of Ordinary shares that may be issued in relation to outstanding LMIP Awards (i.e. the aggregate of vested and unvested) is limited to 4.5 million Ordinary shares.	<p>A calculation will be performed after three years to determine the 30 day market average price prior to the test date to determine the proportion of the LMIP Award that vests.</p> <p>Awards will be vest as follows share price targets ("SPT"):</p> <ul style="list-style-type: none"> <li>• SPT of xp, 25% vested</li> <li>• SPT of yp, 75% vested and</li> <li>• SPT of zp, 100% vested</li> </ul> <p>For LMIP Awards in the financial year; x equals 225, y equals 250 and z equals 275. For Incentive Capital Interests awarded in previous financial years; x equals 125, y equals 150 and z equals 175<sup>(1)</sup>.</p> <p>Or where the recipients are fund managers, the LMIP awards may also be subject to team assets under management targets, which will operate in a similar way to the SPT's<sup>(2)</sup>.</p> <p>Not applicable<sup>(3)</sup>.</p>
LOP	The LOP is intended to provide long-term reward, incentivise strong performance and retain the employees of the Company, but excluding the Executive Directors. Vesting will be subject to a continuing employment requirement.	<p>The LOP Awards will vest three years after the date of grant subject to continued employment.</p> <p>LOP Awards are satisfied by market purchased Ordinary shares.</p>	The LOP provides for the granting of options up to a market value limit of £30,000 to each individual employee on the date of grant.	

<sup>(1)</sup> The rationale behind the selection of an absolute share price target as the principal performance measure for the LMIP is that:

- the Committee considers that share price growth is a transparent and accurate measure of the Company's performance at this time;
- it is a measure that is comprehensively understood by the LMIP award recipients and focuses them on maximising shareholder value; and
- a share price target ensures that LMIP award recipients only derive value from the LMIP where significant value is generated for shareholders.

In the opinion of the Committee, the chosen performance measures are challenging for the LMIP award recipients.

<sup>(2)</sup> The rationale behind the selection of an assets under management ("AuM") target as the principal and/or secondary performance measure for the LMIP for fund manager recipients is that:

- the Committee considers that fund management team AuM growth is a transparent and accurate measure of a fund management team's performance at this time;
- it is a measure that is comprehensively understood by the fund manager LMIP award recipients and focuses them on maximising team AuM, which in turn maximises returns to shareholder value; and
- an AuM target ensures that fund manager LMIP award recipients only derive value from the LMIP where significant value is generated for shareholders.

In the opinion of the Committee, the chosen performance measures are challenging for the LMIP award recipients.

<sup>(3)</sup> The rationale behind not having a performance condition on LOP Awards is that these are market priced options and the recipients only derive value from the LOP where value is generated for shareholders.

## Remuneration Report continued

### Changes to remuneration policy from previous policy

The only change since the last remuneration policy has been the inclusion of an inflation cap under Maximum Opportunity for salary or fixed allocation remuneration.

There have been no changes to the operation, maximum or performance measures in relation to the bonus or variable allocation, deferred bonus or variable allocation, long term incentive, pension or other benefits from previous policy.

### **Approach to recruitment remuneration**

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role. Our principle is that the pay of any new recruit would be assessed following

the same principles as for the Executive Directors and the policy previously summarised, unless specific circumstances arises that the Committee deems as appropriate, to secure a desired candidate accompanied by a clear business case.

The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and is cognisant of guidelines and shareholder sentiment regarding one-off or enhanced short- or long-term incentive payments made on recruitment and the appropriateness of any performance conditions associated with an award.

Element	Policy
<b>Salary/fixed allocation/fees and benefits</b>	Executive Directors will be provided with a satisfactory salary and/or fixed allocation or fee level within a total package. Performance-related components and certain benefits for Executive Directors are calculated by reference to salary/fixed allocation/fee. The level of salary/fixed allocation/fee broadly reflects the value of the individual, their role, skills and experience. Executive Directors shall be eligible to receive benefits in line with the Group's benefits policy as set out in the remuneration policy table.
<b>Pension</b>	Executive Directors will be provided with post-retirement pension benefits or cash alternative in line with the Group's pension policy as set out in the remuneration policy table.
<b>Annual bonus/variable allocation</b>	Executive Directors will be eligible to participate in the annual bonus/variable allocation arrangements as set out in the remuneration policy table.
<b>Sign-on payments/recruitment rewards</b>	It is not the Committee's policy to provide sign-on payments other than in exceptional circumstances.  Where signing-on payments/recruitment rewards are paid it will be limited to 100% of base salary/fixed allocation. The Committee will also seek to structure any replacement awards such that overall they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. In determining quantum and structure of these commitments, the Committee will seek to replicate the fair value and, as far as practicable, the timing and performance requirements of remuneration foregone if considered appropriate. The Committee may determine in its absolute discretion on whether such awards will be made in cash, shares or a combination of both.
<b>Relocation policies</b>	It is the Committee's policy to avoid relocation payments or allowances other than in exceptional circumstances.  Where relocation payments or allowances are paid it will be limited to 50% of base salary/fixed allocation.

### **Service contracts and payment for loss of office**

The Directors' employment contracts or letters of appointment or limited liability partnership membership agreements/side letters are as follows:

Director	Type of contract	Date of contract	Unexpired term	Notice period by the Company/Group entity or Director
<b>Executive Director</b>				
Adrian Collins	Employee	31 December 2010	N/A	6 months
John Ions	Member	8 July 2010	N/A	6 months
	Employee	24 January 2014	N/A	6 months
Vinay Abrol	Member	8 July 2010	N/A	12 months
	Employee	24 January 2014	N/A	12 months
Jonathan Hughes-Morgan	Member	30 September 2011	N/A	6 months
	Employee	24 January 2014	N/A	
<b>Non-executive Directors</b>				
Alastair Barbour	Letter of Appointment	1 April 2011	N/A	3 months
Mike Bishop	Letter of Appointment	1 May 2011	N/A	3 months
Glyn Hirsch	Letter of Appointment	13 December 2011	N/A	3 months



None of the Directors' employment contracts or letters of appointment or limited liability partnership membership agreements/side letters contains provisions for compensation for loss of office. The Group's policy on compensation for loss of office is set out below:

Element	Approach	Discretion
Salary, fixed allocation, benefits and pension	In the event of loss of office, there will be no compensation in respect of base salary or fixed allocation, benefits or pension.	The Committee has absolute discretion to determine that, if appropriate, a payment in lieu of notice may be made, if it in the best interest of the Group.
Annual bonus and variable allocation	Where an Executive Director's employment or membership is terminated after the end of a performance year but before the payment is made, the Executive Director may be eligible for a bonus/variable allocation for that performance year subject to an assessment based on performance achieved over the period. No bonus or variable allocation will be made in the event of gross misconduct.  Where an Executive Director's employment or membership is terminated during a performance year, a pro-rata award/allocation for the period worked in that performance year may be payable subject to an assessment based on performance achieved over the period and provided the individual is a 'good leaver'. If a good leaver, any bonus under deferral into shares will also vest in full.	The Committee has absolute discretion to determine that the reason for termination is classified in the same manner as those described as a 'good leaver'.
Change of Control	All unvested DBVAP awards will vest on a change of control.	None.
Other contractual obligations	There are no other contractual provisions agreed prior to 27 <sup>th</sup> June 2012.	None.

In addition the Committee reserves the right to make additional exit payments where such payments are made in good faith:

- ✓ in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or
- ✓ by way of settlement or compromise of any claim arising in connection with the termination of a Directors' office or employment or membership.

The Directors' employment contracts or letters of appointment or limited liability partnership membership agreements/side letters are available for inspection at 2 Savoy Court, London WC2R 0EZ.

#### Remuneration Committee discretion

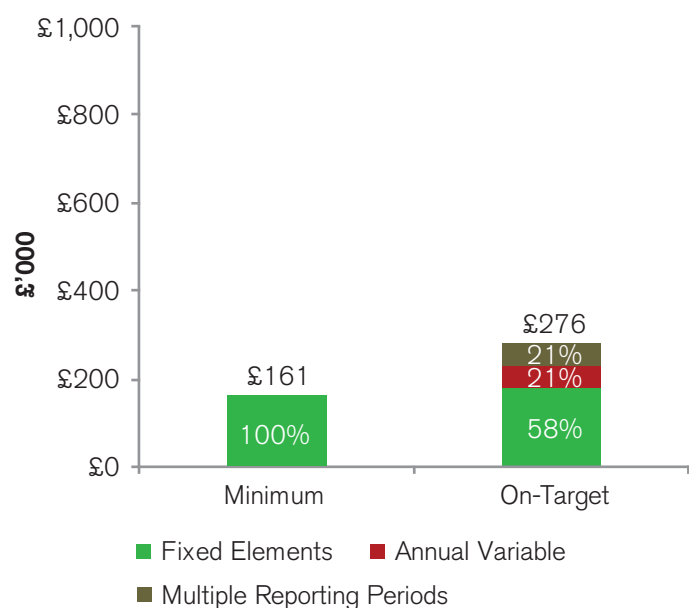
The Committee reserves the right to make any remuneration payments and payments for loss of office, including the ability to exercise any discretion available to it in connection with such payments, notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (i) before the policy came into effect; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes "payments" includes the Company satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the

time the award is granted. This includes awards granted under the DBVAP, LSIP, LMIP and LOP. The Committee also reserves the right to make any remuneration payments not in line with the policy set out above where such payments are, in the opinion of the Committee, necessary following any future changes in regulatory requirements. Should such a situation arise, we would engage with shareholders prior to any changes being made. The Committee also retains the discretion to determine that DBVAP, LSIP and any other long-term awards be settled in cash or adjusted to reflect any distributions or variations of share capital between the relevant grant and vesting date of such awards.

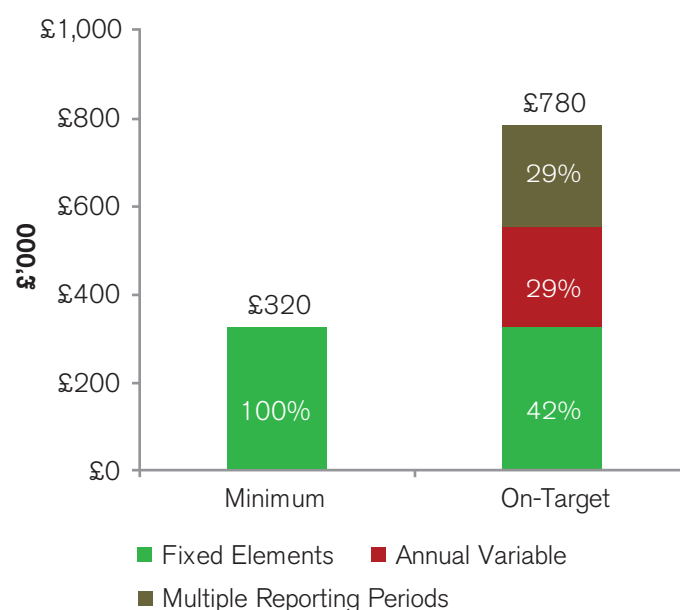
#### Executive Director pay modelling scenarios

Liontrust's remuneration policy provides for a significant proportion of total remuneration for Executive Directors being delivered in the form of variable remuneration, dependent upon Liontrust's performance. The scenario chart overleaf shows the minimum (fixed) remuneration for each Executive Director in their respective roles. The annual fixed remuneration is compared against their actual remuneration for financial year ended 31 March 2014, as set out in the Single total figure table in the Annual report on remuneration. It is not possible to show maximum total remuneration illustrations in the chart due to the structure of Liontrust's remuneration policy whereby capping of the bonus/variable allocation is achieved by way of a cap on the pre-bonus/variable allocation Adjusted Operating Profit.

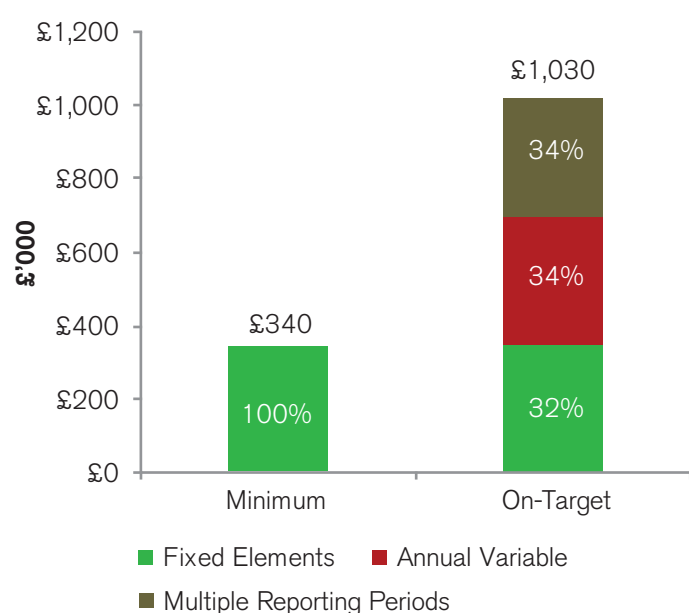
## Adrian Collins



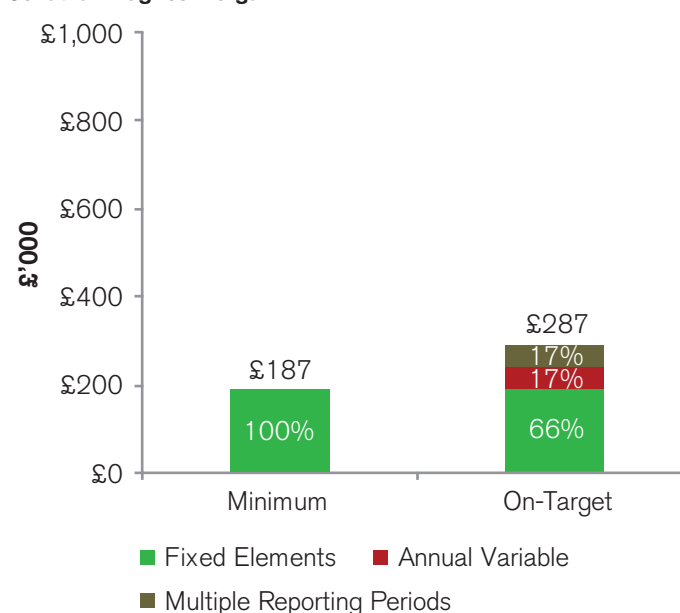
## Vinay Abrol



## John Ions



## Jonathan Hughes-Morgan



### Consideration of employment/member conditions elsewhere in the Group in developing policy

Employment and membership conditions within the Group were considered by the Committee to ensure that that, where possible, there is consistency in terms of approach for each of the elements of reward. However, the Committee has not formally consulted with employees and members in drawing up this policy.

### Compliance with the FCA Remuneration Code

The Committee regularly reviews its remuneration policies to ensure compliance with the principles of the Remuneration Code of the UK financial services regulator as applicable to the Company. The remuneration policy is designed to be consistent with the prudent management of risk, and the sustained long-term performance of the Company. The Chief Operating

Officer & Chief Financial Officer, who is responsible for Risk at Board level, is involved in reviewing the remuneration policy and practice to ensure that it is aligned with sound risk management, and keeps the Committee informed of the Group's risk profile so that this can be taken into account in remuneration decisions.

### Consideration of shareholder views

The Committee has consulted with the Company's largest shareholder, and has taken their views into account in the formulation of this policy, in particular in relation to future increases in salary/fixed allocations for the Executive Directors, level of total bonus/variable allocation for Executive Directors, the percentage of total bonus/variable allocation that is deferred into Ordinary shares and long term incentivisation plans.

## Annual report on remuneration

### Implementation

In the financial year to 31 March 2014, the Committee met four times and discussed, amongst other things, the subjects described below:

- Approval of the 2013 Remuneration Report;
- Review of Liontrust's remuneration policy statement;
- Review FCA's guidance paper on the risks to Customers from Financial incentives;
- Approval of Director, employee and member appraisal process for the financial year ended 31 March 2014;
- Review and approval of the fixed allocations and salaries for the Executive Directors (including the Chairman) for the financial year ending 31 March 2014;
- Review and approval of the variable allocations and bonus for the Executive Directors (including the Executive Chairman) for the financial year ending 31 March 2013;
- Review implications of HMRC's proposals on the taxation of members of limited liability partnerships and IR35 changes relating to directors paid for their services via a company or limited liability partnerships;
- Approval of the Deferred Bonus and Variable Allocation Plan, and the implementation of this plan in relation to bonuses and variable allocations for the Executive Directors for the financial year ending 31 March 2013;
- Review and approval of the fixed allocations, salaries, variable allocation and bonuses for members and employees for the financial year ended 31 March 2014 (for fixed allocations and salaries) and for the year ending 31 March 2013 (for variable allocations and bonuses); and
- Approval of allocations under the Liontrust Membership Incentive Plan and the purchase of incentive capital interests from members.

The Board itself determines the remuneration of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to his own position. After having imposed a five year base remuneration freeze, the Board has increased base remuneration by 28% for the Non-executive Directors for the financial year ending 31 March 2015.

The Committee has increased the base remuneration of the Executive Directors by 2% and has also approved bonuses and variable allocations to the Executive Directors of between 57% and 212% of annual base

remuneration, of which 50% has been deferred into Ordinary shares of the Company, and based on an assessment of the following key performance indicators:

- Strategic goals - successful expansion into Multi-Asset, increase in assets under management of nearly 20% over the year and strong net inflow, which included January to March 2014 quarter being the best quarter for UK Retail fund flows for 10 years;
- Financial goals - Adjusted profit before tax grew by over 120% and revenues by nearly 40%. Interim dividend re-introduced;
- Share price performance - share price up 44% over the financial year;
- Personal goals; and
- Overall corporate performance.

Bonus and variable allocations for the financial year ending 31 March 2015 will be based on similar criteria and would be determined by the Committee taking into account overall financial performance.

The annual base remuneration for each of the Directors for the financial year ending 31 March 2014, increase compared to the current year and annualised increase over five years is as follows:

Director	Salary (for employees), Fixed Allocations (for members) and Fees for the year ending 31 March 2015 (£)	Increase compared to the previous year (%)
Adrian Collins	153,000	2
John Ions	331,500	2
Vinay Abrol	312,100	2
Jonathan Hughes-Morgan	178,500	2
Alastair Barbour	35,000	28
Mike Bishop	35,000	28
Glyn Hirsch <sup>(1)</sup>	nil	n/a

<sup>(1)</sup> With effect from 13 December 2012, Glyn Hirsch has agreed to waive his Directors fees.

No payments to past directors nor payments for loss of office were made during the financial year ended 31 March 2014.

# Remuneration Report continued

## Single total figure for remuneration

Executive Directors (audited information)

	Adrian Collins		John Ions		Vinay Abrol		Jonathan Hughes-Morgan	
	Year to 31 March		Year to 31 March		Year to 31 March		Year to 31 March	
	2014	2013	2014	2013	2014	2013	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base salary/Fixed allocation	150	150	325	250	306	250	175	150
Benefits in kind <sup>(1)</sup>	3	4	3	3	3	3	3	3
Pension/allowance in lieu	5	1	5	1	5	1	5	1
Cash bonus/Variable allocation	58	50	345	300	230	200	50	65
DBVAP <sup>(2)</sup>	58	25	345	150	230	100	50	33
LSIP awards vesting <sup>(3)</sup>	692	823	1,245	1,482	138	165	–	–
SIP matching shares <sup>(4)</sup>	3	–	3	–	3	–	3	–
<b>Total</b>	<b>969</b>	<b>1,053</b>	<b>2,271</b>	<b>2,186</b>	<b>915</b>	<b>719</b>	<b>286</b>	<b>252</b>

<sup>(1)</sup> Benefits in kind comprise private medical insurance.

<sup>(2)</sup> Deferred bonus (for employees) or Variable allocations (for members) to be linked to the performance of Ordinary shares of the Company and deferred over the period 1 April 2014 to 31 March 2017 for awards in the financial year ended 31 March 2014 (2013: 1 April 2013 to 31 March 2016). For the year ended 31 March 2014, 100% of the Cash bonus/Variable allocation has been deferred (2013: 50%).

<sup>(3)</sup> Option awards vesting under the Liontrust Senior Incentive Plan (Adrian Collins, John Ions and Vinay Abrol on 1 February 2014). Awards under the Liontrust Senior Incentive Plan were granted on a one-off basis on 1 February 2011 and were front loaded as part of the Company's turnaround plan. The amounts shown above represent annualised amounts for comparability with standard long-term incentive awards which are usually granted annually. The value of vested options which is £2,470,000, £4,446,000 and £494,000 for Adrian Collins, John Ions and Vinay Abrol respectively, has been calculated based on the closing share price on 31 January 2014, the business day prior to the vesting day, which was 1 February 2014. If included on vesting, and not annualised, the total remuneration (consisting of salary/fixed allocation, bonus/variable allocation, benefits in kind, pension and share awards) for Adrian Collins, John Ions and Vinay Abrol would be £2,746,000, £5,472,000 and £1,271,000 for the financial year ended 31 March 2014 and £230,000, £704,000 and £554,000 for the financial year ended 31 March 2013, respectively.

<sup>(4)</sup> Matching shares granted under the Liontrust Share Incentive Plan (Adrian Collins, John Ions, Vinay Abrol and Jonathan Hughes-Morgan on 25 March 2014). For matching shares, the value has been calculated based on the closing bid share price on the business day prior to the allocation of the matching shares plus one quarter of the difference between closing bid and closing offer on the same day, which was 25 March 2014.

### Performance condition testing for 2011 LSIP award, vesting 1 February 2014

Adrian Collins, John Ions and Vinay Abrol hold LSIP awards which vested on 1 February 2014, subject to performance conditions. The performance conditions have been tested and performance against those conditions and the associated level of vesting is outlined below:

Performance condition	Performance against the condition over the performance period	Proportion of award vesting	Options over shares vesting
<b>Share price target</b> Awards will be vest as follows share price targets ("SPT"): <ul style="list-style-type: none"> <li>SPT of 125p, 25% vest;</li> <li>SPT of 150p, 75% vest; and</li> <li>SPT of 175p, 100% vest.</li> </ul> Straight line vesting between SPT's.  Share price calculated as the 30 business day average of the closing share price prior to the end of the three year performance period.	Over the three year performance period Liontrust's share price grew by 185.5%, or 47.9% on an annualised basis.	Liontrust's 30 business day average share price to the end of the three year performance period exceeded 175p.  This equates to 100% vesting.	Adrian Collins: 900,000 John Ions: 1,800,000 Vinay Abrol: 200,000
<b>Continuity of employment and share price condition</b> Awards will be subject to a continuity of employment test over the three year performance period and at the end of the three year performance period the share price must exceed the share price on the date of grant.	Over the three year performance period Liontrust's share price grew by 185.5%, or 47.9% on an annualised basis.	Adrian Collins remained in employment throughout the three year performance period and the share price at the end of the three year performance period exceeded 86.5p.  This equates to 100% vesting.	Adrian Collins: 100,000

The Committee did not exercise any discretion in relation to the vesting of the 2011 LSIP awards.

Non-executive Directors (audited information)

	Alastair Barbour		Mike Bishop		Glyn Hirsch	
	Year to 31 March		Year to 31 March		Year to 31 March	
	2014	2013	2014	2013	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000
Basic fee	27	27	27	27	–	–
Other consultancy fees	–	–	–	–	28	28
<b>Total</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>28</b>

**Directors' shareholdings (audited information)**

The interests of the Directors and their families in the share capital of the Company at 31 March 2014 were as follows:

	Ordinary shares	Unvested Ordinary shares	Total Ordinary shares	Vested but unexercised option at	Unvested options subject to performance conditions	Unvested options not subject to performance conditions	Total options over Ordinary shares
<b>Executive Directors</b>							
Adrian Collins	638	1,276	1,914	1,000,000	–	13,623	1,013,623
John Ions <sup>(1)</sup>	336,017	60,422	396,439	2,000,000	–	–	2,000,000
Vinay Abrol <sup>(1)</sup>	676,394	40,878	717,272	200,000	–	–	200,000
Jonathan Hughes-Morgan	2,136,381	13,651	2,150,032	–	–	–	–
<b>Non-executive Directors</b>							
Alastair Barbour	32,000	–	32,000	–	–	–	–
Mike Bishop	25,106	–	25,106	–	–	–	–
Glyn Hirsch	8,000	–	8,000	–	–	–	–

<sup>(1)</sup> Includes connected persons' holding

No options were exercised in the year ended 31 March 2014.

There were the following changes to the Directors' interests between 1 April 2014 and 18 June 2014: Adrian Collins, John Ions and Vinay Abrol each purchased 684 additional Ordinary shares and were each allocated 1,368 unvested Ordinary shares.

**Share awards (audited information)**

DBVAP share options and shares

Director	Financial year ended 31 March	Face value (£'000)	Share price used to determine the grant or award (pence)	Options granted	Shares awarded	Number of shares/options held at 31 March 2014	Exercise price (pence)	Issue date
Adrian Collins	2014 (in respect of 2013)	25	183.5	13,623	–	13,623	1.0	21 June 2013
John Ions	2014 (in respect of 2013)	150	192.5	–	59,146	59,146	n/a	19 June 2013
Vinay Abrol	2014 (in respect of 2013)	100	192.5	–	39,602	39,602	n/a	19 June 2013
Jonathan Hughes-Morgan	2014 (in respect of 2013)	33	192.5	–	12,375	12,375	n/a	19 June 2013

<sup>(1)</sup> Face value of the share or option award is equivalent to one third of the total bonus/variable allocation for the financial year ended 31 March 2013. The options granted or shares awarded are calculated as the face value divided by the share price used to determine the grant or award;

<sup>(2)</sup> Share options issued under the DVBAP, exercisable 21 June 2016 and 20 June 2023;

<sup>(3)</sup> Share held vest 19 June 2016;

<sup>(4)</sup> No performance measures are attached to options granted or shares awarded under the DBVAP, although clawback provisions apply, see Directors' remuneration policy table for further details; and

<sup>(5)</sup> Exercise price for options granted is 1p.



# Remuneration Report continued

## SIP shares

Director	Grant date	Awards granted during the year			Awards held at the end of the year	
		Face value	Price used to determine number of shares	Number of shares	Number of shares	Earliest vesting date
Adrian Collins	25 March 2014	£3,000	235p	1,276	1,276	25 March 2017
John Ions	25 March 2014	£3,000	235p	1,276	1,276	25 March 2017
Vinay Abrol	25 March 2014	£3,000	235p	1,276	1,276	25 March 2017
Jonathan Hughes-Morgan	25 March 2014	£3,000	235p	1,276	1,276	25 March 2017

<sup>(1)</sup> Price calculated as a quarter up from the previous business day's share price (i.e. closing bid price plus one quarter of the difference between the closing bid price and the closing offer price); and

<sup>(2)</sup> The vesting of shares awarded are not subject to any performance condition, but are subject to clawback provisions, see *Directors' remuneration policy table for further details*.

## Pensions

All individual members (including Executive Directors) are eligible to receive additional fixed allocation of £416.67 per month in lieu of pension contributions.

## Dilution and employee benefit trust

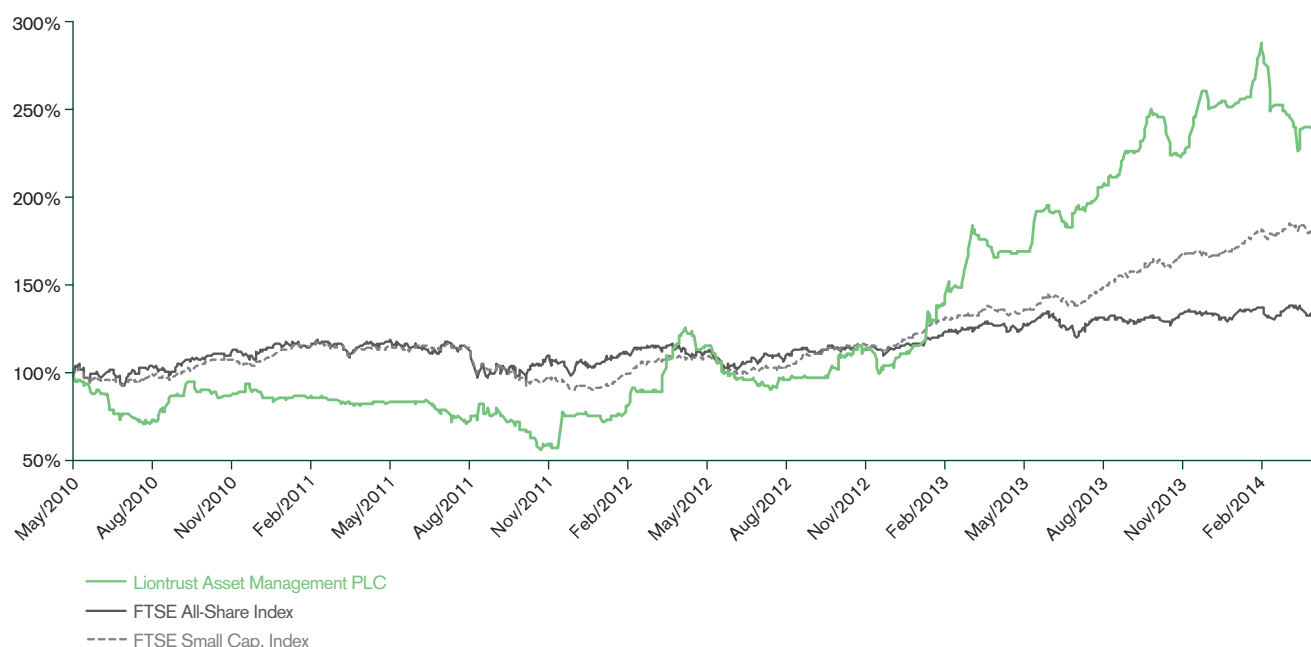
Our policy regarding dilution from employee share awards and member incentivisation has been, and will continue to be, to ensure that dilution will be no more than 10% in any rolling 10 year period.

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

## Pay versus performance

### Share price performance

The graph below illustrates the performance of the Group, based on total shareholder returns, compared to three indices:



The indices were chosen as follows:

- The FTSE All-Share Index, so as to put the Group's performance into the context of the UK stock market's best known index;
- The FTSE Small Cap. Index, so as to put the Group's performance into the context of similar sized companies.
- The General Financial sub-sector of the FTSE All-Share Index, so as to put the Group's performance into the context of its peer group of financial services companies.

#### Table of historic levels of Chief Executive remuneration

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

Year ended 31 March	Name	Single figure of total remuneration (£'000)	Long term incentive vesting rates (as % maximum opportunity)
2014	John Ions	2,271	100%
2013	John Ions	2,186	Not applicable
2012	John Ions	1,891	Not applicable
2011	John Ions/ Nigel Legge <sup>(1)</sup>	659	Not applicable
2010	Nigel Legge	445	Not applicable

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

#### Percentage change in Chief Executive's remuneration

The percentage change in the Chief Executive's pay (defined for these purposes as salary, fixed allocation, taxable benefits, cash bonus and DBVAP awards in respect of the relevant year) between the year ended 31 March 2014 and the

prior year and the same information, on an averaged basis, for all employees and members (excluding the Executive Directors) is shown in the table below:

	Chief Executive percentage change year ended 31 March 2013 to 2014	Employees and Members year ended 31 March 2013 to 2014
Base salary/Fixed allocation	30%	3%
Benefits <sup>(1)</sup>	100%	108%
Bonus/Variable allocation <sup>(2)</sup>	53%	10%

<sup>(1)</sup> Benefits comprise private medical insurance and pension contributions.

The increase of 100% and 108% reflects the re-introduction of pension contributions/additional fixed allocations in January 2013.

<sup>(2)</sup> Includes the DBVAP.

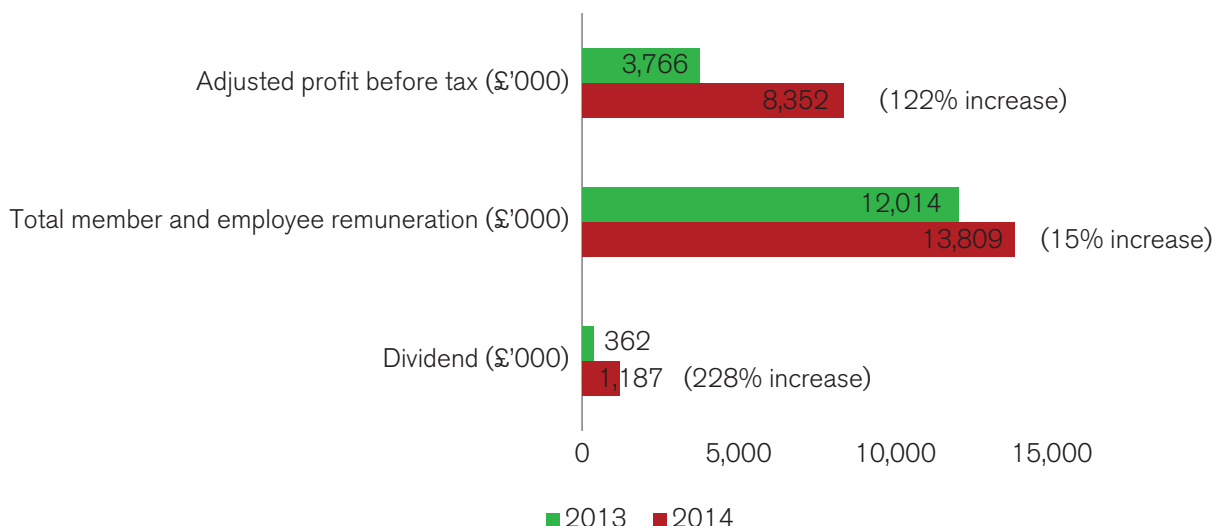
The table below shows the advisory vote on the 2013 Directors' Remuneration Report at the Annual General Meeting held on 10 September 2013.

	Votes for	%	Votes Against	%	Votes withheld
2013 Remuneration Report	27,597,874	99.4	175,972	0.6	Nil

Please note that the first votes on the Annual report on remuneration and the Director's remuneration policy are due to take place at the 2014 Annual General Meeting.

#### Relative importance of spend on pay

The following chart shows the Group's adjusted profit after tax, total member and employee remuneration and dividends declared on Ordinary shares for the financial year ended 31 March 2014 and 31 March 2013.



#### Advisers

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

In the performance of its duties, the Committee is able to seek assistance from external advisers. However, during the year ended 31 March 2014 no external advisers were appointed by the Committee.

#### Best practice

The Committee believes that the Group has complied with the new Directors' remuneration report regulations issued by the United Kingdom Department for Business, Innovation and Skills, Schedule B of the Code and has given

full consideration to Schedule A of the Code in formulating the remuneration packages of the Executive Directors and other senior members of the Group.

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

The Chairman of the Committee will attend the 2014 Annual General Meeting and will be available to answer Shareholders' questions regarding remuneration.

#### Glyn Hirsch

Chairman of the Remuneration Committee  
18 June 2014

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\*Source: Bloomberg and Liontrust, Asia Pacific as at 20.01.2014. This advertisement has been issued by Liontrust Fund Partners LLP, which is authorised and regulated by the Financial Conduct Authority. The KIID that is published and available on [www.liontrust.co.uk](http://www.liontrust.co.uk) contains important information which should be read before investing in any Liontrust fund. The registered office is 2 Savoy Court, London WC2R 0EZ.

## Macro Eq Income

Macro-Thematic analysis offers  
to identify asymmetries of information  
generate strong long-term investment

## Asia Income

40% of FTSE World Index stocks  
yielding over 3% are in Asia Pacific

## Global Income

Cash flow is a critical component of  
dividend paying ability and a fundamental  
building block of long-term growth

- Do remember that the value of an investment and income from it can fall as well as rise and you may not get back the amount originally invested.
- If you have any doubts about the suitability of an investment, please consult a financial adviser.
- Past performance is not a guide to future performance.

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# Financial statements

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# Independent Auditors' Report to the members of Liontrust Asset Management PLC

## Report on the Group financial statements

### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's affairs as at 31 March 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say in the remainder of this report.

### What we have audited

The Group financial statements (the "financial statements"), which are prepared by Liontrust Asset Management Plc, comprise:

- the Consolidated Balance Sheet as at 31 March 2014;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report and Financial Statements (the "Annual Report"), rather than in the Notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Overview of our audit approach

#### Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £283,000. This represents approximately 1% of total revenue. We have selected total revenue as our benchmark as we believe it represents an important performance measure given the Group's circumstances.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £14,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

#### Overview of the scope of the audit

The Group is structured along a single business line being investment management. The Group financial statements are a consolidation of the Company and eight subsidiary entities, comprising the Group's operating businesses.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed over the Company and each of the subsidiaries by us, as the Group engagement team, and also as auditors for each of the subsidiaries to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. Accordingly, of the Group's eight subsidiary entities, we identified five which, in our view, required an audit of their complete financial information in addition to the audit of the Company itself.

Three of these entities, Liontrust Investment Partners LLP, Liontrust Fund Partners LLP and Liontrust Investment Solutions Limited, due to their size were regarded as financially significant to the Group as a whole. A further two entities, Liontrust Investment Funds Limited and Liontrust Investment Services Limited were selected as there are a number of balances within these companies that are material to the Group financial statements. The work performed on the Company and the five subsidiaries listed above gave us the evidence we needed for our opinion on the Group financial statements as a whole.

#### Areas of particular audit focus

In preparing the financial statements, the Directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We primarily focused our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit & Risk Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out in the Audit & Risk Committee Report.



Area of focus	How the scope of our audit addressed the area of focus
<p><i>Revenue recognition</i></p> <p>ISAs (UK &amp; Ireland) presume that there is a risk of fraud in revenue recognition because of the pressure management may feel under to achieve the planned results due to the focus on revenue by the market.</p> <p>In addition, the value of bonuses and other long-term incentive schemes is linked to revenue measures which could provide additional pressure on management to achieve the planned results.</p> <p>There may therefore be an incentive for management to manipulate the results.</p> <p>We therefore considered that the risk of fraud in revenue recognition was heightened where there was judgement applied in the calculation or recognition of revenue or the process for recording revenue was manual.</p>	<p>We understood, evaluated and tested the operating effectiveness of controls in place around key revenue streams, including relevant Information Technology systems and controls. This extended to both in-house and outsourced activities. The calculation of the Unit Trust Management Fee income, constituting the majority of the Group's revenue, is outsourced to a third party provider. To obtain evidence over the key outsourced functions supporting the calculation of revenue, we obtained and assessed independent reports on the design and operating effectiveness of controls at this third party.</p> <p>We performed tests over manual journals posted to revenue with a focus on those that we assessed to be unusual or irregular journal postings.</p> <p>We considered processes involving manual calculations performed by management where the ability to manipulate revenue transactions had been identified. In doing so, we focussed on performance fee revenue however; no performance fee revenue was earned during the year.</p>
<p><i>Risk of management override of internal controls</i></p> <p>ISAs (UK &amp; Ireland) require that we consider this because management is in a unique position to perpetrate fraud as a result of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>We understood and evaluated the controls surrounding journal entries and significant judgemental items.</p> <p>We tested a sample of manual journal entries recorded in the general ledger and other adjustments made by management in the preparation of the financial statements.</p> <p>We further considered whether there was evidence of bias by the directors in the significant accounting estimates and judgements relevant to the financial statements.</p> <p>For transactions identified as being outside of the normal course of business or that otherwise appeared to be unusual, we evaluated whether the rationale (or the lack thereof) suggested that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.</p> <p>We also built in an element of unpredictability into our detailed testing.</p>
<p><b>Going concern</b></p> <p>Under the Listing Rules we are required to review the Directors' statement, set out on page 21, in relation to going concern. We have nothing to report having performed our review.</p> <p>As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.</p>	<p>However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.</p> <p>Opinion on other matter prescribed by the Companies Act 2006</p> <p>In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p>

# Independent Auditors' Report to the members of Liontrust Asset Management PLC continued

## Other matters on which we are required to report by exception

### Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the parent Company's compliance with nine provisions of the UK Corporate Governance Code ("the Code"). We have nothing to report having performed our review.

On page 23 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy. On page 29, as required by C.3.8 of the Code, the Audit & Risk Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the Directors is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit & Risk Committee does not appropriately address matters communicated by us to the Audit & Risk Committee.

We have no exceptions to report arising from this responsibility.

## Other information in the Annual Report

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other matter

We have reported separately on the parent company financial statements of Liontrust Asset Management Plc for the year ended 31 March 2014 and on the information in the Directors' Remuneration Report that is described as having been audited.

### Sally Cosgrove (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
18 June 2014

# Consolidated Statement of Comprehensive Income

for the year ended 31 March 2014

	Notes	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Revenue	4	28,459	20,446
Cost of sales	4	(87)	(105)
<b>Gross profit</b>		<b>28,372</b>	<b>20,341</b>
Realised loss on sale of financial assets		–	(6)
Administration expenses	5	(24,636)	(24,051)
<b>Operating profit/(loss)</b>	6	<b>3,736</b>	<b>(3,716)</b>
Interest receivable	8	23	9
Interest payable	8	(81)	(228)
<b>Profit/(loss) before tax</b>		<b>3,678</b>	<b>(3,935)</b>
Taxation	9	(1,208)	(19)
<b>Profit/(loss) for the year</b>		<b>2,470</b>	<b>(3,954)</b>
<b>Other comprehensive income:</b>			
Gain on financial assets net of tax		–	(6)
Realised gain on sale of financial assets taken to the statement of comprehensive income		–	6
Other Comprehensive income for the year, net of tax		–	–
<b>Total comprehensive income</b>		<b>2,470</b>	<b>(3,954)</b>
		<b>Pence</b>	<b>Pence</b>
<b>Earnings per share</b>			
Basic earnings per share	10	6.57	(11.20)
Diluted earnings per share	10	5.85	(11.20)

The Notes on pages 55 to 72 form an integral part of these consolidated financial statements.

# Consolidated Balance Sheet

as at 31 March 2014

	Notes	31-Mar-14 £'000	31-Mar-13 £'000
<b>Assets</b>			
<b>Non current assets</b>			
Intangible assets	11	7,446	10,098
Property, plant and equipment	13	265	184
Deferred tax assets	14	1,228	1,757
		<b>8,939</b>	<b>12,039</b>
<b>Current assets</b>			
Trade and other receivables	15	31,328	31,123
Financial assets	16	703	131
Cash and cash equivalents		15,273	10,483
<b>Total Current assets</b>		<b>47,304</b>	<b>41,737</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Convertible unsecured loan stock - Loan component		–	(2,621)
		<b>–</b>	<b>(2,621)</b>
<b>Current liabilities</b>			
Trade and other payables	18	(34,645)	(33,994)
Corporation tax payable		(670)	–
<b>Total Current liabilities</b>		<b>(35,315)</b>	<b>(33,994)</b>
<b>Net current assets</b>		<b>11,989</b>	<b>7,743</b>
<b>Net assets</b>		<b>20,928</b>	<b>17,161</b>
<b>Shareholders' equity attributable to owners of the parent</b>			
Ordinary shares	19	424	398
Share premium		17,692	14,692
Capital redemption reserve		19	15
Convertible unsecured loan stock - Equity component		–	479
Retained earnings		15,020	13,779
Own shares held	20	(12,227)	(12,202)
<b>Total equity</b>		<b>20,928</b>	<b>17,161</b>

The financial statements on pages 51 to 72 were approved and authorised for issue by the Board of Directors on 18 June 2014 and signed on its behalf by V.K. Abrol, Chief Operating Officer & Chief Financial Officer.

Company Number 2954692

The Notes on pages 55 to 72 form an integral part of these financial statements

# Consolidated Cash Flow Statement

for the year ended 31 March 2014

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
<b>Cash flows from operating activities</b>		
Cash received from operations	35,581	27,782
Cash paid in respect of operations	(28,789)	(26,592)
Net cash received from changes in unit trust receivables and payables	311	3,153
Net cash from operations	7,103	4,343
Interest received	23	9
Tax received	–	–
Net cash from operating activities	7,126	4,352
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(146)	(97)
Acquisitions	(228)	(12,240)
Purchase of seeding investments	(42)	(267)
Sale of seeding investments	–	308
Net cash used in investing activities	(416)	(12,296)
<b>Cash flows from financing activities</b>		
Issue of new shares	3,030	3,167
Purchase of own shares	(1,019)	–
Issue of convertible unsecured loan stock	–	4,000
Conversion of convertible unsecured loan stock	(3,030)	(900)
Repayment of convertible unsecured loan stock	(70)	–
Interest payable on Convertible Loan	(81)	(228)
Dividends paid	(750)	–
Net cash (used in)/from financing activities	(1,920)	6,039
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,790</b>	<b>(1,905)</b>
Opening cash and cash equivalents*	10,483	12,388
<b>Closing cash and cash equivalents</b>	<b>15,273</b>	<b>10,483</b>

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

The Notes on pages 55 to 72 form an integral part of these consolidated financial statements.



## Consolidated Statement of Changes in Equity

for the year ended 31 March 2014

	Notes	Ordinary Share £'000	Share premium £'000	Capital redemption £'000	Loan equity element £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
<b>Balance at 1 April 2013 brought forward</b>		<b>398</b>	<b>14,692</b>	<b>15</b>	<b>479</b>	<b>13,779</b>	<b>(12,202)</b>	<b>17,161</b>
Profit for the year		–	–	–	–	2,470	–	2,470
Dividends paid		–	–	–	–	(750)	–	(750)
Total comprehensive income for the year		–	–	–	–	1,720	–	1,720
Net losses as part of the acquisition of North Investment Partners Limited	12	–	–	–	–	(202)	–	(202)
Conversion of Convertible unsecured loan stock - Equity component	8	–	479	–	(479)	–	–	–
Shares issued	19	26	2,521	4	–	–	–	2,551
Purchase of own shares		–	–	–	–	(994)	(25)	(1,019)
Equity share options issued	5	–	–	–	–	717	–	717
<b>Balance at 31 March 2014</b>		<b>424</b>	<b>17,692</b>	<b>19</b>	<b>–</b>	<b>15,020</b>	<b>(12,227)</b>	<b>20,928</b>

## Consolidated Statement of Changes in Equity

for the year ended 31 March 2013

	Notes	Ordinary Share £'000	Share premium £'000	Capital redemption £'000	Loan equity element £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
<b>Balance at 1 April 2012 brought forward</b>		<b>371</b>	<b>11,552</b>	<b>15</b>	<b>–</b>	<b>17,073</b>	<b>(12,172)</b>	<b>16,839</b>
Profit for the year		–	–	–	–	(3,954)	–	(3,954)
Total comprehensive income for the year		–	–	–	–	(3,954)	–	(3,954)
Addition of Convertible loan stock - Equity component		–	–	–	479	–	–	479
Shares issued	19	27	3,140	–	–	–	–	3,167
Purchase of own shares		–	–	–	–	–	(30)	(30)
Equity share options issued	5	–	–	–	–	660	–	660
<b>Balance at 31 March 2013</b>		<b>398</b>	<b>14,692</b>	<b>15</b>	<b>479</b>	<b>13,779</b>	<b>(12,202)</b>	<b>17,161</b>

# 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 (IFRS), 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, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial information presented within these financial statements has been prepared on the going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss and financial assets available-for-sale which are held at their fair value).

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

The financial information has been prepared based on the IFRS standards effective as at 31 March 2014.

The Group has continued to apply the accounting policies used for its 2013 financial statements but has adopted the following standards as at 1 April 2013:

IAS1 (Revised) Presentation of Items of Other Comprehensive Income  
IFRS13 Fair Value Measurement

IAS 1 (Amended) had no impact on the Group's results, but resulted in a change in presentation in the statement of comprehensive income. IFRS 13 had no impact on the Group's results, but resulted in additional disclosures for financial instruments.

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

The following standards and interpretations relevant to the Group that were not yet endorsed:

IFRS 9 Financial Instruments: Classification  
IFRS 10 Consolidated Financial Statements

The Group does not expect these updated standards to have any material effect on the Group when they are adopted.

### b) Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies.

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.

Inter-company transactions, balances, income and expenses on transactions between Group entities are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### c) Adjusted profit or loss

The Group provides additional disclosure in the form of an Adjusted profit/loss Note (Note 7, page 64) in order to provide shareholders with a clearer indication of the profitability of the Group. The Adjusted profit or loss is the total of Group profit or loss excluding the following items:

Non-cash items which include depreciation, intangible asset amortisation and share incentivisation related expenses; and

Non-recurring items which include cost reduction expenses, restructuring costs, acquisition related costs, integration costs, share incentivisation expenses, severance compensation and Financial Services Compensation Scheme Interim Levy.

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

### d) Accounting estimates and judgements

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

Valuation and impairment of financial assets

Details of the valuation policy for financial assets can be found in Note 1i) overleaf.

## 1 Principal accounting policies (continued)

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### Valuation and impairment of other assets

Details of the valuation policy for other assets can be found in Notes 1e) and 1h) below.

### Taxation

The Group is subject to income taxes in a number of jurisdictions. Judgement is required in determining the total provision for income taxes. There are transactions and calculations for which the ultimate tax determination may be uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### e) Property, plant and equipment

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

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

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

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

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

### f) Trade and other receivables

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

### g) Trade and other payables

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

### h) Intangible assets

The costs of acquiring intangible assets such as fund management contracts are capitalised where it is probable that future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

The fund management contracts are recorded initially at fair value which represents cost and recorded in the financial statements as an intangible asset. They are then amortised over their useful lives on a straight-line basis over five years. The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

### i) Financial assets

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

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

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

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

## 1 Principal accounting policies (continued)

For the UK Authorised unit trust and the sub-funds of the Liontrust Guernsey Fund Limited (a Guernsey domiciled Open Ended Investment Company), the units and shares held in the 'manager's box' are to ease the calculation of daily creations and cancellations of units and shares. These box positions are not held to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. The units and shares in the 'manager's box' are accounted for on a trade date basis. These units and shares are valued on a bid price basis.

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

The Group's assets held as available-for-sale represent shares in the Liontrust GF Global Strategic Bond Fund and the Liontrust GF Special Situations Fund (both sub-funds of Liontrust Global Funds PLC) and are valued on a bid price basis.

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

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

### j) Cash and cash equivalents

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

### k) Own shares

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

### l) Operating leases

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

### m) Income and expenses

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

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

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

### n) Deferred taxation

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) 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.

## 1 Principal accounting policies (continued)

### p) Employee share options

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

#### – Liontrust Option Plan ('LOP')

A binomial model is used with the following assumptions having been made:

The fair value for each options is spread over the vesting period which is three years with an exercise price of 110.50 pence;

The expected life of options issued under LOP is 6.5 years.

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 39.9%

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 is 3.37%. No expected dividends have been factored into the model.

#### – Liontrust Incentive Plan ('LIP') with no performance conditions attached

A discounted face value model has been used for valuation.

The fair value for each options is spread over the vesting period which is 2 years;

The expected life of options issued under LIP is between 2.14 and 2.29 years

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 is 1.27%. No expected dividends have been factored into the model.

#### – Liontrust Senior Incentive Plan ('LSIP') with performance conditions

A Monte Carlo simulation model is used with the following assumptions having been made:

The fair value for each options is spread over the vesting period which is 3 years with an exercise price of 1 pence;

The expected life of options issued under this LSIP scheme is 10 years

The expected volatility has been calculated using historical daily data over a term commensurate with the expected life of the option and is 39%

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 is 1.82%. No expected dividends have been factored into the model.

### q) Dividends

Equity dividends to the shareholders of the Company are recognised as a liability in the period during which they are declared and approved.

### r) Holiday pay accrual

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

### s) Foreign currency gains/losses

Items in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (The 'functional currency'). The consolidated financial statements are presented in Sterling ('£') which is the Company's functional and presentation currency.

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

### t) Share Capital

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

## 2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, cash flow interest rate risk and foreign exchange risk), credit risk and liquidity 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 tables on pages 12 to 15 in the Strategic report identifies some of these measures.

### a) Market risk

#### i) Price risk

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



## 2 Financial risk management (continued)

The Group holds the following types of investment as assets held at fair value through profit or loss or assets held as available-for-sale (see Note 17):

1. Units in UK Authorised unit trusts;
2. Shares in sub-funds of Guernsey domiciled open ended investment companies; and
3. Shares in sub-fund of an Ireland domiciled open ended investment company.

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

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

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of less than £5,000 (2013: £1,000).

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

### ii) Cash flow interest rate risk

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

The Group holds cash on deposit in GBP. The interest on these balances is based on floating rates and fixed 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 £122,000 increase or a decrease to nil in interest receivable (2013: £82,000).

### 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 Euros and income receivable in Euro and US Dollars.

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

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

Sterling vs. Euros - a movement of 10% in the exchange rate would lead to a movement of less than £1,000 (2013: less than £1000).

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £110,000 (2013: £40,000) 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 £4,000 (2013: £15,000) in the income statement.

## 2 Financial risk management (continued)

### 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-14 £'000	31-Mar-13 £'000
Cash and cash equivalents	15,273	10,483
Trade receivables	31,328	31,123

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

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

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

### c) Liquidity risk

Prudent liquidity risk management requires the maintenance of sufficient 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 2014	Due within 3 months £'000	Due between 3 months and one year £'000	Due in over one year £'000
Payables	34,645	–	–

As at 31 March 2013	Due within 3 months £'000	Due between 3 months and one year £'000	Due in over one year £'000
Payables	33,724	270	–

### d) Capital risk management

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

The Group's policy is that it and its subsidiaries should have sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements at both a Group and subsidiary level. Management reviews the Group's assets on a monthly basis and will ensure that operating capital is maintained at the levels required. Management consider capital to comprise of cash and net assets. As at 31 March 2014 the Group has cash and net assets of £12.0 million (2013: £7.7 million). In order to maintain or adjust the capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell financial assets which will increase cash and reduce capital requirements.

## 2 Financial risk management (continued)

### Regulatory risk capital

Recognised regulatory bodies, such as the FCA in the UK, oversee the activities of a number of the Group's operating subsidiaries and impose minimum capital requirements on the subsidiaries. The Group is regulated by the FCA as a UK consolidation group. The FCA issued revised rules on Capital Adequacy following the implementation of the Capital Requirements Directive IV which came into force on 1 January 2014. Having reviewed the new rules, Liontrust remains subject to the BIPRU regulations. Further details are available in the Liontrust Pillar 3 disclosure on our 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 Pillar 1 minimum capital requirement for the Group is £ 2.7 million (2013: £1.8 million)

The Internal Capital Adequacy Assessment Process concluded that a minimum of £2.1 million (2013: £2.5 million) capital should be retained in the business.

The total capital requirement for the Group is £ 2.7 million (2013: £2.5 million).

As at 31 March 2014, the Group has regulatory capital resources of £13.5 million (2013: £7.1 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. At the time of acquisition, North Investment Partners Limited (now Liontrust Investment Solutions Limited) was in breach of its capital requirements. On completion of the acquisition, the Group injected additional capital and there have been no subsequent capital concerns.

## 3 Segmental reporting

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

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

### Revenue by location of client from continuing operations

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
United Kingdom	25,829	18,901
Europe (ex UK)	2,427	950
Guernsey	159	158
Cayman Islands	–	283
USA	44	154
	28,459	20,446

During the year ended 31 March 2014 the Group had no customer contributing more than 10% of total revenue (2013: no customers).

## 4 Revenue and cost of sales (Gross profit)

Revenue from earnings includes:

Investment management, performance and administration fees; the net value of sales and repurchases of units in unit trusts and shares in Open Ended Investment Companies (net of discounts); the net value of liquidations and creations of units in unit trusts and shares in Open Ended Investment Companies; and foreign currency gains and losses.

The cost of sales includes:

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

## 5 Administration expenses

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
<b>Employee related expenses</b>		
Director and employee costs <sup>(1)</sup>	2,375	1,860
Pensions	122	27
Share incentivisation expense	867	722
Severance compensation	99	191
	3,463	2,800
<b>Non-employee related expenses</b>		
Members drawings charged as an expense	11,312	10,127
Restructuring (member related)	–	572
Restructuring (acquisition related and other)	576	598
Acquisition related expenses	333	1,738
Depreciation and Intangible asset amortisation	2,717	3,276
Convertible Loan repurchase	82	–
Financial Services Compensation Scheme Levy	–	73
Other administration expenses	6,153	4,867
	24,636	24,051
	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Share incentivisation expense		
– Share option expense	717	660
– Share incentive plan expense	102	44
– Share option related expenses	48	18
	867	722

<sup>(1)</sup> Full details of the Directors emoluments can be found in the Directors Remuneration Report on page 42

## 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 58 (2013: 54). All employees are involved in the investment management business of the Group. The costs incurred in respect of the Directors, members and employees were:

	Member and employee expenses for continuing operations				
	Year ended 31-Mar-14				Members Members drawings charged as an expense £'000
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000	
General management	4	366	38	404	719
Fund management	16	258	30	288	7,405
Finance, Operations and IT	17	570	61	631	1,305
Risk management and Compliance	3	67	8	75	374
Sales and Marketing	18	804	113	917	1,509
Non-executive Directors	3	55	5	60	–
	61	2,120	255	2,375	11,312

	Member and employee expenses for continuing operations				
	Year ended 31-Mar-13				Members Members drawings charged as an expense £'000
	Average number of employees during the year	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000	
General management	2	283	21	304	572
Fund management	17	422	54	476	5,560
Finance, Operations and IT	14	438	46	484	1,126
Risk management and Compliance	3	49	6	55	338
Sales and Marketing	18	413	67	480	2,531
Non-executive Directors	3	55	6	61	–
	57	1,660	200	1,860	10,127



## 6 Operating profit/(loss)

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
The following items have been included in arriving at operating profit/(loss):		
Foreign exchange gains/(losses)	(8)	(11)
Depreciation	65	34
Amortisation of initial commission asset	35	4
Amortisation of amounts accrued in relation to income received on sale of units	(83)	(117)
Operating lease costs	428	428
Costs relating to Directors, members and employees (Note 5)	14,775	12,927
Auditors remuneration:		
Fees payable to the Company's auditors and its associates for the audit of the parent Company and consolidated financial statements	73	71
Fees payable to the Company's auditors and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	71	55
– Taxation services	76	102
– Other services	13	14

## 7 Adjusted profit

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

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Profit/(loss) for the year	2,470	(3,954)
Taxation on Continuing Operations	1,208	19
Profit/(loss) before tax from Continuing Operations	3,678	(3,935)
Share incentivisation expense	867	722
Severance compensation	99	191
Restructuring (member related)	–	572
Restructuring (acquisition related and other)	576	598
Acquisition related expenses	333	1,738
Financial Services Compensation Scheme Levy	–	73
Convertible loan repurchase	82	–
Members' advance drawings	–	531
Depreciation and Intangible asset amortisation	2,717	3,276
Adjustments	4,674	7,701
Adjusted profit before tax	8,352	3,766
Interest receivable	(23)	(9)
Interest payable	81	228
Adjusted operating profit	8,410	3,985
Adjusted basic earnings per share*	17.10	8.11
Adjusted diluted earnings per share*	15.24	7.27

\* Assumes a tax rate of 23% (2013: 24%)

## 8 Interest receivable and payable

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 0.2% (2013: 0.0%).

### Convertible Unsecured Loan Stock

The Group fully converted the remaining Convertible unsecured loan stock into shares on 6 September 2013. The rate of conversion was equal to the carrying value of the Convertible unsecured loan stock at the date of conversion and therefore, no gain or loss arose. As part of the conversion, the Group allocated an element of the share issue proceeds against the Convertible unsecured loan stock - equity element. The Group repurchased the outstanding balance of £70,000 on 12 September 2013.

## 9 Taxation

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 23% (2013: 24%)*	666	(210)
Adjustment in respect of prior periods	12	–
	678	(210)
Foreign tax:	–	–
Total current tax	678	(210)
Deferred tax:		
Deferred tax originated from timing differences	405	209
Deferred tax charged in respect of future rate change to 21%	125	20
Total charge in period	1,208	19
(b) Factors affecting current tax		
Profit/(loss) on ordinary activities before tax	3,678	(3,935)
Profit/(loss) on ordinary activities at UK corporation tax rate of 23% (2013: 24%)	846	(944)
Effects of:		
Expenses not deductible for tax purposes	163	630
Lower rates of tax on overseas earnings	–	–
Depreciation in excess of capital allowances	(12)	(10)
Adjustment in respect of business acquisition	(61)	–
Adjustment to deferred tax in respect of tax rate change	125	20
Net Members drawings not taxable	135	104
Deferred tax	–	81
Adjustment in respect of prior periods	12	138
Total taxation	1,208	19

\* The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 23%. On 1 April 2014 further changes were enacted in the 2014 Finance Act that will reduce the standard rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.

## 10 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 period. The weighted average number of Ordinary shares was 37,617,940 for the year (2013: 35,289,555). Shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Diluted earnings per share are calculated on the same bases as set out above, after adjusting the weighted average number of Ordinary shares for the effect of options to subscribe for new Ordinary shares or Ordinary shares held in the Liontrust Asset Management Employee Trust that were in existence during the year ended 31 March 2014. The adjusted weighted average number of Ordinary shares so calculated for the year was 42,200,524 (2013: 39,385,949). This is reconciled to the actual weighted number of Ordinary shares as follows:

	2014 number	2013 number
Weighted average number of Ordinary shares	37,617,940	35,289,555
Weighted average number of dilutive Ordinary shares under option:		
– to the Liontrust Senior Incentive Plan	2,986,487	99,153
– to the Liontrust Incentive Plan	199,099	198,305
– to the Liontrust Option Plan	34,884	4,415
– to the Deferred Bonus and Variable Allocation Plan	10,552	–
Dilutive effect of shares from Convertible Unsecured Loan	1,351,562	3,794,521
Adjusted weighted average number of Ordinary shares	42,200,524	39,385,949

Details of the options outstanding at 31 March 2014 to Directors are set out in the Directors' Remuneration Report on page 43.

## 11 Intangible assets

### Year to 31 March 2014

Description	Carrying value £'000	Remaining amortisation period
Contracts acquired from Walker Crips	7,446	3 Years
		Investment management contracts £'000
<b>Cost</b>		
At 1 April 2013		14,406
Additions		–
Disposals		–
At 31 March 2014		14,406
<b>Accumulated amortisation and impairment</b>		
At 1 April 2013		4,308
Amortisation charge for the year		2,652
Impairment charge for the year (see below)		
Disposals		–
At 31 March 2014		6,960
<b>Net Book Value</b>		
At 31 March 2014		7,446
At 31 March 2013		10,098

		Investment management contracts £'000
<b>Year to 31 March 2013</b>		
<b>Cost</b>		
At 1 April 2012		2,166
Additions		12,240
Disposals		–
At 31 March 2013		14,406
<b>Accumulated amortisation and impairment</b>		
At 1 April 2012		1,066
Amortisation charge for the year		2,724
Impairment charge for the year (see below)		518
Disposals		–
At 31 March 2013		4,308
<b>Net Book Value</b>		
At 31 March 2013		10,098
At 31 March 2012		1,100

Amortisation and impairment has been recorded within administration expenses.

During the year to March 2013 the Group closed two Cayman based funds that were acquired in 2011 from Occam. As such an impairment charge of £518,000 was taken against the intangible value of the investment management contracts for these funds at the time of closure.

## 12 Acquisition of North Investment Partners Limited

On 15 October 2013, Liontrust Asset Management Plc ("Liontrust") announced that it had entered into a conditional share purchase agreement (the "SPA") to purchase the entire issued ordinary share capital of North Investment Partners Limited ("North") from the existing North shareholders. The purchase completed. On 15 October 2013 on the 1 March 2014 North was renamed Liontrust Investment Solutions Limited.

The Consideration at 15 October 2013 was £1.

Recognised identifiable amounts of assets acquired and liabilities	£'000
Cash	279
Trade and other receivables	74
Trade and other payables	(353)
Total consideration	—

Acquisition related costs of £333,000 have been charged to Administration expenses in the Consolidated Statement of Comprehensive income for the year ended 31 March 2014.

The revenue included in the Consolidated Statement of Comprehensive Income since 15 October 2013 contributed by North was £176,000. North also contributed a loss of £246,000 over the same period.

Had North been consolidated for the full year the revenue included in the Consolidated Statement of Comprehensive Income contributed by North would have been £609,000. North would also have contributed a loss before tax of £429,000 over the same period.

## 13 Property, plant and equipment

Year to 31 March 2014	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2013	193	229	209	631
Additions	95	3	48	146
Disposals	—	—	—	—
At 31 March 2014	288	232	257	777
<b>Accumulated depreciation</b>				
At 1 April 2013	56	211	180	447
Charge for the year	45	4	16	65
Disposals	—	—	—	—
At 31 March 2014	101	215	196	512
<b>Net Book Value</b>				
At 31 March 2014	187	17	61	265
At 31 March 2013	137	18	29	184



### 13 Property, plant and equipment (continued)

	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
<b>Year to 31 March 2013</b>				
<b>Cost</b>				
At 1 April 2012	124	212	198	534
Additions	69	17	11	97
Disposals	–	–	–	–
At 31 March 2013	193	229	209	631
<b>Accumulated depreciation</b>				
At 1 April 2012	40	204	169	413
Charge for the year	16	7	11	34
Disposals	–	–	–	–
At 31 March 2013	56	211	180	447
<b>Net Book Value</b>				
At 31 March 2013	137	18	29	184
At 1 April 2012	84	8	29	121

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

### 14 Deferred tax

	2014 £'000	2013 £'000
<b>Deferred tax assets</b>		
Balance as at 1 April	1,757	1,638
Deferred tax reversed on prior year adjustment	–	–
Deferred tax reversed on timing differences	(462)	139
Deferred tax on current year losses	58	–
Movement in deferred tax on change in tax rate to 21%	(125)	(20)
Balance as at 31 March	1,228	1,757

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £1,228,000 (2013: £1,757,000).

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 23%. On 1 April 2014 further changes were enacted in the 2014 Finance Act that will reduce the standard rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. Deferred tax has been recognised at 21% to reflect this reduction.

### 15 Trade and other receivables

	2014 £'000	2013 £'000
<b>Trade receivables</b>		
– Fees receivable	3,329	4,489
– Unit trust sales and cancellations	26,815	25,847
Prepayments and accrued income	1,177	744
Initial commission asset	7	43
	31,328	31,123

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

Trade receivables that are less than three months past due are not considered impaired. As at 31 March 2014, trade receivables of £nil (2013: £nil) were past due but not impaired.

## Notes to the Financial Statements continued

### 16 Financial assets

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

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

Assets held as available-for-sale:

The Group's assets held as available-for-sale represent shares in the Liontrust GF Global Strategic Bond Fund and the Liontrust GF Special Situations Fund (both sub-funds of Liontrust Global Funds PLC) and are valued at bid price. The gain on the fair value adjustments during the year net of tax was £nil (2013: £nil). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date and any exchange rate differences arising are shown in Note 19.

	2014			2013		
	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
<b>Financial assets in Level 1</b>						
UK Authorised unit trusts	619	–	619	77	–	77
Guernsey Open Ended Investment Company	37	–	37	50	–	50
Ireland Open Ended Investment Company	–	47	47	–	4	4
	656	47	703	127	4	131
<b>Total Financial Assets</b>	<b>656</b>	<b>47</b>	<b>703</b>	<b>127</b>	<b>4</b>	<b>131</b>

### 17 Foreign currency translations

As a result of operating activities the Group has made gains and losses on foreign currency translation. The activities and the relevant foreign currency gains and losses associated with them are identified below:

	2014 £'000	2013 £'000
<b>Foreign currency translation losses on:</b>		
- Other operating activities	(8)	(11)
	(8)	(11)

Gain/(losses) on foreign currency translations are taken to the income statement within Revenue.

### 18 Trade and other payables

	2014 £'000	2013 £'000
Trade payables – unit trust repurchases and creations	29,829	28,550
Other payables including taxation and social security	163	162
Deferred income and other payables	4,653	5,282
	34,645	33,994

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

## 19 Ordinary Shares

	2014 Shares	2014 £'000	2013 Shares	2013 £'000
<b>Authorised Ordinary shares of 1 pence</b>				
As at 1 April	60,000,000	600	60,000,000	600
As at 31 March	60,000,000	600	60,000,000	600
<b>Allotted, called up and fully paid</b>				
As at 1 April	39,896,555	398	37,108,600	371
Issued during the year	3,030,000	26	2,787,955	27
Repurchased during the year	(455,000)	–	–	–
As at 31 March	42,471,555	424	39,896,555	398

## 20 Own shares

Approval was given at a General Meeting in January 2012 for the grant of options under the Liontrust Senior Incentive Plan (the "LSIP"). The Board adopted the Liontrust Incentive Plan (the "LIP") in November 2009, the Liontrust Option Plan (the "LOP") in December 2009 and the Deferred Bonus and Variable Allocation Plan ("DBVAP") in June 2013. The options granted under the DBVAP, LSIP, LIP and LOP, including the Executive Directors (in the case of DBVAP, LIP and LSIP), were as follows:

Issue Date	1 April 2013	Options Granted	Options Exercised	Lapsed	31 March 2014	Exercise price	Scheme
10 February 2010	69,455	–	–	–	69,455*	110.5 pence	LOP
10 February 2010	200,000	–	–	–	200,000*	1.0 pence	LIP
1 February 2011	3,000,000	–	–	–	3,000,000*	1.0 pence	LSIP
21 June 2013	–	13,623	–	–	13,623	1.0 pence	DBVAP

\* Options that are exercisable as at 31 March 2014

Issue Date	1 April 2012	Options Granted	Options Exercised	Lapsed	31 March 2013	Exercise price	Scheme
10 February 2010	122,954	–	(45,247)	(8,252)	69,455	110.5 pence	LOP
10 February 2010	200,000	–	–	–	200,000	1.0 pence	LIP
1 February 2011	3,000,000	–	–	–	3,000,000	1.0 pence	LSIP

No options under DBVAP, LIP, LOP and LSIP were exercised during the year.

Under the Liontrust Members Incentive Plan ("LMIP") certain individual members have been allocated Incentive Capital Interests, which entitle such individual member to a fixed amount. The entitlement which the holder of an Incentive Capital Interest would have is calculated on the basis of the application of a percentage to the "Maximum Incentive Capital Interest" ("MICI") attributable to that Incentive Capital Interest. The MICI is a variable amount in Pounds Sterling equal to the number of Ordinary shares set out in his side letter multiplied by the price of Ordinary shares from time to time (by reference to a 30 day market average price). The MICI allocated, in terms of number of Ordinary shares, to individual members were as follows:

Issue Date	1 April 2013	Granted	Exercised	Lapsed	31 March 2014	Exercise price	Scheme
14 April 2011	1,450,000	–	(25,000)	–	1,425,000	Nil	LMIP
22 November 2011	1,000,000	–	–	–	1,000,000	Nil	LMIP
28 March 2012	75,000	–	–	–	75,000	Nil	LMIP
28 September 2012	1,565,000	–	–	–	1,565,000	Nil	LMIP
8 July 2013	–	35,000	–	–	35,000	Nil	LMIP

## 20 Own shares (continued)

Issue Date	1 April 2012	Granted	Exercised	Lapsed	31 March 2013	Exercise price	Scheme
14 April 2011	1,475,000	–	–	(25,000)	1,450,000	Nil	LMIP
22 November 2011	1,000,000	–	–	–	1,000,000	Nil	LMIP
28 March 2012	75,000	–	–	–	75,000	Nil	LMIP
28 September 2012	–	1,565,000	–	–	1,565,000	Nil	LMIP

35,000 Incentive Capital Interests under LMIP were exercised during the year.

Details of the share options can be found in the Directors' Remuneration report on page 43.

DBVAP, LIP, LOP and LSIP operate in conjunction with the Liontrust Asset Management Employee Trust on the basis that 100% of the options for DBVAP, LIP and LOP, and a percentage determined by the Remuneration Committee for LSIP will be satisfied by market purchased shares. This is to ensure that dilution of shareholders' interest is limited. At 31 March 2014 the weighted average remaining life of the options was 6.8 years (2013: 7.6 years).

At 31 March 2014, the Liontrust Asset Management Employee Trust owned 3,740,908 shares (2013: 3,727,335) at a cost of £12,227,000 (2013: £12,202,000). 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 2014 the market value of the shares was £8,978,000 (2013: £6,523,000).

## 21 Operating lease commitments

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

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Amounts due		
Within one year	428	428
Between one year and five years	1,140	1,568
Later than five years	–	–
	1,568	1,996

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

## 22 Related party transactions

During the year the Group received fees from unit trusts under management of £31,866,000 (2013: £21,566,000). Transactions with these unit trusts comprised creations of £689,871,000 (2013: £667,050,000) and liquidations of £402,682,000 (2013: £213,721,000). Directors can invest in unit trusts managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31 March 2014 the Group owed the unit trusts £29,828,000 (2013: £28,528,000) in respect of unit trust creations and was owed £26,815,000 (2013: £28,372,000) in respect of unit trust cancellations and fees.

At 31 March 2014, as part of the Group's normal business it held financial assets of related parties, namely units in the Group's UK Authorised unit trusts, Units in the Group's Guernsey Open ended Investment Company and shares in the Group's Irish Open Ended Investment Company. Full details of these financial assets are disclosed in Note 16.

Compensation to key management personnel (Executive Directors) is disclosed in the Directors' Remuneration Report on page 42.

## 23 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 2014 has not been recognised in the results for the year.

Following the vesting of the share options granted under the Liontrust Senior Incentive Plan and the Liontrust Incentive Plan (as detailed in the Remuneration Report on pages 33 to 45) a contingent liability has arisen relating to the employer's national insurance that will become payable upon the share options being exercised. Based on the Company's share price at 31 March 2014 the amount of this contingent liability is £1,059,000.

A contingent liability has arisen during the normal course of business which relates to a claim made against Liontrust Investment Partners LLP (the "LLP") and Liontrust Investment Services Limited ("LIS") which is not expected to have a material cost to the LLP or LIS.

## 24 Post balance sheet date event

There were no post balance sheet events.

# Independent Auditors' Report to the members of Liontrust Asset Management PLC

## Report on the parent company financial statements

### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the parent company's affairs as at 31 March 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

### What we have audited

The parent company financial statements (the "financial statements"), which are prepared by Liontrust Asset Management Plc, comprise:

- the Company Balance Sheet as at 31 March 2014;
- the Company Statement of Comprehensive Income for the year then ended;
- the Company Cash Flow Statement for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report and Financial Statements (the "Annual Report"), rather than in the Notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinions on other matters prescribed by the Companies Act 2006

### In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Other information in the Annual Report

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.



# Independent Auditors' Report to the members of Liontrust Asset Management PLC continued

## Responsibilities for the financial statements and the audit

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### Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

## Other matter

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We have reported separately on the group financial statements of Liontrust Asset Management Plc for the year ended 31 March 2014.

### Sally Cosgrove (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
18 June 2014

# Company Statement of Comprehensive Income

for the year ended 31 March 2014

	Notes	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Revenue		2,660	2,348
Dividends received from subsidiary companies		4,000	4,677
<b>Gross profit</b>		<b>6,660</b>	<b>7,025</b>
Realised loss on sale of financial assets		–	(6)
Administration expenses - continuing operations	28	(5,054)	(11,657)
<b>Operating profit/(loss)</b>	29	<b>1,606</b>	<b>(4,638)</b>
Interest receivable	30	2	1
Interest payable	30	(81)	(228)
<b>Profit/(loss) before tax</b>		<b>1,527</b>	<b>(4,865)</b>
Taxation	31	(173)	247
<b>Profit/(loss) for the year</b>		<b>1,354</b>	<b>(4,618)</b>
<b>Total comprehensive income</b>		<b>1,354</b>	<b>(4,618)</b>

The Notes on pages 79 to 86 form an integral part of these Company financial statements.

# Company Balance Sheet

as at 31 March 2014

	Notes	31-Mar-14 £'000	31-Mar-13 £'000
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	32	265	184
Intangible assets	33	7,446	9,894
Investment in subsidiary undertakings	34	5,480	4,930
Deferred tax assets	35	1,174	1,335
Loan to Employee Benefit Trust	27	4,415	4,390
		18,780	20,733
<b>Current assets</b>			
Trade and other receivables	36	4,020	1,944
Financial assets	37	47	4
Cash and cash equivalents		3,150	605
		7,217	2,553
<b>Liabilities</b>			
<b>Non current Liabilities</b>			
Convertible unsecured loan stock - Loan component		–	(2,621)
		–	(2,621)
<b>Current liabilities</b>			
Trade and other payables	39	(5,570)	(2,677)
		(5,570)	(2,677)
<b>Net current assets/(liabilities)</b>		1,647	(124)
<b>Net assets</b>		20,427	17,988
<b>Shareholders' equity attributable to owners of the parent</b>			
Ordinary shares	40	424	398
Share premium		17,692	14,692
Capital redemption reserve		19	15
Convertible unsecured loan stock - Equity component		–	479
Retained earnings		2,292	2,404
<b>Total equity</b>		20,427	17,988

The financial statements on pages 79 to 86 were approved and authorised for issue by the Board of Directors on 18 June 2014 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 2014

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
<b>Cash flows from operating activities</b>		
Cash received from operations	5,717	6,685
Cash paid in respect of operations	(4,516)	(4,925)
Net cash received from operations	1,201	1,760
Interest received	2	1
Tax received	–	–
Net cash generated from operating activities	1,203	1,761
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(146)	(97)
Acquisitions	–	(12,688)
Investment in subsidiary	(550)	–
Purchase of seeding investments	(42)	(267)
Sale of seeding investments	–	308
Net cash used in investing activities	(738)	(12,744)
<b>Cash flows from financing activities</b>		
Issue of new shares	3,030	3,167
Purchase of own shares	(1,019)	–
Issue of convertible unsecured loan stock	–	4,000
Conversion of convertible unsecured loan stock	(3,030)	–
Repayment of convertible unsecured loan stock	(70)	–
Interest payable on Convertible Loan	(81)	(900)
Dividends received	4,000	(228)
Dividends paid	(750)	4,677
Net cash from financing activities	2,080	10,716
<b>Net increase in cash and cash equivalents</b>	2,545	(267)
Effect of exchange rate changes	–	–
Opening cash and cash equivalents*	605	872
<b>Closing cash and cash equivalents</b>	3,150	605

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

The Notes on pages 79 to 86 form an integral part of these Company financial statements.

## Company Statement of Changes in Equity

for the year ended 31 March 2014

	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Loan equity element £'000	Retained earnings £'000	Total Equity £'000
<b>Balance at 1 April 2013 brought forward</b>	398	14,692	15	479	2,404	17,988
Profit for the year	–	–	–	–	1,354	1,354
Dividends paid					(750)	(750)
Total comprehensive income for the year	–	–	–		605	605
Conversion of Convertible unsecured loan stock - Equity component	–	479	–	(479)	–	–
Shares issued	26	2,521	4	–	–	2,551
Purchase of own shares					(994)	(994)
Equity share options issued	–	–	–	–	278	278
<b>Balance at 31 March 2014</b>	<b>424</b>	<b>17,692</b>	<b>19</b>	<b>–</b>	<b>2,292</b>	<b>20,427</b>

## Company Statement of Changes in Equity

for the year ended 31 March 2013

	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Loan equity element £'000	Retained earnings £'000	Total Equity £'000
<b>Balance at 1 April 2012 brought forward</b>	371	11,552	15	–	6,691	18,629
Profit for the year	–	–	–	–	(4,618)	(4,618)
Total comprehensive income for the year	–	–	–	–	(4,618)	(4,618)
Addition of Convertible loan stock - Equity component	–	–	–	479	–	479
Shares issued	27	3,140	–	–	–	3,167
Equity share options issued	–	–	–	–	331	331
<b>Balance at 31 March 2013</b>	<b>398</b>	<b>14,692</b>	<b>15</b>	<b>479</b>	<b>2,404</b>	<b>17,988</b>

The Notes on pages 79 to 86 form an integral part of these Company financial statements.



## 25 Significant Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006 applicable to companies reporting under IFRS. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations approved by the International Financial Reporting Interpretations Committee or their predecessors, which have been approved by the European Commission as at 31 March 2011.

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 25 to 42 reflect the information for the Company.

## 26 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 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 Liontrust Global Fund are valued on a daily basis at bid price. The investments are held as an asset available-for-sale and is held at fair value and any permanent impairment in the value of the shares held would be taken to revenue.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of less than £5,000 (2013: less than £1,000).

### 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 £7,000 increase or decrease in interest receivable (2013: £6,000).

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 requires 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.

	Within 3 months £'000	Between 3 months £'000	Over one year £'000
<b>As at 31 March 2014</b>			
Payables	5,570	—	—
<b>As at 31 March 2013</b>			
Payables	2,677	—	—

## 27 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 £4,415,000 (2013: £4,390,000). The current value of the shares in the trust are disclosed in Note 20.

## 28 Administration expenses - continuing operations

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
<b>Employee costs</b>		
– Director, member and employee costs	853	503
– Pension costs	123	28
– Share incentivisation expense	427	394
– Termination costs	75	31
	1,478	956
<b>Non-employee costs</b>		
Cost of closure of subsidiary entities	–	7,359
Other administration expenses	3,576	3,342
	5,054	11,657

The average number of members and employees engaged in business for the Company excluding Non-executive Directors, was 6 (2013: 5). All members and employees are involved in the investment management business of the Group. The costs incurred in respect of the directors, members and employees were:

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Share incentivisation expense		
– Share option expense	278	332
– Share incentive plan expense	69	44
– Share option related administration expenses	80	18
	427	394

	Year ended 31-Mar-14			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	3	579	70	649
Finance, Operations and IT	3	120	15	135
Non-executive Directors	3	62	7	69
	9	761	92	853

	Year ended 31-Mar-13			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	2	190	21	211
Finance, Operations and IT	3	199	31	230
Non-executive Directors	3	56	6	62
	8	445	58	503

## 29 Operating profit/(loss)

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
The following items have been included in arriving at operating profit:		
Foreign exchange gains/(losses)	2	2
Depreciation	65	34
Staff costs (Note 28)	1,478	956
Services provided by the Company's auditors:		
Fees payable to the company's auditor for the audit of the Company's annual financial statements	14	14

Fees paid to PricewaterhouseCoopers LLP for non-audit services to the Company are not disclosed in the financial statements because the Group's consolidated financial statements are required to disclose such fees on a consolidated basis.

## 30 Interest receivable and payable

The Company follows the same risk management policies as detailed for the Group in Note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.0% (2013: 0.0%).

## 31 Taxation

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 23% (2013: 24%)*	–	–
Adjustments in respect of prior year	12	87
	12	87
Total current tax (Note (b))	12	87
Deferred tax	161	(334)
Total charge in period	173	(247)
(b) Factors affecting current tax		
Profit/(loss) on ordinary activities before tax	1,527	(4,864)
Loss on ordinary activities at UK corporation tax rate of 23% (2013: 24%)	351	(1,167)
Effects of:		
Group dividends not deductible for tax purposes	(920)	(1,123)
Expenses not deductible for tax purposes	108	1,951
Depreciation in excess of capital allowances	(12)	(10)
Adjustment in respect of deferred tax recoverability rate to 21%	120	15
Taxation relieved from other group companies	514	–
Adjustment in respect of prior periods	12	87
Total Taxation	173	(247)

\* The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 23%. On 1 April 2014 further changes were enacted in the 2014 Finance Act that will reduce the standard rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.

## 32 Property, plant and equipment

	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
<b>Year to 31 March 2014</b>				
<b>Cost</b>				
At 1 April 2013	193	229	209	631
Additions	95	3	48	146
Disposals	–	–	–	–
At 31 March 2014	288	232	257	777
<b>Accumulated depreciation</b>				
At 1 April 2013	56	211	180	447
Charge for the year	45	4	16	65
Disposals	–	–	–	–
At 31 March 2014	101	215	196	512
<b>Net Book Value</b>				
At 31 March 2014	187	17	61	265
At 31 March 2013	137	18	29	184
<b>Year to 31 March 2013</b>				
<b>Cost</b>				
At 1 April 2012	124	212	198	534
Additions	69	17	11	97
Disposals	–	–	–	–
At 31 March 2013	193	229	209	631
<b>Accumulated depreciation</b>				
At 1 April 2012	40	204	169	413
Charge for the year	16	7	11	34
Disposals	–	–	–	–
At 31 March 2013	56	211	180	447
<b>Net Book Value</b>				
At 31 March 2013	137	18	29	184
At 31 March 2012	84	8	29	121

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

### 33 Intangible assets

#### Year to 31 March 2014

Description	Carrying value £'000	Remaining amortisation period
Contracts acquired from Walker Crips	7,446	3 Years
		Investment management contracts £'000
<b>Cost</b>		
At 1 April 2013		12,240
Additions		–
Disposals		–
At 31 March 2014		12,240
<b>Accumulated amortisation and impairment</b>		
At 1 April 2013		2,346
Amortisation charge for the year		2,448
Disposals		–
At 31 March 2014		4,794
<b>Net Book Value</b>		
At 31 March 2014		7,446
At 31 March 2013		9,894

#### Year to 31 March 2013

		Investment management contracts £'000
<b>Cost</b>		
At 1 April 2012		–
Additions		12,240
Disposals		–
At 31 March 2013		12,240
<b>Accumulated amortisation and impairment</b>		
At 1 April 2012		–
Amortisation charge for the year		2,346
Disposals		–
At 31 March 2013		2,346
<b>Net Book Value</b>		
At 31 March 2013		9,894
At 31 March 2012		–

Amortisation has been recorded within administration expenses.

## 34 Investment in subsidiary undertakings

The Company's investment in subsidiary undertakings represents 100% interests (unless otherwise stated) in the ordinary shares, capital, voting rights and redeemable preference shares (unless stated otherwise) of Liontrust Investment Funds Limited and Liontrust Investment Services Limited, both registered in England whose principal activity is as operating companies for the Group's investment management LLP's; Liontrust Investment Solutions Limited, whose principal activity is investment management; and Liontrust International (Guernsey) Limited, incorporated in Guernsey, whose principal activity is investment management. All subsidiary undertakings have the same accounting date as the parent company. Full details of the Company's subsidiary undertakings can be found on page 21.

	2014 £'000	2013 £'000
Balance at 1 April	4,930	11,690
Additions during the year	550	448
Write downs during the year	–	(7,208)
Balance at 31 March	5,480	4,930

## 35 Deferred tax

Deferred tax assets	2014 £'000	2013 £'000
Balance as at 1 April	1,335	792
Deferred tax on timing differences	(41)	348
Deferred tax acquired	–	210
Adjustment in respect of tax rate change	(120)	(15)
Balance as at 31 March	1,174	1,335

The following items are included in the above deferred tax balance: Deferred tax relating to losses which are expected to be credited to taxation payable on future profits: £1,174,000 (2013: £1,335,000).

A number of changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 1 April 2014 reduced the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. Deferred tax has been recognised at 21% to reflect this reduction.

## 36 Trade and other receivables

	2014 £'000	2013 £'000
Receivables due from subsidiary undertakings	3,878	1,848
Prepayments and accrued income	142	96
	4,020	1,944

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.



### 37 Financial assets

Assets held as available-for-sale:

The Company's financial assets held as available-for-sale represent shares in the sub funds of the Liontrust Global Fund Plc and are valued at bid price. The assets are all categorized as Level 1 in line with the categorization detailed in Note 17.

	2014			2013		
	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
<b>Financial assets</b>						
Ireland Open Ended Investment Company	–	47	47	–	4	4
	–	47	47	–	4	4

### 38 Foreign currency translations

	2014 £'000	2013 £'000
Foreign currency translation (losses)/gains on:		
– Other operating activities	(1)	2
	(1)	2

Gains/(losses) on foreign currency translations are taken to the income statement within Revenue.

### 39 Trade and other payables

	2014 £'000	2013 £'000
Other payables including taxation and social security	143	93
Payables due to subsidiary undertakings	4,982	2,192
Deferred income and other payables	445	392
	5,570	2,677

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

### 40 Ordinary Shares

	2014 Shares	2014 £'000	2013 Shares	2013 £'000
<b>Authorised shares of 1 pence each</b>				
As at 1 April	60,000,000	600	60,000,000	600
As at 31 March	60,000,000	600	60,000,000	600
<b>Allotted, called up and fully paid</b>				
As at 1 April	39,896,555	398	37,108,600	371
Issued during the year	3,030,000	26	2,787,955	27
Repurchased during the year	(455,000)	–	–	–
As at 31 March	42,471,555	424	39,896,555	398

## 41 Operating lease commitments

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

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
<b>Amounts due</b>		
Within one year	428	428
Between one year and five years	1,140	1,568
Later than five years	—	—
	<b>1,568</b>	<b>1,996</b>

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

## 42 Related Party Transactions

As at 31 March 2014 the Company owed the following intercompany balances which arose from Group operations:

Liontrust Investment Funds Limited - £nil (2013: £171,000);  
 Liontrust Investment Services Limited - £nil (2013: £489,000),  
 Liontrust Fund Partners LLP - £3,782,000 (2013: £355,000),  
 Liontrust Investment Partners LLP - £48,000 (2013: £nil),  
 Liontrust International (Guernsey) Limited - £1,152,000 (2013: £1,177,000),  
 The Liontrust Asset Management Employee Trust - £4,414,000 (2013: £4,360,000).

As at 31 March 2014 the Company was owed the following intercompany balances which arose from Group operations:

Liontrust Investment Partners LLP - £nil (2013: £1,848,000);  
 Liontrust Investment Solutions Limited - £218,000 (2013: £nil); and  
 Liontrust Investment Services Limited - £3,660,000 (2013: £nil);

## 43 Post balance sheet event

There have been no post balance sheet events.

## Forward-Looking Statements

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

# Shareholder information

## Directors and Advisers

### Registered Office and Company number

2 Savoy Court, London WC2R 0EZ

Registered in England with Company Number 2954692

### Company Secretary

Mark Jackson

Tower Bridge House

St Katharine's Way

London E1W 1DD

### Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London, Riverside

London SE1 2RT

### Legal Advisers

Macfarlanes LLP

20 Cursitor Street

London EC4A 3LT

### Financial Calendar

Year End

Half Year End

Results announced:

Interim report available:

Annual Report available:

Annual General Meeting:

31 March

30 September

Full year: June, half year: November

December

June

September

### Bankers

Royal Bank of Scotland Plc

280 Bishopsgate

London EC2M 4RB

### Financial Adviser and Corporate Broker

Numis Securities Limited

The London Stock Exchange Building

10 Paternoster Square

London EC4M 7LT

### Registrars

Capita Registrars

The Registry

34 Beckenham Road

Kent BR3 4TU

### 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 Income Fund  
Liontrust UK Smaller Companies Fund  
Liontrust Special Situations Fund  
Liontrust Top 100 Fund  
Liontrust European Growth Fund  
Liontrust Asia Income Fund  
Liontrust Macro Equity Income Fund  
Liontrust Macro UK Growth Fund

### Ireland domiciled open-ended investment company

Liontrust Global Funds PLC, comprising five sub funds:  
Liontrust GF Pan European Fund  
Liontrust GF European Strategic Equity  
Liontrust GF Global Strategic Bond Fund  
Liontrust GF Macro Equity Income Fund  
Liontrust GF Special Situations Fund

### Guernsey domiciled open-ended investment company

Liontrust Guernsey Fund Limited, comprising two sub funds:  
Liontrust First Equity Fund  
Liontrust Dynamic Income Fund

### Unit trust prices:

The prices of Liontrust's range of authorised unit trusts are listed on our website [www.liontrust.co.uk](http://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](mailto:info@liontrust.co.uk)  
or visit: [www.liontrust.co.uk](http://www.liontrust.co.uk)

### Group subsidiary entities – board members:

#### **Liontrust Investment Funds Limited**

V.K. Abrol	J.S. Ions
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#### **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
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#### **Liontrust Fund Partners LLP**

A list of members is open for inspection at 2 Savoy Court, London WC2R 0EZ

#### **Liontrust International (Guernsey) Limited**

E.J.F. Catton	S. McMahon
G. M. Harrison	

### Investment companies – board members:

#### **Liontrust Guernsey Fund Limited**

E.J.F. Catton	S. McMahon
G. M. Harrison	

#### **Liontrust Global Funds Plc**

E.J.F. Catton	S. O'Sullivan
D.J. Hammond	

## NOTES



## LIONTRUST ASSET MANAGEMENT PLC

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