PRIDE IN OUR PERFORMANCE

LIONTRUST ASSET MANAGEMENT PLC
ANNUAL REPORT & FINANCIAL STATEMENTS 2016

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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 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 AuM from £4,494 million to £4,791 million demonstrates the substantial progress made in this year. To have recorded 6 consecutive years of net inflows shows the progress the business has made over the last six years.

	2016	2015	
Assets under management	£4,791 million	£4,494 million	7% increase
Net flows	£255 million	£667 million	62% decrease
Gross profit	£44.9 million	£36.8 million	22% increase
Profit before tax	£9.4 million	£7.3 million	29% increase
Adjusted profit before tax[1]	£14.6 million	£12.1 million	21% increase
Adjusted diluted earnings per share[2]	25.7 pence	20.9 pence	23% increase
Net cash[3]	£22.3 million	£17.4 million	28% increase
Total Dividend per share[4]	12.0 pence	8.0 pence	50% increase

1. After adding back expenses for non-recurring items which include cost reduction expenses, professional services (restructuring, acquisition related and other), integration costs, share incentivisation expenses, severance compensation and Financial Services Compensation Scheme Interim Levy.
2. Calculated as adjusted profit before tax and a tax rate of 20% (2015:21%).
3. Cash and Cash equivalents plus other current assets less current liabilities.
4. Total dividend shown for the relevant financial year.

Contents

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 that our company has enjoyed a successful year. We have delivered significant increases in revenues, profits, earnings and assets under management ("AuM"). This has led us to declare a second interim dividend per share of 9.0 pence, which brings the total dividend per share for the financial year ending 31 March 2016 to 12.0 pence. This represents 56% of adjusted diluted earnings per share (excluding performance fees).

The continued growth of your company and the momentum behind it is very pleasing given how competitive our industry is and some of the challenges facing all fund management groups. As an active asset manager, we have to show continually that we deliver added value to our clients and investors, both through the long-term performance of the funds and portfolios we manage and the service we provide. There will always be a place for active managers who can achieve this and the distinctive way in which our fund managers run money and explain it to our investors certainly aids our cause, especially during volatile periods for markets.

We also face challenges from outside our industry, including yet another year of political uncertainty. First, we had the Scottish Referendum, then the General Election last year and now we have the EU Referendum on 23 June. This is when the certainty of investment approach that we offer through our robust and repeatable processes stands us in particularly good stead with our investors. We will continue to focus on delivering the best performance we can over the long term and running money in the way our managers have told our clients they will do so.

The good news comes from the tailwinds behind our sector. People need investment management. On average, we are living longer and we cannot rely on the state to look after us throughout our retirement. Saving and investment, therefore, from as early an age as possible has never been more important. And with interest rates still at historical low levels, investors have to make their savings work as hard as possible and therefore will look for good investment management, including active managers. Our agreed acquisition of the European Income Business of Argonaut Capital Partners LLP enables us to continue to seek to expand our fund management capability to meet the needs of our clients.

Distribution is also key to achieving our ambitions, especially the further development of our brand and increased awareness among intermediaries and private investors. Our sponsorships of and partnerships with Oxford United football club, ZSL London Zoo and Sporting Heroes in the Daily Telegraph have produced notable successes this year. For example, Oxford United won promotion on 7 May from League Two to League One, beat Premier League team Swansea City in the Third Round of the FA Cup in January and played at Wembley in the final of the Johnstone's Paint Trophy on 3 April, all providing fantastic and broad awareness for Liontrust.

There are approximately 500 Asiatic lions left in the wild and we are helping ZSL London Zoo to secure a future for them by supporting their conservation work in India and helped to build the *Land of the Lions* exhibit, breeding centre and education hub, which was opened by the Queen on 17 March and opened to the public on 25 March.

After six years I shall be moving from Executive to Non-Executive Chairman at the forthcoming Annual General Meeting. When I became Executive Chairman, your Company had posted an adjusted profit before tax of £796,000 and this year's results are on show. The share price has risen by 158% compared with the FTSE All-Share index which has returned 29% over the same period and we have restored the Dividend, which will be 12p for the full year.

I should like to thanks our shareholders, customers and staff for all their support and I have every confidence that John and his team will deliver on all fronts.

Results

Adjusted profit before tax was £14.623 million (2015: £12.102 million). Adjusted profit before tax is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash (depreciation, intangible asset amortisation and share incentivisation related) expenses and non-recurring (professional fees relating to acquisition, cost reduction, restructuring, share incentivisation and severance compensation related) expenses ("Adjustments"), see note 5 below for a reconciliation of adjusted profit (or loss) before tax.

Profit before tax of £9.404 million (2015: £7.265 million) includes a loss of £5.219 million (2015: £4.837 million) of Adjustments.

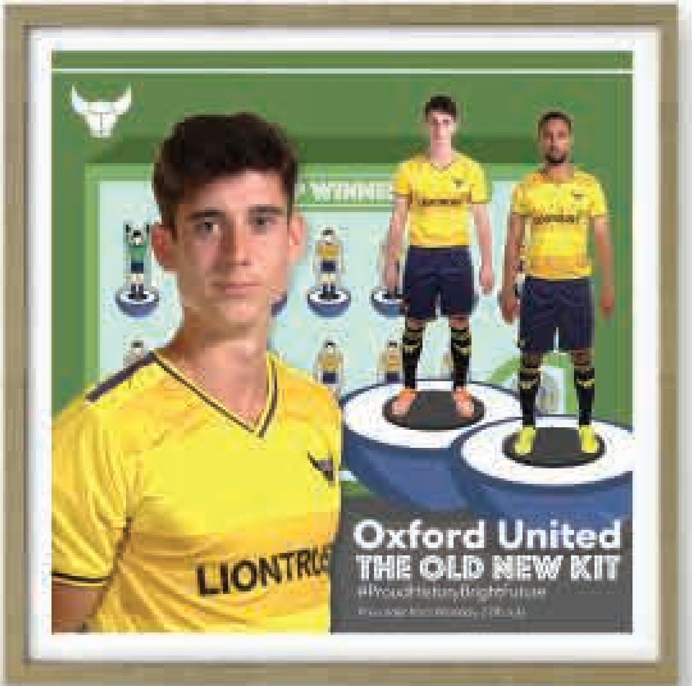
Dividend

The success in fund performance and distribution has resulted in an increase in revenues of 22% and a 21% increase in our adjusted profit before tax to £14.6 million. This has enabled the Board to declare a Second Interim dividend of 9.0 pence per share (2015: 6.0 pence) which will be payable on 21 July 2016 to shareholders who are on the register as at 24 June 2016, the shares going ex-dividend on 23 June 2016. The total dividend for the financial year ending 31 March 2016 is 12.0 pence per share (2015: 8.0 pence per share), an increase of 50% compared with last year.

Adrian Collins
Chairman
15 June 2016


LIONTRUST

Strategic report



Chief Executive's Statement

Introduction

We have continued along our growth path with a sixth consecutive year of positive flows and assets under management will be more than £5.2 billion once we have completed the merger of the European Income Business of Argonaut Capital Partners LLP.

This growth is testament to the quality and determination of the people at Liontrust. It is the people within the company who are our true assets and the success over the last few years is very much down to their vision and ability to execute our plans.

As important as the successes that are visible externally is the progress we have made in building the internal foundations. Over the last year, we have successfully implemented two major projects: our new Customer Relationship Management (CRM) and dealing systems. Both will play a crucial role in our future success and ensuring we continue to build a first class asset management business.

The liberalisation of the pension system has again highlighted the importance of long-term savings and the asset management industry is ideally positioned to fulfil this requirement. Investment funds will be the bedrock of all savings plans but we cannot take this opportunity for granted. The industry needs to ensure it provides the most suitable solutions to an often sceptical investment audience and this goal will be achieved through building trust and providing suitable propositions for different client requirements as much as price. To that extent, we welcome the FCA's Competition Review into the asset management industry. We have a first class savings industry and there is no reason why we should not continue to challenge it to ensure it remains so.

As part of our development of investment solutions, we have made strong progress with our Multi-Asset team, not only in terms of assets but also in client demand. Our range of risk targeted portfolios are ideally suited to meet different attitudes to risk, investment objectives and time horizons that are so important in enabling clients to achieve their investment goals, including a comfortable retirement.

Technological advances can often be heralded as game changers, with the recent excitement about robo-advice being an example. While I believe there is much that needs to be proven here, as any sports fan will tell you, a team that looks good on paper often fails to deliver on grass, but technological development will drive the future success of the industry and there is a requirement to deliver solutions to as broad a customer base and as efficiently as possible. In the immediate future, though, I see technology as an enhancer of existing skills and ensuring we provide the best possible communication to our clients. It is the broadening and deepening of client relationships that we are focused on, through more timely, targeted, educational and helpful communication. Our client relationships are vital to the success of the business and understanding our clients is as equally important as our investment returns.

We have expanded our distribution internationally over the last year. This will be an important part of our future growth and against a challenging background the team is building a solid foundation with some early success.

We have further broadened our investment teams this year, which is a strategy we are committed to. Adding teams is in itself not a problem, the greater challenge is in finding ones that provide the rigorous investment process and discipline that we and our clients demand. We are not looking to offer every investment proposition, more to ensure we offer the best we can in those chosen areas. The Global Equity team that we recruited last year met this criteria and our agreed acquisition of the European Income Business of Argonaut Capital Partners LLP will enhance further our equity income credentials and give us European as well as UK, Asia and Global income funds. The demand for income generation has never been greater and this theme will only continue to grow.

Assets under Management

On 31 March 2016, our AuM stood at £4,791 million (2015: £4,494 million) an increase of 7% over the financial year. A reconciliation of AuM as at 31 March 2016 is as follows:

Process	Total (£m)	Institutional (£m)	UK Retail (£m)	MPS* (£m)	Offshore Funds (£m)
Cashflow Solution	776	540	216	–	20
Economic Advantage	2,556	93	2,422	–	41
Macro Thematic	969	364	582	–	23
Asia	64	–	63	–	1
Structural Opps	34	–	–	–	34
Multi-Asset	345	141	–	204	–
Indexed	47	–	47	–	–
Total	**4,791**	**1,138**	**3,330**	**204**	**119**

* Managed Portfolio Services are where we act as discretionary fund manager to a range of model portfolios which are marketed to advisory intermediaries in the UK.

Fund Flows

Liontrust recorded net inflows of £255 million in the financial year (2015: £667 million,which included £315 million of Institutional net inflows from a single client). A reconciliation of fund flows over the financial year is as follows:-

	Total £m	Institutional £m	UK Retail £m	MPS* £m	Offshore Funds £m
Opening AuM - 1 April 2015	**4,494**	**1,161**	**3,092**	**156**	**85**
Net flows	**255**	(48)	223	54	26**
Market and Investment performance	**42**	25	15	(6)	8
Closing AuM - 31 March 2016	**4,791**	**1,138**	**3,330**	**204**	**119**

** Includes a net outflow of £35 million in February 2016 in relation to the closure of the Liontrust Global Strategic Bond Fund.

Outlook

I believe we are well positioned to continue our success. I have often said that we do not have a magic wand to deliver success but if we continue to focus on doing the things we can effect as best as we can day in day out, we will succeed.

The last year has been successful in a challenging environment and I see our greatest achievement as having built the foundations on which to construct a great business. We believe that these foundations, along with offering distinct approaches to running funds and portfolios, providing value for money active management and communicating clearly and regularly with clients and investors in the ways and with the information they want, will enable us to continue to grow our company into the future.

John Ions
Chief Executive
15 June 2016

Vision and Strategic Objectives

Our Vision

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

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 in the UK and internationally as possible, striving continually to raise awareness and knowledge of Liontrust and our funds, widen the number of clients who invest with us, deepen our relationships with existing investors and increase our assets under management.

Excellent customer service and support

We pride ourselves on providing our investors with exceptional service and support and place treating customers fairly as one of our principles for business and at the cornerstone of our efforts to ensure customers get a fair deal. 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 Group 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 expansion 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 the wholesale market, primarily family offices, private banks, wealth managers and multi-managers in a number countries especially Benelux, Malta, Germany, Italy and the Nordic region.

We maintain a consistent brand across all our marketing activities which reflects the values and culture 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 partnership with ZSL London Zoo to help secure a future for the last remaining Asiatic lions in the wild as well as building the new Land of the Lions exhibit, breeding centre and education hub, which opened in March 2016. Also, as part of being Principal Partner of Oxford United football club, we have been developing our community engagement programme.

Operations

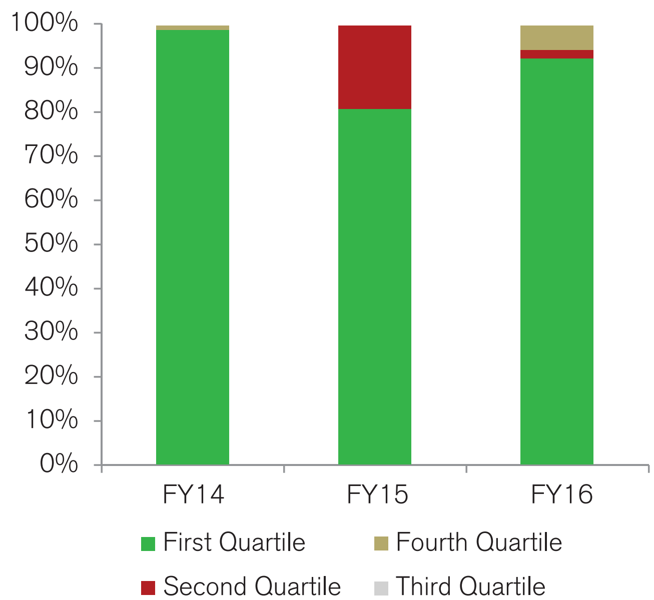
We have a single Operations division, designed to support a fast growing business. Having a single Operations function ensures the fund management and distribution divisions have the appropriate tools to be effective, provides executive management with the performance and risk monitoring information 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 80% of our actively managed AuM in first quartile funds (see Figure 1).

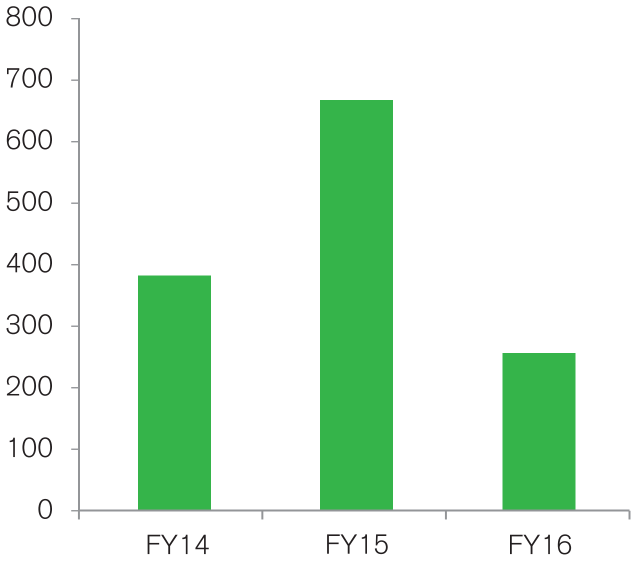
Figure 1 – AuM weighted quartile ranking since launch or manager inception.



Distribution

Net flows in the year have remained positive, although have reduced from £667 million to £255 million

Figure 2 – Net flows £'million

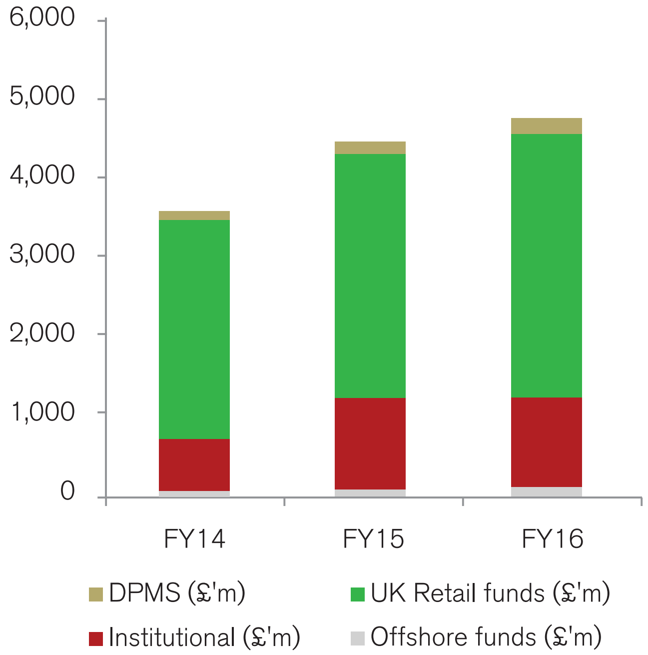


Note: FY15 includes £315 million of Institutional net inflows from a single client, FY16 includes a net outflow of £35 million in relation to the closure of the Liontrust Global Strategic Bond fund.

A Profitable and Growing business

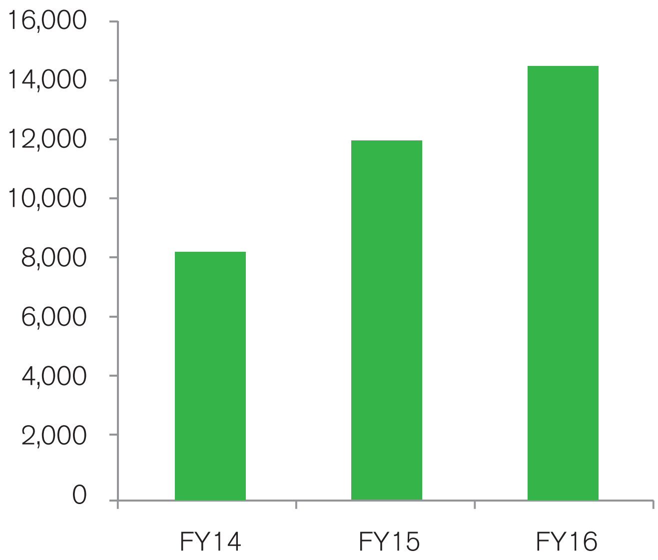
Our AuM has increased by nearly 33% from 31 March 2014 to 31 March 2016 and by 7% from 31 March 2015 to 31 March 2016, reflecting market performance and net flows (see figure 3).

Figure 3 – AuM by investor type £'million



Our adjusted profit before tax increased by 75% from 31 March 2014 to 31 March 2016 and by 21% from 31 March 2015 to 31 March 2016 (see figure 4).

Figure 4 – Adjusted profit before tax £'000



Company Awards

We are proud to announce the following awards for Liontrust in the financial year ended 31 March 2016:

- Liontrust was named by the London Stock Exchange Group as one of the 1,000 companies to inspire Britain in 2016. These are the "UK's most exciting and dynamic small and medium-sized businesses".
- In FundCalibre's annual Fund Management Equity Index, Liontrust has been placed 11th out of 65 groups. As a result, Liontrust has been awarded the Elite Provider for Equities Rating.

Fund Management review

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

Economic Advantage Team

Anthony Cross, Julian Fosh, Victoria Stevens and Matt Tonge

The Economic Advantage team expanded last year with the addition of Victoria Stevens and Matt Tonge. Anthony Cross and Julian Fosh manage the Liontrust UK Growth and Liontrust Special Situations funds while all four managers run the Liontrust UK Smaller Companies and Liontrust UK Micro Cap funds. The team also manages segregated accounts using the Economic Advantage investment process. Anthony and Julian have more than 50 years of combined investment experience. Anthony, who was previously at Schroders, has managed the Liontrust Special Situations and UK Smaller Companies Funds since launch with the two managers starting to work together in 2008. Julian has previously managed money at Scottish Amicable Investment Managers, Britannic Investment Managers, Scottish Friendly Assurance Society and Saracen Fund Managers. Victoria was previously deputy head of corporate broking at FinnCap and Matt was an award winning trader at Liontrust. Anthony and Julian and the funds they manage have won numerous awards in recent years. These include Best UK Small/Mid Cap Equity Fund in 2016 (Morningstar), Anthony Cross and Julian Fosh named FE Alpha Managers in 2016, Anthony and Julian named Best UK Equity Managers in March 2015 (FE Trustnet), UK Smaller Companies Fund of the Year in 2014 (FT's Investment Adviser), Best 2013 UK Small/Mid Cap

Fund in 2013 (Money Observer), Best UK Equity Fund– Special Situations – in 2013 (Portfolio Adviser) and Best UK All Companies Fund – Special Situations – in 2012 (Moneywise).

Anthony, Julian, Victoria and Matt believe the secret to successful investing is to identify companies with a durable competitive advantage (Economic Advantage) that allows them to defy industry competition and sustain a higher than average level of profitability for longer than expected. This can surprise the market and can lead to strong share price appreciation. The Liontrust Economic Advantage process identifies companies which possess intangible assets that produce barriers to competition and are capable, in the opinion of the fund managers, of reaping a financial advantage in the form of cash flow returns in excess of the cost of capital. In the fund managers' experience, the hardest characteristics for competitors to replicate are three classes of intangible asset: intellectual property, strong distribution channels and significant recurring business. All smaller companies in the funds must have a minimum 3% directors' equity ownership. Equity ownership motivates key employees, helps to secure a company's competitive edge and leads to better corporate performance.

Liontrust Special Situations Fund, for example, is in the first quartile of its IA sector over five and 10 years to 31 March 2016 and since launch on 11 November 2005.

Macro-Thematic Team

Stephen Bailey, Jan Luthman and Jamie Clark

Stephen Bailey, Jan Luthman and Jamie Clark, who manage the Liontrust Macro Equity Income and Liontrust Macro UK Growth funds and a number of segregated accounts using the Macro-Thematic investment process, have more than 60 years of combined investment experience. Stephen and Jan started working together in 2000 when Jan joined Walker Crips Asset Managers (WCAM), with Jamie joining the team in 2003. Stephen joined WCAM in 1987 having started his career in stockbroking in 1985 as a private client manager with Statham, Duff, Stoop. Jan entered fund management in 1988 having been in the first group to pass the Securities Association exam in Investment Analysis in 1987 (and one of a select few to do so with a Credit). Stephen and Jan are two of only 28 fund managers who have been named FE Alpha managers every year since it was created in 2009, including 2016.

At the core of the investment philosophy of the Macro-Thematic process lies the belief that macro-thematic analysis – the identification and interpretation of major economic, political and social developments affecting the UK and the rest of the world – offers scope to add long-term investment value. The fund managers actively seek sources of asymmetric information, views and opinions to support the identification and evaluation of potential investment themes. Identifying such themes, and assessing their implications for investment markets and individual industries, provides the framework for the construction of the portfolios. As a result, sector exposures may differ significantly from those of the market and many of the sectors' peers.

Liontrust Macro Equity Income Fund, for example, was in the first quartile of its IA sector since launch on 31 October 2003 to 31 March 2016.

Cashflow Solutions Team

James Inglis-Jones and Samantha Gleave

James Inglis-Jones and Samantha Gleave, who manage the Liontrust Global Income, Liontrust European Growth and Liontrust European Strategic Equity funds and a number of segregated accounts using the Cashflow Solution investment process, have 39 years of combined investment experience and first worked together in 1998. James has previously managed money at Fleming Investment Management, JP Morgan Fleming and Polar Capital while Samantha formerly worked at Sutherlands Limited, Fleming Investment Management, Credit Suisse First Boston and Bank of America Merrill Lynch. Samantha was in a No 1 ranked equity research sector team (Extel & Institutional Investor Surveys) at Credit Suisse and won awards for Top Stock Pick and Earnings Estimates at Bank of America Merrill Lynch.

The Cashflow Solution investment process is based on the belief that the most important determinant of shareholder return is company cash flows. Cash flows 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 aim of the fund managers is to find companies that generate significant free cash flows from their asset base and are lowly valued on their cash flows whilst being run by company managers who allocate their cash flows in an intelligent way.

Liontrust European Growth Fund, for example, was in the first quartile of its IA sector over one year and since launch on 10 November 2006 to 31 March 2016.

Asia Team

Mark Williams, Carolyn Chan and Shashank Salva

Mark Williams, Carolyn Chan and Shashank Salva manage the Liontrust Asia Income and Liontrust GF Asia Income funds. They have more than 40 years of combined experience in analysing Asian companies, with Mark having managed funds at F&C and Occam and Carolyn having previously been at Hampton Investment Management. While Mark was at F&C, he was awarded first place in the Equity Asia Pacific (ex-Japan) sector over five years (out of 52 funds) by the S&P European awards in 2007.

The Asia investment 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, outperformed the average fund in its IA sector since launch on 5 March 2014 to 31 March 2016.

Global Structural Opportunities Team

Patrick Cadell, Hugo Rogers and Kristof Bulkai

Patrick Cadell, Hugo Rogers and Kristof Bulkai manage the Liontrust GF Global Strategic Equity and Liontrust GF Global Water and Agriculture funds using the Structural Opportunities investment process. The fund managers seek to identify stocks, sectors and countries that are experiencing unpriced structural or fundamental change. Such change creates winners and losers and can lead to significant price movements. The investment process can potentially exploit opportunities from structural and fundamental change through taking long and short positions because investors are slow and reluctant to recognise fundamental turning points, markets struggle to price the returns that structural change drives and change leads to uncertainty which is mispriced due to risk aversion. Fundamental change is often driven by the same factors that can easily be monitored: politics, industry consolidation, disruptive technology, change in business models and earnings revisions.

Multi-Asset Team

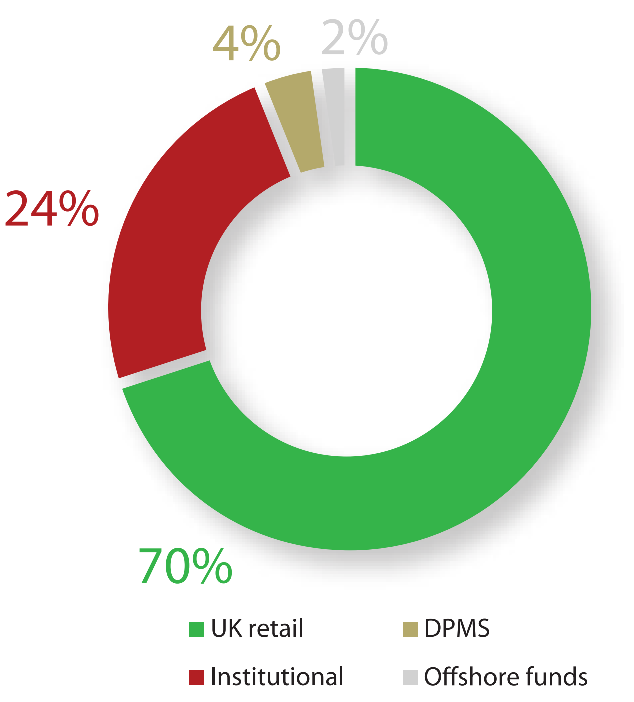
John Husselbee and Paul Kim

John Husselbee and Paul Kim, who manage the Liontrust Wealth Solutions Service (WSS) and Liontrust Managed Portfolio Service (MPS) using the Liontrust Multi-Asset investment process, have 55 years of combined experience in managing multi-manager and multi-asset portfolios.

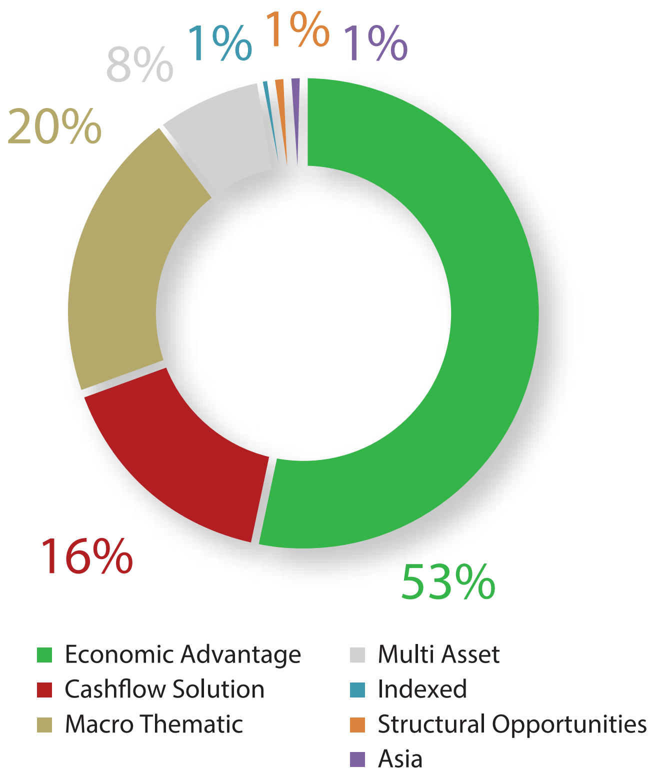
The Liontrust Multi-Asset investment process is designed to achieve two main objectives. The first is to target the outcome expected by investors in terms of the level of risk, as measured by volatility, of each portfolio. Volatility is a statistical measure of variation of returns over time, which is defined as the annualised "standard deviation" of monthly investment returns. This can enable investors to match the appropriate portfolio to their desired risk profile. The second objective is to maximise returns while still targeting the risk profile of each portfolio. These two objectives are pursued through a quantitative and qualitative approach. They use a scientific approach to target the risk outcome expected but consider the maximisation of returns to require an additional element of experience, knowledge and qualitative interpretation. There are four key stages to the investment process, starting with the strategic asset allocation, followed by tactical asset allocation, fund selection and portfolio construction. Risk management is central to each of these stages and the portfolios are designed to provide diversification across asset classes, geographical regions and investment styles to enhance the returns for the level of risk taken. Each portfolio targets the appropriate volatility by combining fund selection with the strategic asset allocation, adjusted for the short-term tactical weightings. They then examine each portfolio from a top-down perspective to ensure that its characteristics are in line with our risk controls.

Split of AuM

By product type:



By investment process:

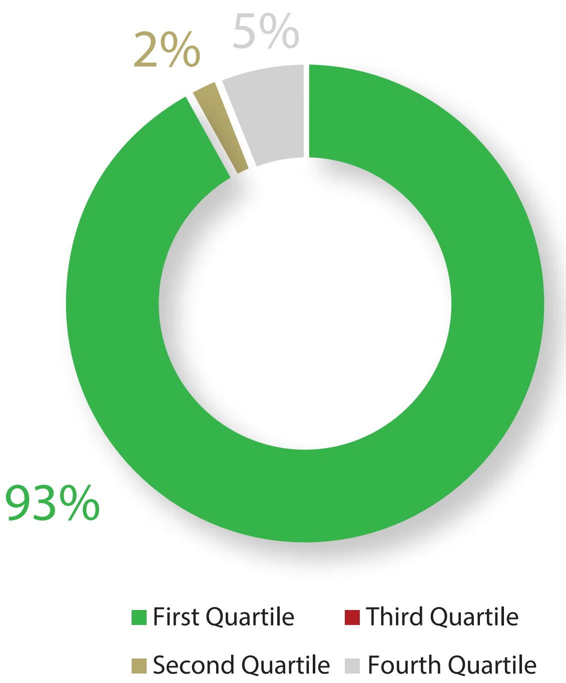


Fund performance and Awards

UK Retail fund performance

The strength of Liontrust's fund management capability is shown by the fact that all bar one of its eight actively managed unit trust funds are in the first quartile of their respective sectors since launch or since the fund managers were appointed to 31 March 2016. Since launch or since the fund managers were appointed 93% were in the first quartile (see Figure 2 below).

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



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

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

Source: Financial Express, total return, bid to bid, to 31 March 2016 unless otherwise stated. The above funds are all UK authorised unit trusts (retail share class). Liontrust FTSE 100 Tracker Fund (index fund) not included. Liontrust Global Income Fund's investment objective changed to Global Income on 3 July 2013. Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

Offshore fund performance

	Fund vs Benchmark - 1 year	Fund vs Benchmark – Since Manager tenure	Launch
Liontrust GF Macro Equity Income Fund	(4.8%) vs (3.9%)	0.4% vs 0.9%	04/04/2014
Liontrust GF European Strategic Equity Fund	(1.1%)	11.1%	25/04/2014
Liontrust GF Special Situations Fund	3.2% vs (3.9%)	29.9% vs 26.4%	08/11/2012
Liontrust GF Global Water & Agriculture Fund	–	10.4%	27/01/2016
Liontrust GF Asia Income Fund (A2 – EUR)	–	(18.5%)	13/05/2015
Liontrust GF Global Strategic Equity Fund	–	(14.9%)	17/07/2015
Liontrust GF UK Growth Fund	1.2% vs (3.9%)	6.5% vs (2.5%)	03/09/2014
Liontrust GF Global Income Fund	(5.0%)	(3.9%)	03/09/2014

Source: Financial Express, total return for the base currency class, to 31 March 2016 unless otherwise stated. The above funds sub-funds of Liontrust Global Funds Plc, an open ended umbrella type investment company with variable capital incorporated with limited liability under the laws of Ireland. 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.

Fund Awards

We are proud to announce the following awards for Liontrust's fund management teams in the financial year ended 31 March 2016:

- ✓ The Liontrust UK Smaller Companies Fund has been named one of Money Observer magazine's Rated Funds.
- ✓ Anthony Cross, Julian Fosh, Stephen Bailey and Jan Luthman were named FE Alpha managers for 2016.
- ✓ The Liontrust UK Smaller Companies Fund has been named the Best UK Small/Mid Cap Equity Fund in the Morningstar UK Fund awards 2016.

Distribution review

We have continued to make progress during the financial year as shown by our AuM reaching £4,791 million on 31 March 2016 and the enhancement of our distribution capability in both the UK and internationally which is key to the future growth of Liontrust. Our investment in a new CRM system, market data and digital marketing, for example, is enabling us to reach a larger number of intermediaries with more targeted, consistent and structured communications. The effectiveness of our marketing and brand is shown by the relatively high recognition and awareness figures we gain for our advertising among intermediaries.

We continue to seek to broaden our client relationships in the UK and internationally. This is demonstrated by the fact that more than 220 professional fund buyers attended our Annual Investment Conference at The Savoy on 26 January 2016.

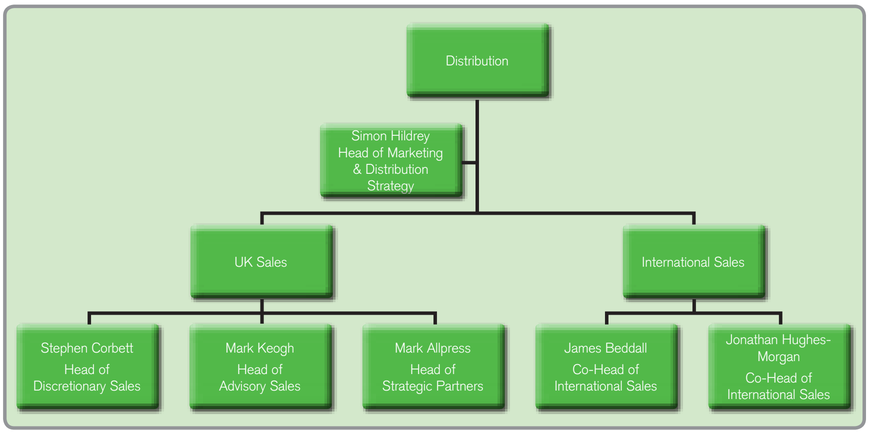
Liontrust became the Principal Partner of Oxford United football club in July 2015 and we have enhanced our partnership with ZSL London Zoo by sponsoring its new *Land of the Lions* exhibit, breeding centre and education hub and aiding its conservation work to bring Asiatic lions back from the brink of extinction. We use a third sponsorship – Sporting Heroes in the Daily Telegraph – to support our partnerships with Oxford United and ZSL London Zoo.

There are two key reasons why we entered into these partnerships:

- Raise awareness and understanding of Liontrust, among professional and private investors, as well as to increase the profile of our brand values.
- Develop our community engagement programme.

Both Oxford United and ZSL London Zoo have large numbers of loyal and engaged supporters, achieve publicity, profile and reach beyond their own fan/customer base and are committed to community engagement and, in the case of ZSL London Zoo, animal conservation. Oxford United was also appealing as a well-run and up-and-coming club, matching Liontrust's own profile. These factors gave us confidence that the partnerships would be deeper and have more impact than a purely commercial arrangement.

The Liontrust-branded Oxford United shirts have appeared regularly in the sports pages of national and regional newspapers and weekly in TV highlights. Their exposure was enhanced as Oxford reached the final of the JPT Trophy at Wembley, they won promotion from League Two to League One and beat Premier League team Swansea City in the FA Cup Third Round in January 2016. The cup game was the lead game on Match of the Day that evening, the goals were shown on the BBC and ITV News and they were a lead story in the sports pages of national newspapers the next day. This all meant the Liontrust brand has had exposure to millions of people.



Operations review

We are focused on maintaining an operations team that is efficient, scalable and that gives us the ability to continue our growth whilst delivering returns to shareholders. With the growth in our business, we performed a strategic review of our Front Office IT infrastructure, and as a result strengthened our IT governance arrangements and also restructured and expanded our IT support team.

Our three key operations team are:

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

In the financial year to 31 March 2016, the Operations teams, amongst other things, achieved the following:

- Restructured the IT team into two parts, IT Support and IT Infrastructure;
- Completed a strategic review of front office systems;
- Completed front office systems vendor selection project;
- Implemented new front office systems;
- Implemented hot standby facility for Business Continuity recovery; and
- Launch of a Regular Withdrawal Facility for our UK unit trusts.

Financial review

Financial performance

Adjusted profit before tax increased to £14.623 million from £12.102 million last year, reflecting increased AuM and increased performance fee revenues.

Table (a) Analysis of financial performance

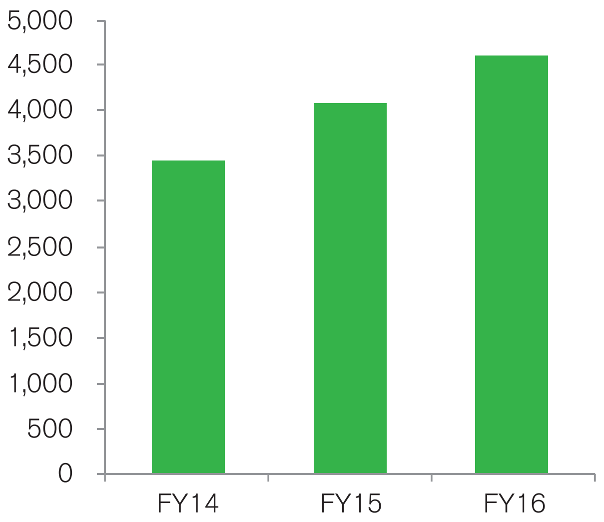
	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000	Year on Year Change
Gross profit	44,940	36,764	22%
Realised (loss)/ gain on sale of financial assets	(1)	2	n/a
Directors, employee and members compensation[1]	(22,341)	(17,788)	26%
Other Administration expenses	(7,991)	(6,897)	16%
Adjusted operating profit	14,607	12,081	21%
Interest receivable	16	21	(24)%
Adjusted profit before tax[1]	14,623	12,102	21%

[1] See note 7 on page 65 for reconciliation of adjusted profit before tax to profit for the year.

AuM

Average AuM increased by 7% compared to last year and by 33% over two years (see Figure 1 below), reflecting net flows and market performance.

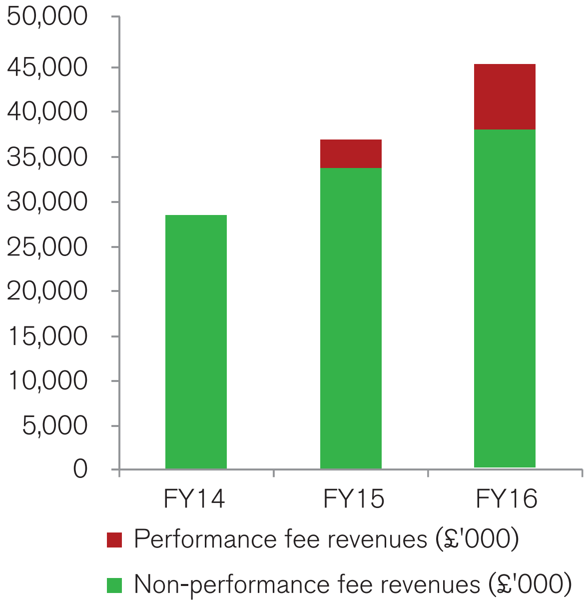
Figure 1 – Change in average AuM £'million



Revenues

Revenues excluding performance fees increased by 12% compared to last year and by 15% compared to two years ago, equivalent to an annualised growth rate of 33% over the three years (see Figure 2 below).

Figure 2 – Change in Gross profit £'000



Revenue margin (Gross profit (excluding performance fees) divided by average AuM) remains unchanged at 0.83% compared to last year and 0.79% two years ago, reflecting the increased impact of higher average AuM and improving revenue margin.

Profit and operating margin

Adjusted operating profit increased to £14.607 million from £12.081 million last year and from £8.410 million two years ago reflecting the increase in average AuM, this in turn is reflected in strong growth in basic and diluted earnings per share (see Figures 3 and 4).

Figure 3 – Change in Adjusted operating profit £'000

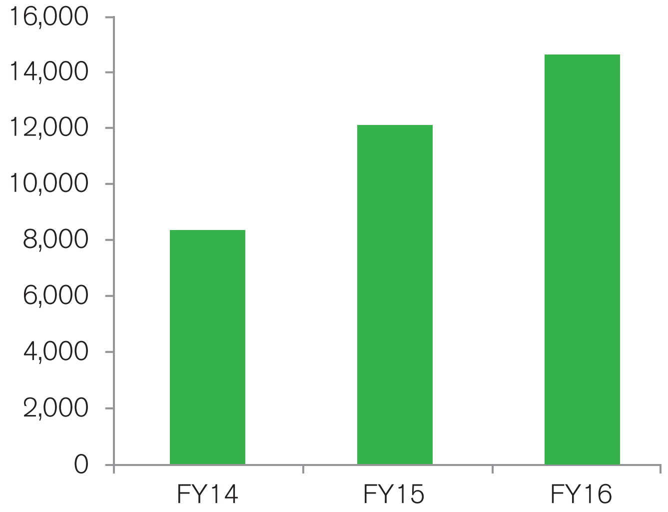
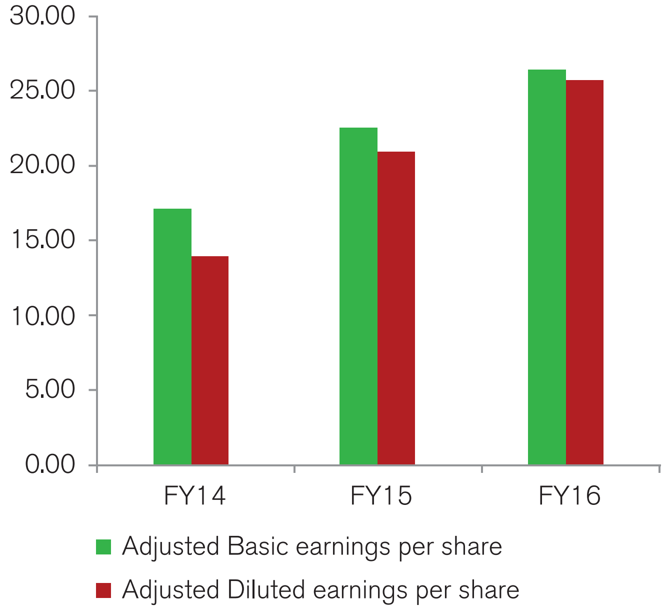
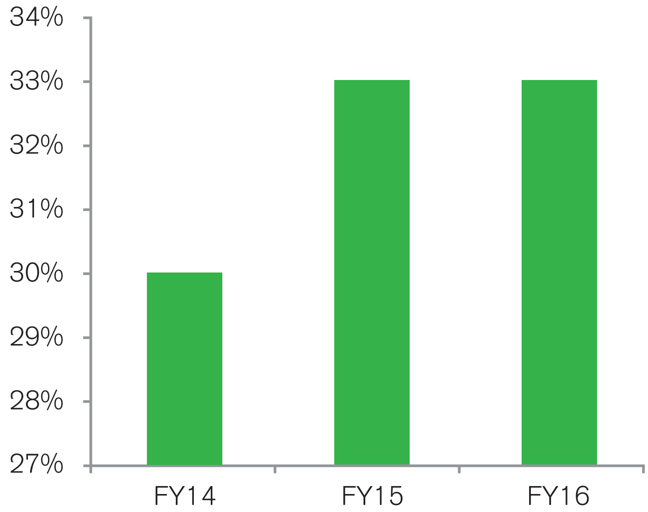


Figure 4 – Change in adjusted basic and diluted earnings per share (pence)



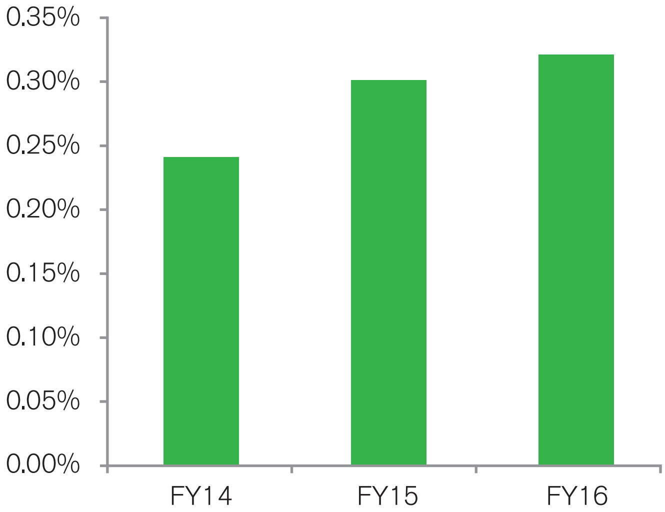
Adjusted operating margin (calculated as Adjusted operating profit divided by Gross profit) has been increasing year on year reflecting the increase in revenues compared to costs and the strong operating gearing in the business (see Figure 5 below).

Figure 5 – Change in adjusted operating margin



Adjusted operating profit as a percentage of average AuM has increased to 0.32% compared to last year when it was 0.30% and two years ago when it was 0.24%), reflecting the strong operating gearing in the business (see Figure 6 below).

Figure 6 – Change in Adjusted operating profit as a % of average AuM

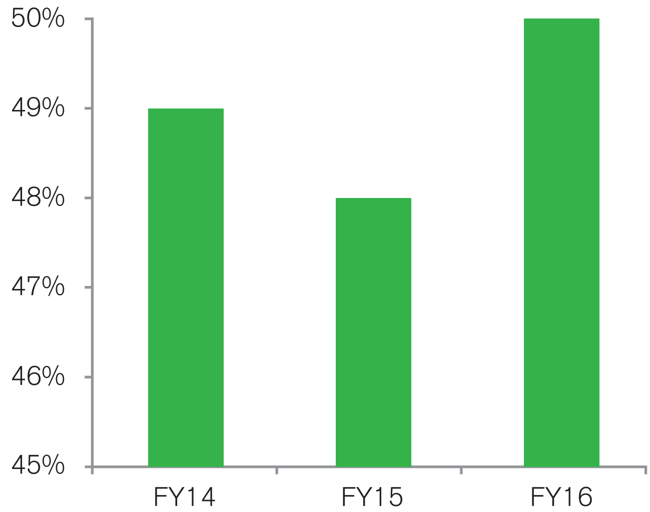


(3) Adjusted for expenses for share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim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

Administration expenses

The largest component of our costs, in common with other service companies, is Director, member and employee related expenses. Director, member/employee compensation as a percentage of Gross profit increased by 1% reflecting higher fund manager compensation and removal of the cap on pension contributions (see Figure 7 below).

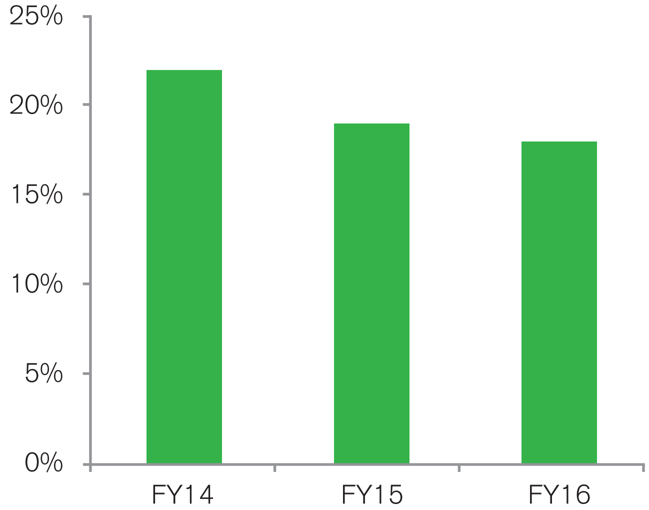
Figure 7 – Director, employee and member related expenses as a percentage of Gross profit



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

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

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



Dividend

The Board has considered current market environment, the financial performance for the Group in the current year and its cash generation abilities in future years, and is declaring a second interim dividend of 9.0 pence per share (2015: 6.0 pence) which will result in total dividends for the financial year ending 31 March 2016 of 12.0 pence per share (2015: 8.0 pence) (See Figure 9 below). This reflects a dividend margin (dividend per share divided by Adjusted diluted earnings per share) of 47%, an increase of 22% on last year (See Figures 9 and 10 below).

Figure 9 – Dividend per share (pence)

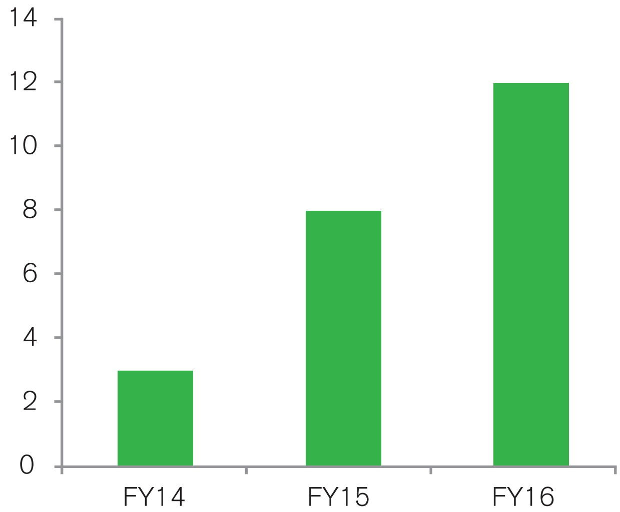
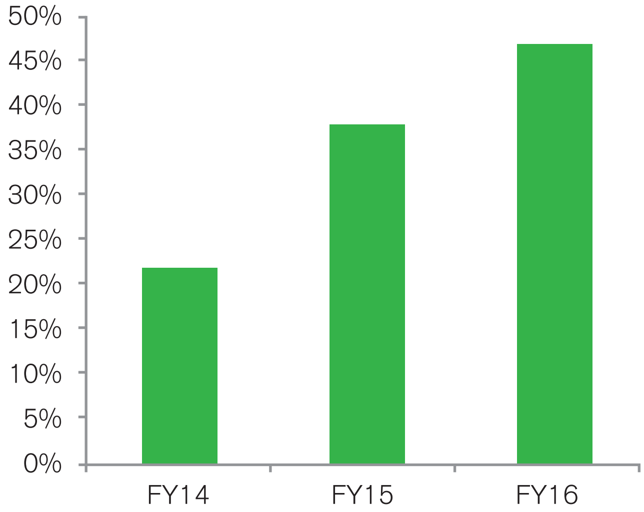


Figure 10 – Dividend margin



Dividend policy

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

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

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

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

Statement of viability

In accordance with provision C.2.2 of the 2014 revision of the Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the Going Concern provision.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to 31 March 2019. The Directors' assessment has been made with reference to the Group's current position and strategy, the Group's risk appetite, the Group's financial forecasts, and the Group's principal risks and mitigations, as detailed in the Strategic Report.

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

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

Principal Risks and mitigations

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

Our Professional Indemnity Insurance covers us for losses, errors, and fraud. Our current assessment of our key operational risks and our risk management framework suggest that we are not at material risk of breaching our insurance limits.

In order to help identify, manage and control risk, Liontrust breaks it down into four categories. On the basis of disciplined risk assessment, the principal risks to the Group's business are considered. A high level summary is shown below with details of any mitigating factors and the risks are also discussed in the Risk Management and Internal Controls section of the Directors' Report on page 28.

Credit risk

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

Market risk

Market risk is the risk that the value of assets will decrease due to the change in value of the market risk factors. Common market risk factors include asset prices, interest rates, foreign exchange rates, and commodity prices. Liontrust as an investment management company is exposed to market risk in several forms, these include: seed investments; box management; funds under management; and management fee income.

Liontrust has only minor direct exposure to market risk through manager box positions and small holdings in the sub-funds of Liontrust Global Funds Plc which have been undertaken to aid incorporation and are redeemed when funds grow in size. The Group has a regular review process for any assets subject to market risk which identifies specific criteria to ensure that these remain 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 and scorecards, documented procedures and compliance manuals, a comprehensive compliance monitoring programme (both internal and external), issue tracking and a regular assessment of third party providers.

Liontrust manages its operational risk with a framework based upon the Basel Committee on Banking Supervision's paper "Sound Practices for the Management and Supervision of Operational Risk" using seven operational risk event types that may result in substantial losses including:

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

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

As we outsource many of our labour intensive operational functions, we commit high levels of resource to the management of these third party providers. We work hard to ensure that the relationship is a collaborative one and that both parties are working together towards the same goals, via a dedicated relationship management team and through a comprehensive monitoring programme.

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

This year has seen significant change in the systems used by the Group with the implementation of new portfolio management, order management, risk and compliance systems. Any significant system change brings higher risk in the short term, but the new systems should reduce operational risks going forward.

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

Other risks

The firm also faces other risks 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 Group operates in continues to grow more complex. There have been significant new legislative changes around the globe which have 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 managed.

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

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

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

The risk of 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 large, key clients and relationships. Should a large client leave (or conversely a new large client be acquired) there is a risk that earnings may be impacted. The largest client represents approximately 5% of the Group'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. The Board and the Health and Safety Committee have reviewed the current and potential ESG risks and believe that adequate procedures are in place to identify and assess these risks.

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

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

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

Equal Opportunities, Diversity, Inclusion 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 partners/directors, employees and associated persons have equal opportunities.

The Board recognises the importance of diversity, including gender and recognises the benefits it brings to the Board and Group. The Board is committed to ensuring its composition is appropriate for the business and that members and candidates should possess the broad range of skills, expertise, industry knowledge, and other experience necessary for the effective oversight and management of the Group.

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. Fundamental to increasing diversity is the development of a pipeline of talented and diverse employees within the business. We do not support quotas or to set prescriptive, quantitative diversity targets however, we endeavour to have a proactive and coordinated approach to attracting, retaining and developing a diverse workforce. As at 31 March 2016 the gender diversity within the group was as follows:

2016	Male	Female
Directors	6	–
Members of LLP's	28	2
Employees	21	18

Stewardship
Liontrust manages all investments using different proprietary investment processes, and the rationale around Environmental, Social and Governance ("ESG") issues depends on the underlying investment process. Good governance is important to all investment processes and so Liontrust are committed to the Financial Reporting Council's Stewardship Code. Liontrust's response to the stewardship code and how Liontrust complies with the responsibilities laid out in the code is available on our website: www.liontrust.co.uk.

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 laws. In implementing this policy the firm demonstrates 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.

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.

Environmental KPI's
Commercial Waste

Liontrust aims, firstly to minimise its commercial waste, and secondly to recycle as much of its commercial waste as possible, with any non-recyclable items being incinerated to produce energy. In the year to 31 March 2016 Liontrust recycled 5,820kg (100%) of materials saving 7,890kg of $CO2$ (year to 31 March 2015: 5,650kg (98%), 7,700kg $CO2$).

Emissions Intensity per member of staff

Using the most recent data available from our landlords, we have identified an emissions intensity per member of staff (employees and members) of 1.6 $tC02$ per annum (2015: 2.2 $tCO2$ per annum).

The Health and Safety committee monitor the KPIs as part of their review of the ESG policy and the calculation of the KPIs are checked by the Auditors.

Charitable Giving and Social Responsibility
We are carrying out our community engagement through two major sponsorships as well as Charitable Support as set out below:

Oxford United football club
Liontrust has been the principal partner of Oxford United football club since July 2015. We are supporting a wide range of community initiatives via the Oxford United Community Trust to work together to improve the lives of the people of Oxfordshire. We have been developing projects to work with Oxford United Community Trust to support its four themes for community engagement:

- Sports participation and coaching
- Health and wellbeing
- Education, training and employment
- Social inclusion

ZSL London Zoo
We have partnered with ZSL London Zoo to support its conservation work with the last remaining 500 Asiatic lions in India's Gir Forest and the building of the *Land of the Lions* exhibit, breeding centre and education hub. The *Land of the Lions* was opened by the Queen on 17 March 2016 and opened to the public on 25 March.

With Liontrust's support, ZSL conservationists have partnered with government institutions in India to help secure the future of the Asiatic lion. Their work involves helping to:

- Train zoo keepers and veterinarians at Sakkarbaug Zoo in lion care and welfare.
- Improve training of local staff so they can safely transport lions and other dangerous animals away from populated areas.
- Upgrade infrastructure to help care for the lions' health and wellbeing.
- Establish exhibits and education programmes for local communities and visitors to learn about lion conservation.

Walking the Courses
Liontrust is proud to have supported Richard Farquhar's Walking the Courses to raise money for Pancreatic Cancer and Racing Welfare. Over the course of 13 months from March 2015 to April 2016, Richard walked between all 60 racecourses across mainland Britain. Each leg of Walking the Courses ended with Richard's arrival at a racecourse on the day that there was a race meeting. The combined distance that Richard covered during the 13 months was around 2,910 miles and he has raised almost £500,000.

Approval

The Strategic Report was approved by the Board on 15 June 2016 and Signed on its behalf by:

John Ions
Chief Executive
15 June 2016


LAND OF THE
LIONS

Governance

Board of Directors

Adrian Collins, 62, (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, Tristar Resources Plc, and New City High Yield Trust Plc.

John Ions, 50, (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, 51, (Chief Operating Officer & Chief Financial Officer). Joined the Board in September 2004. Vinay is responsible for overseeing all finance, information technology, operations, risk and compliance of the Group. After obtaining a first class degree in computing science from Imperial College London, Vinay worked for W.I. Carr (UK) Limited specialising in the development of equity trading systems for their Far East subsidiaries, and then at HSBC Asset Management (Europe) Limited where he was responsible for global mutual funds systems. Following a short period at S.G. Warburg and Co., he joined Liontrust in 1995.

Alastair Barbour, 63, (Non-executive Director). Joined the Board in April 2011. Alastair is a chartered accountant with 25 years' experience spent auditing and advising boards and management of public companies in the UK and internationally, principally in the financial services industry. He trained with Peat, Marwick, Mitchell & Co in London before being admitted as a partner with KPMG in Bermuda in 1985. Alastair returned to the UK as a partner of KPMG in 1991 and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a Director of RSA Insurance Group Plc, Phoenix Group Holdings, The Bank of N.T. Butterfield & Son Limited, Standard Life European Private Equity Trust Plc and CATCo Reinsurance Opportunities Fund Ltd.

Mike Bishop, 65, (Senior Independent Director). Joined the Board in May 2011. Mike has more than forty years' experience as a fund manager and is currently a Non-executive Director of RWC Focus Asset Management and an adviser to its UK equity activist funds. Before joining Hermes in 2005, Mr Bishop was Head of Pan-European Equities at Morley Fund Management Limited and a Director and fund manager at Gartmore Investment Management.

George Yeandle, 58, (Non-executive Director). Joined the Board in January 2015. George is a chartered accountant with over 30 years' experience having specialised throughout most of his career in advising clients on executive pay and remuneration issues. He has also held a number of internal leadership roles. He trained with Coopers & Lybrand (now PricewaterhouseCoopers LLP) before being admitted as a partner in 1989. More recently, George was Operational Leader of the London Region Human Resource Services Business and a Senior Partner of PricewaterhouseCoopers LLP, retiring in December 2013.

Directors' Report

The Directors present their report and the audited consolidated financial statements of Liontrust Asset Management PLC for the year ended 31 March 2016.

Principal activities

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

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

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

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, Liontrust Asset Managers Limited (previously Walker Crips Asset Managers Limited), and Liontrust International (Guernsey) Limited, which managed offshore investments funds, and all will be liquidated in due course.

Results and dividends

Profit before tax was £9.404 million (2015: £7.265 million).

Adjusted profit before tax was £14.623 million after adding back expenses such as, share incentivisation, severance compensation and related legal costs, acquisitions related costs, professional services (restructuring, acquisition related and other), members advanced drawings, depreciation and intangible asset amortisation, and the Financial Services Compensation Scheme Interim Levy (2015: £12.102 million).

The Directors declare a second interim dividend of 9.0 pence per share (2015: 6.0 pence). This results in total dividends of 12.0 pence per share for the financial year ending 31 March 2016 (2015: 8.0 pence per share).

Review of the business and future developments

A review of the business and future developments is set out in the Chairman's statement, Chief Executive's statement and Strategic Report on page 6 and 7 to 19 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 2016 are set out in the Remuneration report on page 45.

Adrian Collins
John Ions
Vinay Abrol
Alastair Barbour
Mike Bishop
George Yeandle

Disclosure required under the Listing Rules

LR 4.1.5.(R) and DTR 4.1.8 R

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

LR 9.8.4R

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

Information required	Location
Interest capitalised	Not applicable
Shareholder waiver of dividends	Note 20 page 72
Shareholder waiver of future dividends	Note 20 page 72
Agreements with controlling shareholders	Not applicable
Provision of services by a controlling shareholder	Not applicable
Key contracts	Risk Management and Internal Controls Report
Details of long-term incentive schemes	Remuneration report
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
Non-pre-emptive issues of equity for cash	Not applicable
Non-pre-emptive issues of equity for cash in relation to major subsidiary	Not applicable
Participation by parent of a placing by a listed subsidiary	Not applicable
Publication of unaudited financial information	Historical Summary

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

DTR 7.2 Structure of capital and voting rights

As at 31 March 2016 and 15 June 2016, there were 45,471,555 fully paid ordinary shares of 1p amounting to £454,716. Each share in issue is listed on the Official List maintained by the FCA in its capacity as the UK Listing Authority. There was no change to the issued share capital during the year.

The Company has one class of ordinary shares which carry the right to attend, speak and vote at general meetings of the Company. The holders of ordinary shares have the right to participate in dividends and other distributions according to their respective rights and interests in the profits of the Company and a return of capital on a winding-up of the Company. Full details regarding the exercise of voting rights in respect of the resolutions to be considered at the Annual General Meeting to be held on 13 September 2016 are set out in the Notice of Annual General Meeting.

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

Under Resolution 14 of the Annual General Meeting held on 8 September 2015, the shareholders authorised the Company to purchase its own shares pursuant to section 701 of the Companies Act 2006. This authority is limited to the maximum number of 6,816,186 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 9 December 2016 (whichever is the earlier). The maximum price that may be paid for an Ordinary share will be the amount that is equal to 5 per cent above the average of the middle market prices shown in quotations for an Ordinary share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased. The minimum price which may be paid for an Ordinary share is 1 pence.

Corporate governance

A report on corporate governance appears on pages 26 to 27.

Risks and uncertainties

A report on principal risks appears in the Strategic Review on pages 17 to 18 and a report on the risk management and internal controls appear on pages 28 to 30.

Corporate social responsibility

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

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

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

Financial instruments

The Group's financial instruments at 31 March 2016 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 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 62.

Annual General Meeting

The eighteenth Annual General Meeting of the Company will be held in the Pinafore Room at The Savoy, London WC2R 0EU on 13 September 2016 at 2 p.m. A notice convening this meeting will be sent to shareholders in August 2016.

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 23.
- Details of the most substantial shareholders in the Company are listed on page 27.
- The rules concerning the appointment and replacement of Directors are contained in the Company's articles of association and are discussed on page 35.
- There are: no restrictions concerning the transfer of the securities in the Company; no special rights with the regard to control attached to securities; no agreement between holders of the securities regards their transfer known to the Company; and no agreement which the Company is party to that might affect its control following a takeover bid.
- There are no agreements between the Company and its Directors concerning compensation for loss of office as at 31 March 2016.

Directors’ Responsibility Statement

Basis of financial statements

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

Statement of disclosure of information to Auditors

As so far as 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 2016 Annual General Meeting.

Political donations

The Group made no political donations or contributions during the year. (2015: £nil).

By order of the Board
Mark Jackson
Company Secretary
15 June 2016

Statement of Directors’ responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and 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 financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company’s position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 22 confirm that, to the best of their knowledge and belief:

- 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 Company and the Group; and
- the Strategic Report contained on pages 7 to 19 includes a fair review of the development and performance of the business and the position of the Company and 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
15 June 2016

Compliance with the provisions of the Code

The Company is committed to the principles of the UK Corporate Governance Code (September 2014) (the "Code"). During the year the Company has applied the main principles and complied with the provisions of the Code.

The Board

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

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

The Chief Executive's main responsibilities are the executive management of the Group, liaison with the Board and shareholders (as required by the Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Chief Executive discharges his responsibilities in relation to the executive management of the Group via three executive management committees as detailed in the Risk management and internal controls report on page 28 to 30.

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

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

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

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

The Board met eight 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 22.

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 31.

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

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

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

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

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

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

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

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

Performance

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

The Executive Directors have been subject to a formal performance appraisal. These appraisals were carried out in May 2016 and in all cases their performance was appraised as continuously effective. The performance of the Non-executive Directors during the year to 31 March 2016 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 shareholder are conveyed to Non-executive Directors by the presentation at Board meetings of surveys of shareholder opinion carried out by the Group's brokers and of analysts' reports and also by feedback from the Executive Directors who regularly meet with shareholders.

Substantial shareholders

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

As at 31 March 2016 and 15 June 2016

Name	Number of voting rights	Percentage of voting rights
Schroders Plc	8,589,646	18.9
Polygon Global Partners LLP	5,033,899	11.1
BlackRock Inc.	3,806,620	8.4
Legal & General Group Plc	2,495,468	5.5
Jonathan Hughes-Morgan	2,167,709	4.8
Artemis Investment Management LLP	2,100,000	4.6

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 31 together with details of attendance at meetings.

Share buy backs

At the 2015 Annual General Meeting shareholders gave approval for the Company to buy back up to 6,816,186 Ordinary shares. Shareholders have also renewed the Directors' authority to issue ordinary shares up to an aggregate nominal value of £151,571.

Annual General Meeting

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

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

Risk Management and Internal Controls Report

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

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

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 of the Strategic Report on pages 17 to 18.

Committee structure and delegation of powers

The Corporate Governance report on page 26 details the Board's and the Chief Executive's responsibilities for organising and directing the affairs of the Company. The Board has delegated a number of its powers to three subcommittees; the Audit & Risk Committee, the Nomination Committee and the Remuneration Committee.

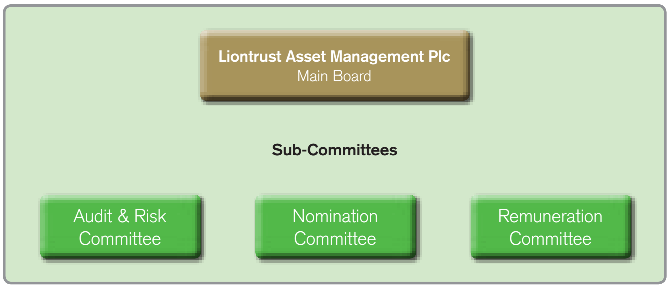


Fig 1: Board and Sub-Committees

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

a) **Executive Committee** ("EC") chaired by the Chief Executive and consisting of the executive members of the Board. The EC 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.

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

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

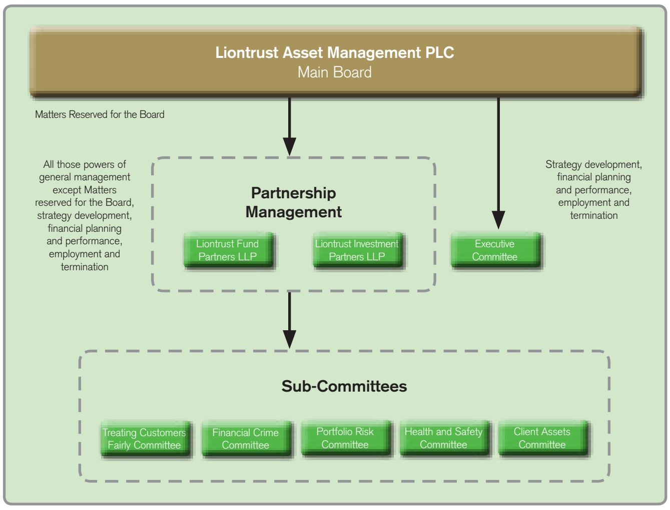


Fig 2: Board and Management committees and sub-committees

The EC meets as required, but at least once a year, and the Partnership Management Committee Meetings are monthly.

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

Treating Customers Fairly Committee

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

Financial Crime Prevention Committee

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

Portfolio Risk Committee

The Portfolio Risk Committee ("PRC") oversees the management of portfolio risk throughout the business. This oversight encompasses portfolio risk management systems and operations together with the monitoring of portfolio risk investment restrictions. The PRC has documented the approach to risk management in the Risk management Process document ("RMP"). The PRC also monitors portfolio performance, 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 and performance are appropriate for funds managed and reports on the various aspects and activities discussed within the RMP.

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

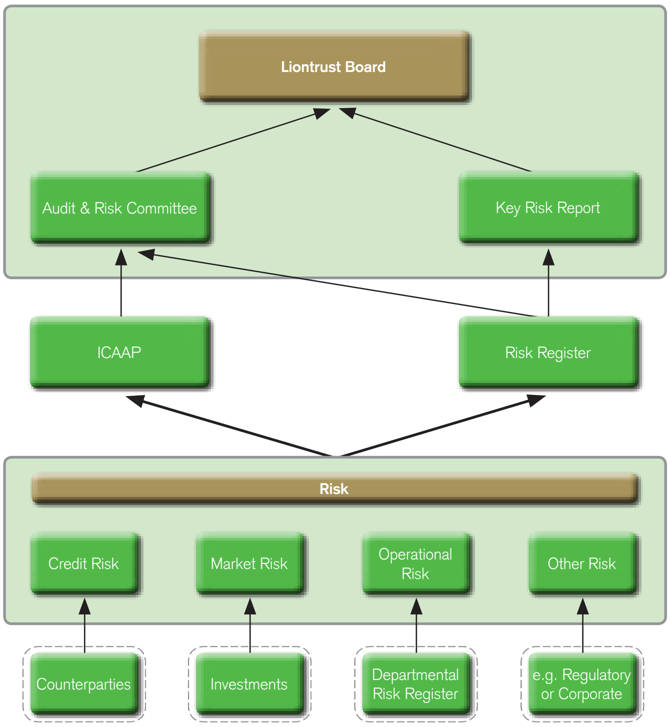
Health and Safety Committee
The Health and Safety Committee ("HSC") is responsible for all health and safety matters for the Group including the health and safety policy statement, any required health and safety related risk assessments for the Group, the first aid requirements, all fire safety and emergency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

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

Risk Management framework

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

The diagram below summarises the Group's Risk Framework.



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

The Group breaks risk down into four main categories that feed into the Risk Register and the ICAAP: Credit Risk, Market Risk, Operational Risk and Other Risk. Further details of the risks are listed in the principal risks and mitigations section of the Strategic Report on pages 17 to 18. Each element of risk is formally reviewed by the Audit & Risk committee on a minimum of an annual basis, and the Group ensures appropriate controls are in place to manage these risks.

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

Internal controls

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

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

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

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

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

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

Stakeholders and Key Contracts

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

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

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

Assurance process

The senior management arrangements, systems and controls environment in place across the Group was reviewed during the course of the year by an independent external consultancy whose report was provided to directly to the Board and Audit & Risk Committee.

On an annual basis, Liontrust commissions Deloitte LLP, an external accountancy firm, to perform testing of integrity of aspects of the Group-wide control environment. Liontrust has adopted the principles established in the "Assurance Reports on internal controls of service organisations made available to third parties" as recommended by the Institute of Chartered Accountants of England and Wales in the March 2011 technical release of AAF 01/06. 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.

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 2016 was as follows:

	Board[1]	Audit & Risk Committee	Remuneration Committee	Nomination Committee
Total number of meetings during the year	**7**	**5**	**6**	**3**
Adrian Collins	7	–	–	3
John Ions	7	–	–	3
Vinay Abrol	7	–	–	–
Alastair Barbour	7	5*	6	3
Mike Bishop	7	5	6	3*
George Yeandle	7	5	6*	3

* Chairman of the Board or Committee

(1) Of the 7 board meetings that took place during the year, 6 were scheduled meetings.

Audit & Risk Committee Report

Introduction by the Chairman of the Audit & Risk Committee

Dear shareholder,

On behalf of the Audit & Risk Committee (the "Committee"), I am pleased to present the Audit & Risk Committee report for year ended 31 March 2016.

The Committee's principal duties are as follows:

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

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

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

During the year, a significant proportion of the Committee's time was spent reviewing the Group's system of risk management and internal control; the integrity of financial reporting; and the effectiveness of the Group's Finance, Risk and Compliance functions, and external audit. The Committee's focus was on the continuing appropriateness of the Group's financial reporting. In particular this included the significant financial judgements taken in the financial year ended 31 March 2016, and the ongoing assessment of risks faced by the business and management's response to these risks.

Composition and attendance

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

- Alastair Barbour (Chairman)
- Mike Bishop
- George Yeandle

The attendance record of members of the Committee during the year is shown in the table on page 31.

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

Alastair Barbour
Chairman of the Audit & Risk Committee
15 June 2016

Activities during the year

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

In the financial year to 31 March 2016, the Committee met 5 times and discussed, amongst other things, the subjects described below:

- Reviewing the annual financial statements for the year ended 31 March 2015 and half year financial statements for the six months to 30 September 2015 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 2015 audit and discussion of their findings with them;
- Consideration of the external auditors' report on the half year ending 30 September 2015 audit and discussion of their findings with them;
- Consideration and approval of the external audit plan for 2016;
- External audit tender process (as detailed below);
- Review and approval of the Group's ICAAP;
- Review of the Group's 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:
    - LLP Salaried Members Rules impact analysis;
    - Anti-Money Laundering and Anti-Bribery and Corruption Systems and Controls Gap Analysis;
    - Review of the Compliance Culture with the Group;
    - Review of the IMA's Inducement Guidelines;
    - Review of three sixty's Assessment Report on Liontrust Investment Solutions Limited;
    - Client Money and Annual Client Money Audit review; and
    - Money Laundering Reporting Officer's Annual Report which includes a Financial Crime & Money Laundering Assessment;
- Review of the Type 2 AAF 01/06 report on the Group's control environment;
- Review of the 2014 Senior Management Arrangements, Systems and Controls Review Report for the Group;
- 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.

Significant accounting matters

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

i) Revenue recognition
The risk of recognising revenue in incorrect periods via management manipulation is significant in that revenue levels may affect management's levels of remuneration and incentivisation. Risks of such manipulation are heightened where there is judgement applied in calculation or recognition of revenue. Any such calculations are subject to internal approvals and sign offs and are subject to independent verification. Revenue is recognised in accordance with the accounting policy on Note 1m) on page 58. 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.

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

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

Internal audit

The committee 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 and work by independent external consultants meet 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.

External auditors

PricewaterhouseCoopers LLP ("PwC") are the Group's external auditors and were appointed in 2016. Each year they present to the Committee the proposed scope of their full-year audit plan. This includes their assessment of the material risks to the Group's audit and their proposed materiality levels, for the Committee's discussion and agreement.

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

Non-audit services

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

Allowed Services are those considered to have a low threat to auditor independence. Nonetheless, Allowed Services still need the Committee's approval if the expected fee exceeds £25,000. The policy also sets out certain disclosures the external auditors must make to the Committee, restrictions on employing the external auditors' former employees, partner rotation and the procedures for approving non-audit services provided by the auditors. The policy is reviewed regularly.

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 technical support in relation to employee and member incentivisation services. The Committee is satisfied that the external auditors were best placed to provide these services because of their familiarity with the relevant areas of Group's business and that there are no matters that would compromise the independence of the external auditors or affect the performance of their statutory duties. The Committee receives a regular report setting out the non-audit services provided by the external auditors during the year and the fees charged. Details of fees paid to the auditors can be found in Note 6 of the financial statements on page 65. The non-audit services as identified in Note 6 have all complied with the policy as detailed above.

External Audit Tender

PwC have been the Group's statutory auditors since 1999 and although there have been a number of changes in audit partner, since then, with the last rotation of the audit partner responsible for the Company's account taking place in 2014, prior to 2015 the Group had not conducted a tender for this work. In the 2015 Annual Report, the Committee set out its intention to conduct a formal tender for the external audit, in line with the latest best practice in this area as detailed by the Financial Reporting Council ('notes on audit tender best practice'). The Committee decided to conduct the tender during the autumn of 2015. The tender process was set out with an open mind towards a change of auditors, if that would benefit the Group.

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

Following a comprehensive selection process culminating in presentations to the Committee and careful scoring and consideration of the participating firms, in December 2015, the Committee recommended to the Board that PwC was the most suitable firm to serve the Group, based on their approach of evolving the audit process to support the Group's growing business. The Board reviewed and accepted the Committee's recommendation, subject to shareholder approval at the AGM.

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

The Committee will evaluate when next to tender the external audit in line with applicable guidelines. PwC 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 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 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 Committee to assess the performance of the external auditors and safeguard their independence, the 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 Committee's recommendation a resolution will be proposed at the 2016 Annual General Meeting for the reappointment of PwC as external auditors.

Alastair Barbour
Chairman of the Audit & Risk Committee
15 June 2016

Nomination Committee Report

Introduction by the Chairman of the Nomination Committee

Dear shareholder,

On behalf of the Nomination Committee (the "Committee"), I am pleased to present the Nomination Committee report for financial year ended 31 March 2016.

The Committee's principal duties are as follows:

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

The terms of reference of the Committee, which explains its role and the authority delegated to it by the Directors, are available on the Company's website or upon request from the Company Secretary. The terms and conditions of appointment of the Directors will be available for inspection at the 2016 Annual General Meeting.

This introduction is intended to provide a summary of key events during the year from a Committee perspective and to give further insight into the workings of the Committee and its approach. During the year, the Board's structure, size, composition and succession planning remained a major focus. After the changes of last year, we had no changes to the Board in this financial year ended 31 March 2016.

Composition and attendance

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

- Mike Bishop (Chairman)
- Alastair Barbour
- Adrian Collins
- John Ions
- George Yeandle

The attendance record of members of the Committee during the year is shown in the table on page 31.

Activities during the year

In the financial year ended 31 March 2016, the Committee met three times and discussed, amongst other things, the subjects described below:

- Reviewed the size and composition of the Board including reviewing Board diversity;
- Consideration of succession planning for Directors and key executives;
- Considered and approved a number of recommendations from the management committees of LIP and LFP for new SIF employees and members, including details of the controlled functions that they will perform;
- Reviewed the time required of Non-executive Directors to deal with the affairs of the Company;
- Reviewed and approved the Compliance department's Annual Compliance Monitoring Review of Controlled Functions and approved the recommendations contained therein; and
- Reviewed and approved the adoption of a formal policy on diversity, in particular when looking to appoint new Directors.

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

Time commitment

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

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

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

Diversity

The Committee considers diversity when looking to appoint additional Directors. It is a prerequisite that each Director or proposed Director must have the skills, experience and character to contribute both individually and as part of the Board, to the effectiveness of the Board and the success of the Company and Group. Subject to this overriding principle, the Board believes that diversity, amongst its members, including gender diversity, is of great value and it is the Board's policy to give careful consideration to issues of overall Board balance and diversity, in making new appointments to the Board. The Company currently has no female Directors and the Committee aims to recommend the appointment and to increase the number of female Directors if appropriate candidates are available when Board vacancies arise.

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

Mike Bishop
Chairman of the Nominations Committee
15 June 2016

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 2016.

On 24 February 2016 shareholders approved a revised Directors' remuneration policy at a General Meeting, immediately effective for the next three years from this date, and also a new long-term incentive plan (the "LTIP"). Our full remuneration policy is available on the Company's website (in the Report & Financial Statements sub-section of the Investors Relation section) and in the February 2016 Notice of General Meeting and we have therefore only included the policy's Elements of reward table in this year's report.

The Annual report on remuneration outlines how our policy has been implemented in financial year ended 31 March 2016 and how it is intended to apply in financial year ending 31 March 2017. The Annual report on remuneration will be subject to an advisory vote at our 2016 Annual General Meeting, to be held on 13 September 2016. Note that no changes are being proposed to the remuneration policy.

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

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

In 2011 shareholders approved the Liontrust Senior Incentive Plan ("LSIP"), which, in effect, was an equity incentive arrangement to turnaround the Liontrust business, which in the year ended 31 March 2011 made an Adjusted Loss before tax of £1.7 million. The LSIP vested in February 2014 with the Group making an Adjusted Profit before tax for the year ended 31 March 2014 of £8.4 million, a £10 million turnaround in three financial years. No new long-term equity incentive plan was put in place at the time of the vesting of the LSIP awards. On joining Liontrust in January 2015, I firmly believed it was important to have in place an equity incentive plan that engenders a strong culture of equity ownership, thereby closely aligning the interest of the Executive Directors (and other key executives) and the long term interest of shareholders, and made the introduction of a new long-term incentive plan one of my top priorities. Critically important factors for me were to instill the concept of co-investing by introducing a formal shareholding requirement for the Executive Directors, a first for Liontrust and to change the balance of pay between short-term bonus/variable allocation and long-term equity incentivisation so as to ensure the delivery of future remuneration was, in part, linked to the achievement of performance conditions consistent with the next phase of growth for our business. I am pleased to say that we have started this rebalancing with the proposed LTIP award as set out below and the reduction in the bonus/variable allocation pool for the Executive Directors in spite of the welcome increase in Adjusted Profit before tax.

The Committee was delighted with the support received from shareholders at the February 2016 General Meeting with 92% voting in favour of the LTIP which, alongside a new Directors' remuneration policy, introduced a 2.5x base annual remuneration shareholding requirement. As part of the process of designing the LTIP, I consulted extensively with our larger shareholders and proxy voting agencies, and where relevant took their views into account in the design of the LTIP. I would like to take this opportunity to thank those participants for their contribution to this process, and note that I am committed to increased transparency and consultation on remuneration issues.

The Committee considered the Group's overall performance in the financial year ended 31 March 2016 and the impact of commencing awards under the LTIP on total remuneration when assessing Executive Directors' annual bonus/variable allocation for the financial year ended 31 March 2016 and LTIP awards for the same period.

Over the past year the Group has continued the progress made in previous years in executing its business strategy, has increased profitability (on an adjusted basis) by 21%, increased assets under management by 7% when the FTSE All-Share Index decreased by more than 7% over the same period, increased dividends to shareholders by 50% (in pence per share terms) and announced the acquisition of the European Income fund management business of Argonaut Capital Partners LLP which will add approximately £300 million of assets under management and bring the highly rated fund manager, Olly Russ to Liontrust, all this, is in a very challenging operating environment for fund managers with many fund management companies reporting net outflows and falling assets under management. These achievements, alongside the appreciation that the new LTIP, with its shareholding requirements, is an important part of the overall remuneration package for the Executive Directors, have been reflected in the Executive Directors' annual bonuses/variable allocations and LTIP awards as set out in further detail in the Annual report on remuneration, and can be summarised as follows:

- Salary/Fixed allocation and pension/cash payments in lieu of pension for the Executive Directors to remain unchanged for the financial year ending 31 March 2017;
- Annual bonuses and/or variable allocations to the Executive Directors of between 92% and 362% of annual base remuneration, of which 46% is deferred into the Group managed funds, in consideration of future EU regulations (including AIFMD and UCITS V), which vest over a three year period. This represents a 3% reduction in the aggregate annual bonus and variable allocation pool for the Executive Directors when compared to last year notwithstanding the increase in Adjusted Profit before tax compared with last year and supports the new direction of the Company's remuneration policy;
- It was the intention of the Committee to grant LTIP awards to the Executive Directors (excluding the Executive Chairman) on 22 March 2016 following approval by shareholders of the LTIP on 24 February 2016 and adoption of the LTIP by the board on 21 March 2016, but due to the proposed acquisition of the European Income fund management business of Argonaut Capital Partners LLP, which was announced on 7 April 2016, the Company was unable to grant these awards prior to entering into a close period for dealing in the Company's shares. Therefore the Committee has conditionally approved LTIP awards of 250% and 175% of base annual remuneration for John Ions and Vinay Abrol respectively, for the financial year ended 31 March 2016, and will make these awards as soon as possible after the announcement of the Company's annual results. An LTIP Award relating to the financial year ending 31 March 2017 will be made later in the year with the Committee reverting to a more conventional grant timetable for subsequent LTIP Awards; and
- Base fees for the Non-executive Directors of the Company are to remain unchanged for the financial year ending 31 March 2017.

The Committee believes that the level of annual bonus/variable allocation and LTIP awards are commensurate with the exceptional corporate and personal performance of the Executive Directors over the financial year ended 31 March 2016. The annual bonus/variable allocation for all employees and members including the Executive Directors for the financial year ended 31 March 2016, which is capped at 30% of pre-cash bonus/variable allocation Adjusted Profit before tax, is 25% of pre-cash bonus/variable allocation Adjusted Profit before tax (2015: 27%).

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

George Yeandle
Chairman of the Remuneration Committee
15 June 2016

Directors' remuneration policy

This section of the Remuneration report provides an overview of the key remuneration elements in place for Executive Directors. After the strong support received from shareholders at the February 2016 General Meeting at which the revised Directors' remuneration policy was approved, we have not made any changes to our remuneration policy and as such remain bound by the policy. We have not reproduced the full policy report in this report. The below presents our approved Elements of reward table for Executive Directors' and Non-executive Directors' for reference. A copy of our full Directors' remuneration policy as approved by shareholders can be found in the February 2016 Notice of General Meeting, on pages 13 to 20 (available on our website: www.liontrust.co.uk in the Report & Accounts sub-section of the Investors Relation section).

Elements of reward

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

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

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

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

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

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

Non-Executive Directors

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

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

Annual report on remuneration

Implementation

In the financial year to 31 March 2016, the Committee met six times and discussed, amongst other things, the subjects described below:

- Approval of the 2015 Remuneration Report;
- Review and approval of the bonuses and variable allocations for the Executive Directors (including the Executive Chairman) for the financial year ended 31 March 2015;
- Review and approval of the bonuses and variable allocations for the employees and members (excluding the Executive Directors and Executive Chairman) for the financial year ended 31 March 2015;
- Review and approval of the Committee's Terms of Reference;
- Approval of the mechanism to implement DBVAP and the approval and granting of DBVAP awards for the financial year ended 31 March 2015;
- Approval of the change of the trustees of the Company's discretionary employee trust ("Employee Trust") and a recommendation to the new trustee that it's nominee is changed to Numis Securities Limited;
- Purchase of incentive capital interests from members and approval of a recommendation to the trustees of the Employee Trust to purchase shares in the Company following the exercise of share options.
- Review and approval (as applicable) of long term and short term incentivisation for fund managers;
- Design, review, approval, implementation and adoption of the LTIP and related revised Directors' remuneration policy, including extensive shareholder and proxy voting agency consultation and where relevant taken their views into account in the design of the LTIP;
- Review and approval of the internal Compliance Report on remuneration;
- Approval of Director, employee and member appraisal process for the financial year ended 31 March 2016; and
- Review and approval of the fixed allocations and salaries for the Executive Directors (including the Chairman) for the financial year ending 31 March 2017; and
- Consideration of the impact of current and future EU regulations on the Group's remuneration framework, including AIFMD and UCITS V.

The Board itself determines the fees of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to his own position. After having introduced fee elements last year, the Board has frozen base and elements fees for the Non-executive Directors for the financial year ending 31 March 2017. The annual fee rates applicable for Non-executive Directors for financial year ended 31 March 2016 are as follows:

- Base fee: £35,000 (2015: £35,000);
- Senior Independent Director fee: £5,000 (2015: £5,000);
- Audit & Risk Committee Chairman fee: £7,500 (2015: £7,500);
- Remuneration Committee Chairman fee: £7,500 (2015: £7,500);
- Nomination Committee Chairman fee: £2,500 (2015: £2,500); and
- Committee member fee: £2,500 (2015: £2,500).

Non-executive Directors are reimbursed for reasonable business expenses. The Committee has frozen the base remuneration of the Executive Directors for the financial year ending 31 March 2017 and has approved annual bonuses and variable allocations to the Executive Directors of between 92% and 362% of annual base remuneration, with 46% deferred into Group managed funds, meaning that the aggregate annual bonus and variable allocation for the Executive Directors is 3% lower than last year, which in part reflects the introduction of the LTIP. The annual bonuses and variable allocations are based on an assessment of the following key performance metrics which are equally weighted:

- Financial measures–
  - o Adjusted profit before tax grew by 21%;
  - o Revenues (excluding performance fee revenues) increased by 12% and total revenues by 22%; and
  - o Diluted adjusted EPS (excluding performance fee profits) increased by 13% and Diluted adjusted EPS (including performance fee profits) increased by 23%.
- Non-financial measures –
  - o Increase in assets under management of nearly 7% over the year compared a reduction of over 7% in the FTSE All-Share Index when compared to last year; and
  - o Net inflows of £255 million, which although down from the £667 million (included £315 million of institutional net inflow from a single client) in the previous year, is a very credible performance given the challenging operating environment for fund managers during the year with many fund managers reporting net outflows.
- Strategic measures –
  - o Broadening the product range via the acquisition of the European Income fund management business of Argonaut Capital Partners LLP which will add approximately £300 million of assets under management and bring the highly rated fund manager, Olly Russ to Liontrust;
  - o personal goals; and
  - o maintaining a strong risk and compliance culture.

The Committee considers details of the targets for the financial year ended 31 March 2016 to be commercially sensitive so are not disclosed. However, following feedback on the transparency of the determination of the annual bonus and variable allocations for the Executive Directors from the extensive shareholder consultation process for the LTIP, the annual bonus and variable allocations for the financial year ending 31 March 2017 will be based on similar financial, non-financial and strategic performance measures, but with greater clarity on weightings, target and outcome for the various sub-categories.

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

The Company's shareholders approved the LTIP on 24 February 2016 and the LTIP was adopted by the Board on 21 March 2016. The rules of the LTIP state that awards may be granted to participants within the 42 day period following the date of publication of the annual results of the Company, approval of the LTIP by shareholders, or such other period as may be determined by the Committee in exceptional circumstances. It was the intention of the Committee to grant awards to the Executive Directors as soon as possible after adoption of the LTIP by the Board for the financial period ended 31 March 2016 but due to the proposed acquisition of the European Income fund management business of Argonaut Capital Partners LLP, which was announced on 7 April 2016), the Company was unable to grant these awards prior to entering into a close period for dealing in the Company's shares with regards to the preliminary announcement of the Company's annual results. Therefore the Committee has approved awards for the financial year ended 31 March 2016, and will make these awards as soon as possible after the preliminary announcement of the Company's annual results.

The performance condition for the awards for the financial period ended 31 March 2016 will be:

1. Absolute Total Shareholder Return using a starting share price of 254 pence, the closing share price on 21 March 2016;
2. Diluted Earnings Per Share (excluding performance fee earnings) using a starting figure of 19.10 pence per share (the diluted adjusted earnings per share (excluding performance fees) for the financial year ending 31 March 2015); and
3. Strategic objectives using starting values (as applicable) as at 31 December 2015, the most recent quarterly update on assets under management, fund flows and performance prior to the intended date of grant of the LTIP awards.

The LTIP awards for the financial year ended 31 March 2016 will be based on a share price of 254 pence (closing share price on 21 March 2016) meaning an award for John Ions and Vinay Abrol of 326,279 and 215,029 shares respectively.

LTIP awards for the financial year ending 31 March 2017 will be based on similar criteria and will be awarded later in the year as noted above. The Committee will revert to a more conventional grant timetable of making awards within a 42 day period following the date of the preliminary announcement of the Company's annual results for the relevant financial year for subsequent awards.

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

The annual base remuneration for each of the Directors for the financial year ended 31 March 2017 and the increase compared to the previous year is as follows:

Director	Salary (for employees), Fixed Allocations (for members) and Fees for the year ending 31 March 2017 (£)	Increase compared to the previous year (%)
Adrian Collins	153,000	Nil
John Ions	331,500	Nil
Vinay Abrol	312,100	Nil
Alastair Barbour	47,500 (1)	Nil
Mike Bishop	50,000 (2)	5%
George Yeandle	47,500 (3)	Nil

(1) Base fee plus Audit & Risk Committee Chairman fee plus Remuneration Committee Member fee plus Nomination Committee Member fee.

(2) Base fee plus Senior Independent Director fee, plus Nomination Committee Chairman fee plus Remuneration Committee Member fee plus Audit & Risk Committee Member fee plus Portfolio Risk Committee Member fee (effective 1 March 2016).

(3) Base fee plus Remuneration Committee Chairman fee plus Audit & risk Committee Member fee plus Nomination Committee Member fee.

No payments for loss of office were made during the financial year ended 31 March 2016 (audited information).

Composition and attendance

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

- George Yeandle
- Alastair Barbour
- Mike Bishop

The attendance record of members of the Committee during the year is shown in the table on page 31.

Single total figure for remuneration

Executive Directors (audited information)

	Adrian Collins Year to 31 March		John Ions Year to 31 March		Vinay Abrol Year to 31 March	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Base salary/Fixed allocation	153	153	332	332	312	312
Benefits in kind[(1)]	4	4	3	3	3	3
Cash bonus/Variable allocation	75	75	650	600	375	375
DBVAP[(2)]	65	75	550	600	325	375
SIP matching shares[(3)]	4	4	4	4	4	4
Cash in lieu of pension	15	5	33	5	31	5
Total	**316**	**316**	**1,572**	**1,544**	**1,050**	**1,074**

(1) Benefits in kind comprise private medical insurance.
(2) Deferred Bonus (for employees) or Variable Allocations (for members) to be linked to the performance of Group managed funds and deferred over the period 1 April 2016 to 31 March 2019 for awards for the financial year ended 31 March 2016 (2015: 1 April 2015 to 31 March 2018) linked to the performance of Ordinary shares of the Company. For the year ended 31 March 2016, 46% of the annual bonus/variable allocation has been deferred (2015: 50%).
(3) Matching shares granted under the Liontrust Share Incentive Plan (Adrian Collins, John Ions and, Vinay Abrol on 29 April 2015).

Non-executive Directors (audited information)

	Alastair Barbour Year to 31 March		Mike Bishop Year to 31 March		George Yeandle Year to 31 March	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Basic fee	48	35	48	35	48	9
Benefits[(1)]	6	5	–	–	–	–
Total	**54**	**40**	**48**	**35**	**48**	**9**

(1) The amounts within the benefits line reflect the fact that the reimbursement of expenses to Non-Executive Directors for travel and accommodation costs incurred in attending Board and associated meetings represent a taxable benefit. The amounts shown are the reimbursed travel and accommodation expenses and the related tax liability which is settled by the Company.

External directorships

Adrian Collins is a Non-executive director of the following companies (and retains fees as detailed) Bahamas Petroleum Company Plc (US$ 61,000), City Natural Resources High Yield Trust Plc (£18,000), Tristar Resources Plc (£30,000), and New City High Yield Trust Plc (£24,000).

Directors' shareholdings (audited information)

The interests of the Directors and their families in the share capital of the Company at 31 March 2016 were as follows:

	Ordinary shares	Unvested Ordinary shares	Total Ordinary shares	Vested but unexercised options	Unvested options subject to performance conditions	Unvested options not subject to performance conditions	Total options over Ordinary shares
Executive Directors							
Adrian Collins[(1)]	401,947	4,120	406,067	–	–	61,843	61,843
John Ions[(1)]	737,326	169,923	907,249	–	–	209,863	209,863
Vinay Abrol[(1)]	777,703	114,826	892,529	–	–	131,164	131,164
Non-executive Directors							
Alastair Barbour[(1)]	32,000	–	32,000	–	–	–	–
Mike Bishop	25,106	–	25,106	–	–	–	–
George Yeandle	10,000	–	10,000	–	–	–	–

(1) Includes connected persons' holding.

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

There were the no changes to the Directors' interests between 1 April 2016 and 15 June 2016.

Payments to former Directors (audited information)

Jonathan Hughes-Morgan stepped down from the Board on 15 December 2014. He continues to work, as a member of Liontrust Fund Partners LLP ("LFP"), for the Group as Co-Head of International Sales on a fixed allocation of £162,690 per annum. He received no payment for loss of office. As Jonathan Hughes-Morgan remains a member of LFP, he retains his unvested DBVAP awards. His DBVAP awards relate to the deferral of bonus/variable allocation in prior years.

Share awards

Provisional LTIP awards (audited information)

Director	Financial year ended 31-Mar	Face value[(1)]	Share price used to determine the award[(2)]	Options granted[(3)]	Number of options held at 31 March 2016[(3)]	Exercise price[(4)]	Issue date[(3)]
John Ions	2016 (in respect of 2016/17/18)	£828,750	254.0p	–	–	Nil	–
Vinay Abrol	2016 (in respect of 2016/17/18)	£546,175	254.0p	–	–	Nil	–

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

(2) For the LTIP awards for the financial year ended 31 March 2016 the share price used to determine the awards is the share price as at close of business on 21 March 2016, which is the date on which the LTIP was adopted by the Board and the date on which the Committee intended to grant LTIP awards to the Executive Directors, but due to the proposed acquisition of the European Income fund management business of Argonaut Capital Partners LLP, which was announced on 7 April 2016, the Committee was unable to grant these awards prior to entering into a close period for dealing in the Company's shares;

(3) Due to the proposed acquisition of the European Income fund management business of Argonaut Capital Partners LLP, which was announced on 7 April 2016, the Company was unable to grant these awards prior to 31 March 2016 and will therefore grant options to John Ions and Vinay Abrol over 326,279 and 215,029 shares respectively as soon as possible after the preliminary announcement of the Company's annual results;

(4) Exercise price for options granted is nil pence;

(5) LTIP Awards for the financial year ended 31 March 2016 are exercisable between date of grant and the tenth anniversary of the date of grant;

(6) For LTIP Awards for the financial year ended 31 March 2016; 60% of vested awards are released three years after date of grant, 20% released four years after the date of grant and 20% released five years after the date of grant;

(7) Performance measures are attached to options granted, claw back and malus provisions apply, see Directors' remuneration policy table for further details.

DBVAP share options and shares (audited information)

Director	Financial year ended 31-Mar	Face value [1]	Share price used to determine the grant or award	Options granted	Shares awarded	Number of shares/ options held at 31 March 2016	Exercise price	Issue date
Adrian Collins	2014 (in respect of 2013)	£25,000	183.5p	13,623	–	13,623	Nil	21-Jun-13
	2015 (in respect of 2014)	£57,500	261.5p	21,988	–	21,988	Nil	19-Jun-14
	2016 (in respect of 2015)	£75,000	285.9p	26,232	–	26,232	Nil	18-Jun-15
John Ions	2014 (in respect of 2013)	£150,000	192.5p	–	59,146	59,146	n/a	19-Jun-13
	2015 (in respect of 2014)	£345,000	253.0p	–	106,657	106,657	n/a	30-Jun-14
	2016 (in respect of 2015)	£600,000	285.9p	209,863	–	209,863	Nil	18-Jun-15
Vinay Abrol	2014 (in respect of 2013)	£100,000	192.5p	–	39,602	39,602	n/a	19-Jun-13
	2015 (in respect of 2014)	230,000	253.0p	–	71,104	71,104	n/a	30-Jun-14
	2016 (in respect of 2015)	£375,000	285.9p	131,164	–	131,164	Nil	18-Jun-15

(1) Face value of the share or option award is equivalent to one third of the annual bonus/variable allocation for the financial year ended 31 March 2013 and one half for the financial year ended 31 March 2014 and 31 March 2015, and 46% for the financial year ended 31 March 2016. The options granted or shares awarded are calculated as the face value divided by the share price used to determine the grant or award;

(2) Share options issued under the DVBAP in June 2013 are exercisable between 21 June 2016 and 20 June 2023, share options issued under the DVBAP in June 2014 are exercisable between 19 June 2017 and 20 June 2024, and , share options issued under the DVBAP in June 2015 are exercisable between 18 June 2018 and 19 June 2025;

(3) Shares issued in June 2013 vest 19 June 2016, shares issued in June 2014 vest 21 June 2017;

(4) No performance measures are attached to options granted or shares awarded under the DBVAP, although claw back provisions apply, see Directors' remuneration policy table for further details;

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

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

	Awards held start of year		Awards held at the end of the year				
Director	Number of shares as at 01-Apr-15	Face value	Grant date	Face value	Number of shares	Number of shares as at 31-Mar-16	Earliest vesting date
Adrian Collins	1,276	£3,000				1,276	25 March 2017
	1,368	£3,600				1,368	25 April 2017
			29 April 2015	£3,600	1,250	1,250	29 April 2018
	1,276	£3,000				1,276	25 March 2017
John Ions	1,368	£3,600				1,368	25 April 2017
			29 April 2015	£3,600	1,250	1,250	29 April 2018
	1,276	£3,000				1,276	25 March 2017
Vinay Abrol	1,368	£3,600				1,368	25 April 2017
			29 April 2015	£3,600	1,250	1,250	29 April 2018

(1) Price used to determine the number of shares awarded has been calculated as 288 pence being 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

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

Pensions (audited information)

Up to 31 March 2015, all employees and members (including Executive Directors) were eligible to receive employer pension contributions of 10% of base salary (for employees), subject to a cap of £416.67 per month or to receive additional fixed allocation of £416.67 per month in lieu of pension contributions (for members).

From 1 April 2015, all employees and members (including Executive Directors) are eligible to receive employer pension contributions of 10% of base salary (for employees) or to receive additional fixed allocation of 10% in lieu of pension contributions (for members).

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

Dilution and employee benefit trust

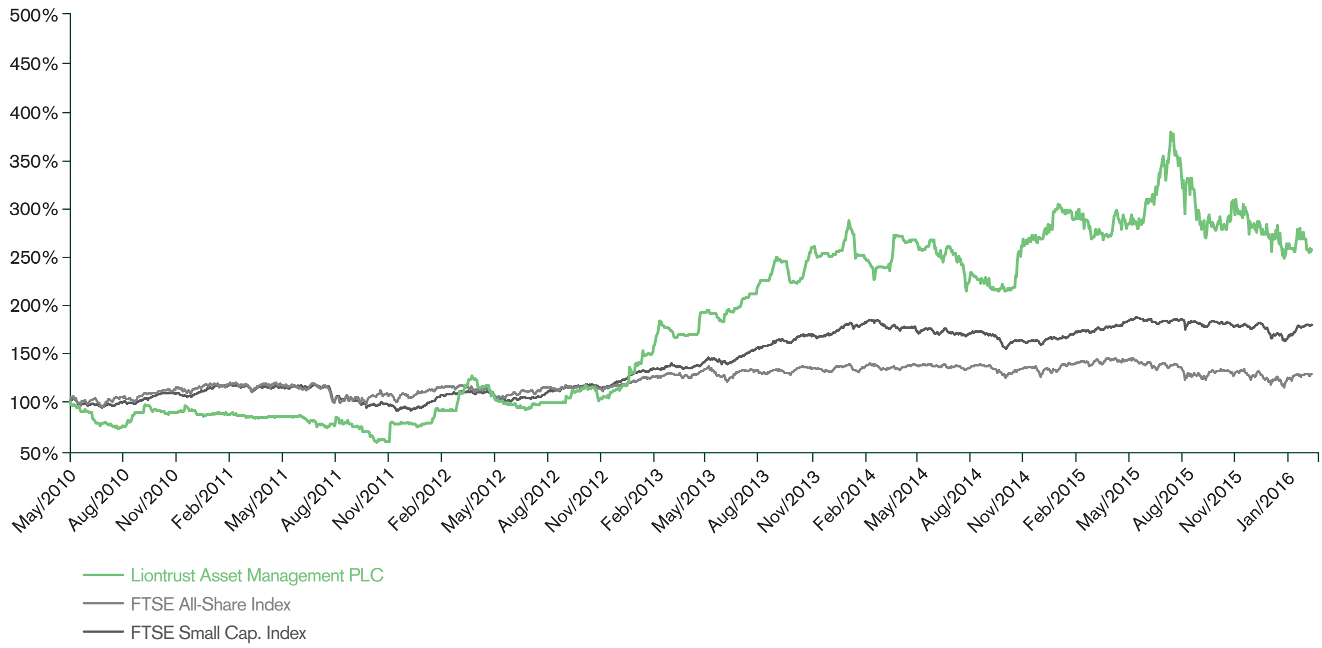
Our policy regarding dilution from employee share awards and member incentivisation has been, and will continue to be, to ensure that dilution will be no more than 10% in any rolling ten year period.

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

Pay versus performance

Share price performance

The graph below illustrates the performance of the Group, based on total shareholder returns, compared to two indices from 7 May 2010 (which was the point that the senior management team was appointed):



The indices were chosen as follows:

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

Table of historic levels of Chief Executive remuneration

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

Year ended 31 March	Name	Single figure of total remuneration (£'000)	Long term incentive vesting rates (as % maximum opportunity)
2016	John Ions	1,572	Not applicable
2015	John Ions	1,544	Not applicable
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 [1]	659	Not applicable
2010	Nigel Legge	445	Not applicable

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

Percentage change in Chief Executive's remuneration

The percentage change in the Chief Executive's pay (defined for these purposes as salary, fixed allocation, taxable benefits, annual bonus/variable allocation and DBVAP awards in respect of the relevant year) between the year ended 31 March 2016 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 2015 to 2016	Employees and Members year ended 31 March 2015 to 2016
Base salary/Fixed allocation	Nil	4%
Benefits[1]	371%	90%
Bonus/Variable allocation[2]	3%	16%

(1) Benefits comprise private medical insurance and pension contributions. The large increase in Benefits for the Chief Executive and for Employees/ Members reflects the removal of the £5,000 per annum cap of pension contributions/cash in lieu of pension contributions and the introduction of a flat 10% per annum on 1 April 2015.

(2) Includes the DBVAP, but excludes any revenue share arrangements for fund managers.

The table below shows the advisory vote on the 2015 Directors' Remuneration Report at the Annual General Meeting held on 8 September 2015.

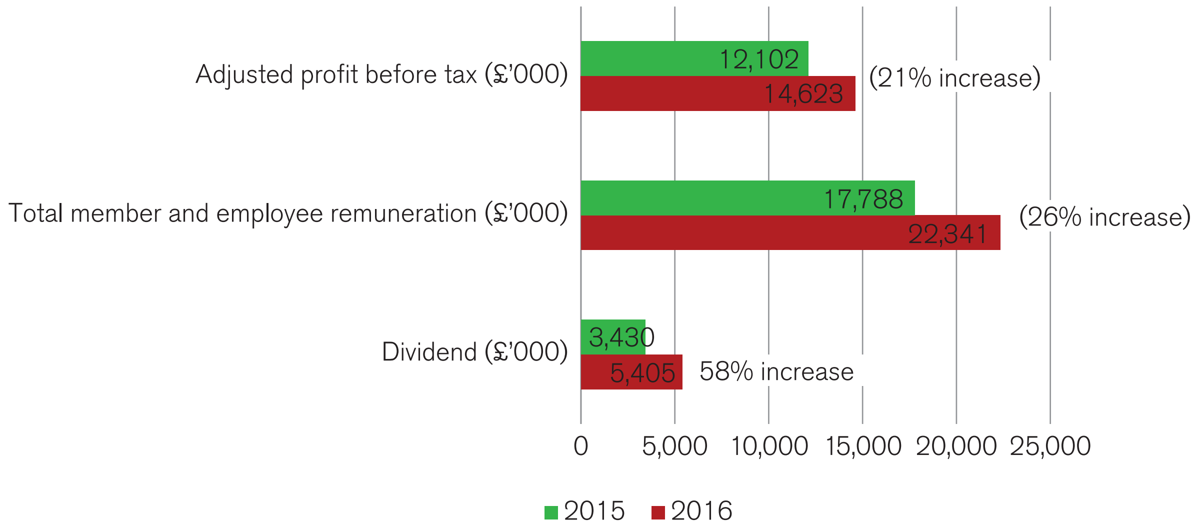
	Votes for	%	Votes Against	%	Votes withheld
2015 Annual report on remuneration	23,980,977	89.2	2,892,304	10.8	182,000

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

	Votes for	%	Votes Against	%	Votes withheld
Directors' remuneration Policy	24,523,357	95.9	1,051,496	4.1	6,000

Relative importance of spend on pay

The following chart shows the Group's Adjusted Profit after tax, total member and employee remuneration and dividends declared on Ordinary shares for the financial year ended 31 March 2016 and 31 March 2015.



(1) Adjusted Profit before tax has been used as a comparative measure in order to provide a clearer indication of the profitability of the Group (see note 1c of the Notes to the Financial Statements on page 56 for further information).

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

In the performance of its duties, the Committee is able to seek assistance from external advisers. However, during the year ended 31 March 2016 no external advisers were appointed by the Committee.

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

Best practice
The Committee believes that the Group has complied with the 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.

The Chairman of the Committee will attend the 2016 Annual General Meeting and will be available to answer Shareholders' questions regarding remuneration.

George Yeandle
Chairman of the Remuneration Committee
15 June 2016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Financial Statements

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2016

	Note	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Revenue	4	44,991	36,821
Cost of sales	4	(51)	(57)
Gross profit		**44,940**	**36,764**
Realised (loss)/profit on sale of financial assets		(1)	2
Administration expenses	5	(35,551)	(29,522)
Operating profit	6	**9,388**	**7,244**
Interest receivable	8	16	21
Profit before tax		**9,404**	**7,265**
Taxation	10	(2,094)	(1,058)
Profit for the year			
Other comprehensive income:		**7,310**	**6,207**
Other comprehensive income		–	–
Total comprehensive income		**7,310**	**6,207**

		Pence	Pence
Earnings per share			
Basic earnings per share	12	16.48	14.61
Diluted earnings per share	12	16.06	13.58

The notes on pages 56 to 73 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet
as at 31 March 2016

	Note	As at 31-Mar-16 £'000	As at 31-Mar-15 £'000
Assets			
Non current assets			
Intangible assets	13	2,550	4,998
Property, plant and equipment	14	247	277
Deferred tax assets	11	1,052	1,088
Total non current assets		**3,849**	**6,363**
Current assets			
Trade and other receivables	15	35,413	32,405
Financial assets	16	139	242
Cash and cash equivalents	1(j)	18,967	16,393
Total current assets		**54,519**	**49,040**
Current liabilities			
Trade and other payables	17	(31,279)	(30,969)
Corporation tax payable		(911)	(686)
Total current liabilities		**(32,190)**	**(31,655)**
Net current assets		**22,329**	**17,385**
Net assets		**26,178**	**23,748**
Shareholders' equity attributable to owners of the parent			
Ordinary shares	18	454	454
Share premium		17,692	17,692
Capital redemption reserve		19	19
Retained earnings		9,330	11,395
Own shares held	20	(1,317)	(5,812)
Total equity		**26,178**	**23,748**

The notes on pages 56 to 73 form an integral part of these consolidated financial statements.

The financial statements on pages 52 to 73 were approved and authorised for issue by the Board of Directors on 15 June 2016 and signed on its behalf by V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

Company Number 2954692

Consolidated Cash Flow Statement
for the year ended 31 March 2016

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Cash flows from operating activities		
Cash received from operations	48,614	41,411
Cash paid in respect of operations	(38,337)	(33,477)
Net cash paid from changes in unit trust receivables and payables	(583)	(2,964)
Net cash generated from operations	9,694	4,970
Interest received	16	21
Tax paid	(1,833)	(657)
Net cash generated from operating activities	7,877	4,334
Cash flows from investing activities		
Purchase of property and equipment	(93)	(103)
Purchase of ICIs	(207)	(694)
Purchase of Seeding investments	(98)	(180)
Sale of Seeding investments	191	4
Net cash used in investing activities	(207)	(973)
Cash flows from financing activities		
Issue of new shares	–	30
Purchase of own shares	(1,136)	(553)
Dividends paid	(3,960)	(1,718)
Net cash used in financing activities	(5,096)	(2,241)
Net increase in cash and cash equivalents*	**2,574**	**1,120**
Opening cash and cash equivalents*	16,393	15,273
Closing cash and cash equivalents*	**18,967**	**16,393**

* Cash and cash equivalents consist only of cash balances.

The notes on pages 56 to 73 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2016

	Note	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
Balance at 1 April 2015 brought forward		**454**	**17,692**	**19**	**11,395**	**(5,812)**	**23,748**
Profit for the year		–	–	–	7,310	–	7,310
Total comprehensive income for the year		–	–	–	7,310	–	7,310
Dividends paid	9	–	–	–	(3,960)	–	(3,960)
Purchase of own shares		–	–	–	–	(1,136)	(1,136)
Purchase of ICI's	20	–	–	–	(5,838)	5,631	(207)
Equity share options issued	5	–	–	–	423	–	423
Balance at 31 March 2016		**454**	**17,692**	**19**	**9,330**	**(1,317)**	**26,178**

Consolidated Statement of Changes in Equity
for the year ended 31 March 2015

	Note	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Own shares held £'000	Total Equity £'000
Balance at 1 April 2014 brought forward		**424**	**17,692**	**19**	**14,263**	**(12,227)**	**20,171**
Profit for the year		–	–	–	6,207	–	6,207
Total comprehensive income for the year		–	–	–	6,207	–	6,207
Dividends paid	9	–	–	–	(1,718)	–	(1,718)
Shares issued	18	30	–	–	–	–	30
Purchase of own shares		–	–	–	–	(553)	(553)
Purchase of ICI's	20	–	–	–	(7,662)	6,968	(694)
Equity share options issued	5	–	–	–	305	–	305
Balance at 31 March 2015		**454**	**17,692**	**19**	**11,395**	**(5,812)**	**23,748**

1 Principal accounting policies

a) Basis of preparation

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

The consolidated financial information presented within these financial statements has been prepared on a going concern basis under the historical cost convention (except for the measurement of financial assets at fair value through profit and loss 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 the Company 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 2016.

The Group did not implement the requirements of any Standards or Interpretations which were in issue and which were not required to be implemented at the year end date. No Standards or Interpretations endorsed by the EU that had an impact on the Group became effective during the year.

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 by the EU:

	Effective for periods beginning on or after
IFRS 9 Financial Instruments: Classification	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS16 Leases	1 January 2019

The Group does not expect these updated standards to have any material effect on the Group when they are adopted, except for IFRS 16.

IFRS 16 'Leases' was issued on 13 January 2016 and replaces IAS 17 'Leases'. IFRS 16 requires that all operating leases in excess of one year, where the Group is the lessee, are included on the Group's balance sheet. The Group will be required to recognise a right-of-use (ROU) asset and a lease liability (representing the obligation to make lease payments). The ROU asset will be amortised on a straight-line basis with the lease liability being amortised using the effective interest method. IFRS 16 contains optional exemptions for both short-term leases (leases of less than 12 months) and for small-value leases. The Standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement and the entity adopting IFRS 15 at the same time. The Group is currently assessing the impact of IFRS 16 on its financial statements.

b) Basis of consolidation

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

– Power over the entity;

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

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

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

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

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

c) Adjusted profit or loss

The Group provides additional disclosure in the form of an adjusted profit/loss note (note 7, page 65) 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 IFRS2 related expenses; and

Non-recurring items which include cost reduction expenses, professional services (restructuring, acquisition related and other), 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.

1 Principal accounting policies (continued)

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) below.

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 expenses are recognised in the Consolidated Statement of Comprehensive Income. Trade and other receivables (other than prepayments) are financial assets and are held at amortised cost.

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. Trade and other payables are financial liabilities and are held at amortised cost.

h) Intangible assets

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

The fund management contracts are recorded initially at fair value and recorded in the consolidated financial statements as an intangible asset, they are then amortised over their useful lives on a straight-line basis over 5 years. The 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.

1 Principal accounting policies (continued)

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

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

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

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

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

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

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

j) Cash and cash equivalents

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

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 anticipated period of the provision of investment management services. Managers' box profits are calculated as the difference between the cost of purchasing redeemed units at cancellation prices and reselling them at creation prices. Such box profits are recognised when the related transaction occurs.

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

n) Taxation

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

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

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.

1 Principal accounting policies (continued)

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.

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 Members Incentive Plan ('LMIP') with performance conditions
A Monte Carlo simulation model is used with the following assumptions having been made:
The fair value for each Incentive Capital Interest ('ICI') is spread over the vesting period which is 3 years with an exercise price of nil;
The expected life of ICIs issued under this LMIP scheme is 10 years
The expected volatility has been calculated for each plan using historical daily data over a term commensurate with the expected life of the ICIs and ranges from 28% to 40%
The risk-free interest rate for each plan has been based on the implied yield of zero-coupon government bonds (UK strips) with a remaining term equal to the expected term and ranges from 0.28% to 1.95%. No expected dividends have been factored into the model.

– Liontrust Deferred Bonus and Variable Allocation Plan ("DBVAP")
No fair value model is used. The shares are valued at initial cost

– 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

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

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.

1 Principal accounting policies (continued)

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.

u) Retained earnings

Retained earnings are the amount of earnings that are retained within the Group after dividend payments and transactions in respect of share based awards.

v) Own shares

The Group operates an EBT for the purpose of satisfying certain share-based awards to employees. The holdings of this trust, which is funded by the Group, include shares that have either not vested or not exercised. These shares are recorded at cost and are classified as own shares. The shares are used to settle obligations that arise from the granting of share-based awards.

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, liquidity risk and capital risk. The Group's overall risk management programme understands the unpredictable nature of financial markets and seeks to minimise any potential adverse effects on the Group's financial performance. The Group uses a number of analytical tools to measure the state of the business. The financial review on pages 13 to 16 of the Strategic Report identifies some of these measures.

a) Market risk

i) Price risk

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

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

1. Units in UK Authorised unit trusts;
2. shares in sub-funds of an Ireland domiciled open ended investment company.

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

The units in the 'manager's box' are accounted for on a trade date basis. These units are valued on a bid price basis and held at fair value through profit and loss. There is also an indirect exposure to market risk for box profits, due to the impact of market movements on the underlying funds.

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 £13,000 (2015: £22,000).

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 £175,000 increase or a decrease to nil in interest receivable (2015: £136,000).

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.

2 Financial risk management (continued)

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

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

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

Sterling vs. Euros - a movement of 10% would lead to a movement of £nil (2015: £5,000).

Sterling vs. US Dollar - a movement of 10% would lead to a movement of £2,000 (2014: £5,000).

In respect of Income receivable in Euro a 10% movement in the exchange rate would result in a movement of £151,000 (2015: £71,000) 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 less than £1,000 (2015: £30,000) in the income statement.

b) Credit risk

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

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

Maximum exposure to credit risk	31-Mar-16 £'000	31-Mar-15 £'000
Cash and cash equivalents	18,967	16,393
Trade receivables	35,413	32,405

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

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

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

c) Liquidity risk

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

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

As at 31 March 2016	Due within 3 months £'000	Due between 3 months and one year £'000	Due in over one year £'000
Payables	31,279	–	–

As at 31 March 2015	Due within 3 months £'000	Due between 3 months and one year £'000	Due in over one year £'000
Payables	30,969	–	–

2 Financial risk management (continued)

d) Capital risk management

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

The Group's policy is that it and its subsidiaries should have sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements at both a Group and subsidiary level. Management reviews the Group's assets on a monthly basis and will ensure that operating capital is maintained at the levels required. Management consider capital to comprise of cash and net assets. As at 31 March 2016 the Group has cash and net assets of £22.3 million (2015: £17.4 million). In order to maintain or adjust the capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell financial assets which will increase cash and reduce capital requirements.

Regulatory risk capital

Recognised regulatory bodies, such as the FCA in the UK, oversee the activities of a number of the Group's operating subsidiaries and impose minimum capital requirements on the subsidiaries. The Group is regulated by the FCA as a UK consolidation Group. The FCA issued revised rules on Capital Adequacy following the implementation of the Capital Requirements Directive IV which came into force on 1 January 2015. Having reviewed the new rules, Liontrust remains subject to the BIPRU regulations. Further details are available in the Liontrust Pillar III disclosure.

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

The Pillar 1 minimum capital requirement for the Group is £3.7 million (2015: £3.0 million).

The Internal Capital Adequacy Assessment Process carried out in 2015 under Pillar 2 of concluded that a minimum of £3.9 million (2015: £2.7 million) capital should be retained in the business.

The total capital requirement for the Group is £3.9 million (2015: £3.0 million).

As at 31 March 2016, the Group has regulatory capital resources of £23.6 million (2015: £18.7 million), significantly in excess of the Group's total capital requirement.

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

3 Segmental reporting

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

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

Revenue by location of client

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
United Kingdom	43,426	35,415
Europe (ex UK)	1,325	1,260
Guernsey	–	146
USA	14	–
Canada	20	–
Australia	179	–
Cayman	27	–
	44,991	36,821

During the year ended 31 March 2016 the Group had one customer contributing more than 10% of total revenue (2015: one customer).

4 Revenue and cost of sales (Gross profit)

Revenue from earnings includes:

The Group's primary source of revenue is investment management fees. Management fees are based on an agreed percentage of the assets under management. Initial charges and commissions include fees based on a set percentage of certain flows into our funds, and profits earned on dealing within the unit trust manager's box, known as managers' box profits. Performance fees are earned from some funds when agreed performance conditions are met.

The cost of sales includes:

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

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Revenue		
- Revenue[1]	37,634	33,631
- Performance fee revenue	7,357	3,190
Total Revenue	**44,991**	**36,821**

[1] Revenue includes investment management fees, initial charges and commissions and box profits.

5 Administration expenses

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Employee related expenses		
Director and employee costs[1]	4,459	3,145
Pensions	217	141
Share incentivisation expense	671	562
Severance compensation	93	31
	5,440	3,879
Non employee related expenses		
Members drawings charged as an expense	17,665	14,502
Professional services (restructuring, acquisition related and other)[2]	1,884	1,840
Depreciation and Intangible asset amortisation	2,571	2,539
Financial Services Compensation Scheme Levy	–	(135)
Other administration expenses	7,991	6,897
	35,551	29,522

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Share incentivisation expense		
– Share option expense	423	305
– Share option NIC expense	42	–
– Share incentive plan expense	100	100
– Share option related expenses	106	157
	671	562

[1] Full details of the Directors emoluments can be found in the Directors Remuneration Report on page 44.

[2] Includes legal costs relating to claim by former member (see note 23).

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 76 (2015: 63). All employees are involved in the investment management business of the Group. The costs incurred in respect of the Directors, members and employees was:

	Member and employee expenses Year ended 31-Mar-16				
		Employees			Members
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000	Members drawings charged as an expense £'000
General management	4	516	57	573	1,160
Fund management	23	777	36	813	12,312
Finance, Operations and IT	21	965	162	1,127	1,800
Risk management and Compliance	4	124	14	138	636
Sales and Marketing	24	1,487	163	1,650	1,757
Non-executive directors	3	142	16	158	–
	79	4,011	448	4,459	17,665

	Member and employee expenses Year ended 31-Mar-15				
		Employees			Members
	Average number of employees during the year	Wages and salaries £'000	Social security costs £'000	Total employee expense £'000	Members drawings charged as an expense £'000
General management	4	452	47	499	1,060
Fund management	17	316	36	352	9,457
Finance, Operations and IT	18	768	150	918	1,602
Risk management and Compliance	4	100	10	110	447
Sales and Marketing	20	1,045	134	1,179	1,936
Non-executive directors	3	79	8	87	–
	66	2,760	385	3,145	14,502

6 Operating profit

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
The following items have been included in arriving at operating profit:		
Foreign exchange gains/(losses)	21	(15)
Depreciation	123	91
Amortisation of initial commission asset	61	128
Amortisation of amounts accrued in relation to income received on sale of units	–	(8)
Amortisation of intangible asset	2,448	2,448
Operating lease costs	428	428
Costs relating to Directors, members and employees (Note 5)	23,105	18,381
Auditors remuneration:		
Fees payable to the Company's auditors and its associates for the audit of the parent Company and consolidated financial statements	51	75
Fees payable to the Company's auditors and its associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	60	44
- Audit related assurance services to the Company's subsidiaries	30	24
- Taxation services	45	41
- Other services	149	64

7 Adjusted profit

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

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Profit for the year	7,310	6,207
Taxation	2,094	1,058
Profit	9,404	7,265
Share incentivisation expense	671	562
Severance compensation	93	31
Professional services[1]	1,884	1,840
Financial Services Compensation Scheme Levy	–	(135)
Depreciation and Intangible asset amortisation	2,571	2,539
Adjustments	5,219	4,837
Adjusted profit before tax	14,623	12,102
Interest receivable	(16)	(21)
Adjusted operating profit	14,607	12,081
Adjusted basic earnings per share[2]	26.38	22.51
Adjusted basic earnings per share (excluding performance fees)[2][3]	22.07	20.56
Adjusted diluted earnings per share[2]	25.70	20.92
Adjusted diluted earnings per share (excluding performance fees)[2][3]	21.50	19.10

[1] Includes legal costs relating to claim by former member (see note 23) and costs relating to the replacement of the front office systems.
[2] Assumes a taxation rate of 20% (2015: 21%).
[3] Performance fee revenues contribution calculated in line with operating margin of 33% (2015: 32.9%).

8 Interest receivable

Disclosures relating to the Group's financial instruments risk management policies are detailed in note 2. Cash earns interest at floating or fixed rates based on daily bank deposit rates. The weighted average effective interest rate on cash is 0.1% (2015: 0.1%).

9 Dividends

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Ordinary Shares		
First interim at 6 pence per share (2015: 2 pence)	2,609	859
Second interim at 3 pence per share (2015: 2 pence)	1,351	859
Total	3,960	1,718

In addition, the Directors are proposing an interim dividend in respect of the financial year ending 31 March 2016 of 9p per share which will absorb an estimated £4.1m of shareholders' funds. It will be paid on 21 July 2016 to shareholders who are on the register of members at 24 June 2016.

10 Taxation

		Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
(a)	Analysis of charge in year		
	Current tax:		
	UK corporation tax at 20% (2015: 21%)*	2,102	918
	Adjustment in respect of prior periods	(44)	–
	Total current tax	2,058	918
	Deferred tax:		
	Deferred tax originated from timing differences	36	91
	Deferred tax charged in respect of future rate change to 20%	–	49
	Total charge in year	2,094	1,058
(b)	Factors affecting current tax		
	Profit on ordinary activities before tax	9,404	7,265
	Profit on ordinary activities at UK corporation tax rate of 20% (2015: 21%)	1,881	1,526
	Effects of:		
	Expenses not deductible for tax purposes	63	38
	Effect of reinstatement of loans to the EBT	131	891
	Depreciation in excess of capital allowances	3	(2)
	Adjustment to deferred tax in respect of tax rate change	–	49
	Net Members drawings not taxable	60	68
	Tax relief on exercise of unapproved options	–	(1,512)
	Adjustment in respect of prior periods	(44)	–
	Total taxation	2,094	1,058

* The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for this financial year are taxed at an effective rate of 20%. The terms of the 2014 Finance Act will reduce the standard rate of corporation tax to 19% with effect from 1 April 2016.

11 Deferred tax

Deferred tax assets	2016 £'000	2015 £'000
Balance as at 1 April	1,088	1,228
Deferred tax reversed on timing differences	(36)	(91)
Deferred tax on current year losses	–	–
Movement in deferred tax on change in tax rate to 20% (2015: 21%)	–	(49)
Balance as at 31 March	1,052	1,088

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £1,052,000 (2015: £1,088,000).

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for this financial year are taxed at an effective rate of 20%. Deferred tax has been recognised at 20% to reflect this reduction.

12 Earnings per share

The calculation of basic earnings per share is based on profit after taxation for the year and the weighted average number of Ordinary Shares in issue for each year. The weighted average number of Ordinary Shares was 44,346,674 for the year (2015: 42,472,053). Shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Diluted earnings per share is calculated on the same basis 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 2016. The adjusted weighted average number of Ordinary Shares so calculated for the year was 45,518,720 (2015: 45,700,575). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	As at 31-Mar-16 number	As at 31-Mar-15 number
Weighted average number of Ordinary Shares	44,346,674	42,472,053
Weighted average number of dilutive Ordinary shares under option:		
– to the Liontrust Senior Incentive Plan	–	745,012
– to the Liontrust Incentive Plan	–	66,587
– to the Liontrust Option Plan	37,062	39,358
– to the DBVAP	324,602	30,852
– to the LMIP	810,382	2,346,713
Adjusted weighted average number of Ordinary Shares	45,518,720	45,700,575

Details of the options outstanding at 31 March 2016 to Directors are set out in the Directors' Remuneration Report on page 45.

13 Intangible assets

Year to 31 March 2016

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Walker Crips	2,550	1 Year

	Investment management contracts £'000
Cost	
At 1 April 2015	14,406
Additions	–
Disposals	–
At 31 March 2016	14,406
Accumulated amortisation and impairment	
At 1 April 2015	9,408
Amortisation charge for the year	2,448
Disposals	–
At 31 March 2016	11,856
Net Book Value	
At 31 March 2016	2,550
At 31 March 2015	4,998

Year to 31 March 2015	Investment management contracts £'000
Cost	
At 1 April 2014	14,406
Additions	–
Disposals	–
At 31 March 2015	14,406
Accumulated amortisation and impairment	
At 1 April 2014	6,960
Amortisation charge for the year	2,448
Disposals	–
At 31 March 2015	9,408
Net Book Value	
At 31 March 2015	4,998
At 31 March 2014	7,446

14 Property, plant and equipment

Year to 31 March 2016	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2015	309	261	310	880
Additions	4	63	26	93
Disposals	–	–	–	–
At 31 March 2016	313	324	336	973
Accumulated depreciation				
At 1 April 2015	151	222	230	603
Charge for the year	56	21	46	123
Disposals	–	–	–	–
At 31 March 2016	207	243	276	726
Net Book Value				
At 31 March 2016	106	81	60	247
At 31 March 2015	158	39	80	277

Year to 31 March 2015	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2014	288	232	257	777
Additions	21	29	53	103
Disposals	–	–	–	–
At 31 March 2015	309	261	310	880
Accumulated depreciation				
At 1 April 2014	101	215	196	512
Charge for the year	50	7	34	91
Disposals	–	–	–	–
At 31 March 2015	151	222	230	603
Net Book Value				
At 31 March 2015	158	39	80	277
At 31 March 2014	187	17	61	265

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

15 Trade and other receivables

	As at 31-Mar-16 £'000	As at 31-Mar-15 £'000
Trade receivables		
– Fees receivable	10,788	6,661
– Unit trust sales and cancellations	22,715	24,307
Prepayments and accrued income	1,909	1,436
Initial commission asset	1	1
	35,413	32,405

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

Trade receivables that are less than 3 months past due are not considered impaired. As at 31 March 2016, trade receivables of £nil (2015: £nil) were past due but not impaired.

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 Asia Income Fund, the Liontrust GF Global Water & Agriculture Fund, the Liontrust GF Special Situations Fund, the GF Macro Equity Income Fund, the GF European Strategic Equity Fund, the GF UK Growth Fund and the GF Global Income Fund (all 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 (2015:£nil). Foreign currency assets are translated at rates of exchange ruling at the balance sheet date and any exchange rate differences arising are shown in note 17.

	As at 31-Mar-16			As at 31-Mar-15		
	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
Financial assets in Level 1						
UK Authorised unit trusts	8	–	8	18	–	18
Guernsey open ended investment companies	–	–	–	–	–	–
Ireland Open Ended Investment company	–	131	131	–	224	224
	8	131	139	18	224	242
Total Financial Assets	**8**	**131**	**139**	**18**	**224**	**242**

17 Trade and other payables

	As at 31-Mar-16 £'000	As at 31-Mar-15 £'000
Trade payables – unit trust repurchases and creations	22,182	24,357
Other payables including taxation and social security	120	84
Deferred income and other payables	8,977	6,528
	31,279	30,969

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.

18 Ordinary Shares

	2016 Shares	2016 £'000	2015 Shares	2015 £'000
Authorised ordinary shares of 1 pence				
As at 1 April	60,000,000	600	60,000,000	600
As at 31 March	60,000,000	600	60,000,000	600
Allotted, called up and fully paid ordinary shares of 1 pence				
As at 1 April	45,471,555	454	42,471,555	424
Issued during the year	–	–	3,000,000	30
As at 31 March	45,471,555	454	45,471,555	454

19 Related undertakings

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

a) The direct related undertakings of the Company as at 31 March 2016 are listed below

Name of undertaking	country of incorporation	% held
Liontrust Investment Funds Limited	UK	100
Liontrust Investment Services Limited	UK	100
Liontrust Investment Solutions Limited	UK	100
Liontrust European Investment Services Limited	UK	100
Liontrust Management Services Limited	UK	100
Liontrust GF Macro Equity Income Fund - Class C1	Ireland	100
Liontrust GF UK Growth Fund - Class C1	Ireland	100
Liontrust GF UK Growth Fund - Class C3	Ireland	100
Liontrust GF UK Growth Fund - Class C7	Ireland	100
Liontrust GF Global Income Fund - Class C3	Ireland	100
Liontrust GF Global Income Fund - Class C6	Ireland	25
Liontrust GF Global Income Fund - Class C7	Ireland	100
Liontrust GF Asia Income Fund - Class B4	Ireland	100
Liontrust GF Asia Income Fund - Class C6	Ireland	100
Liontrust GF Asia Income Fund - Class C7	Ireland	100
Liontrust GF Strategic Equity Fund - Class C5	Ireland	100
Liontrust GF Global Water & Agriculture Fund - Class B5	Ireland	100

b) The indirect related undertakings of the Company as at 31 March 2016 are listed below

Name of undertaking	country of incorporation	% held
Liontrust Nominees Limited	UK	100
Liontrust Fund Partners LLP	UK	100
Liontrust Investment Partners LLP	UK	100

20 Own shares

Approval was given at a General Meeting in January 2011 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 2015	Options Granted	Options Exercised	Lapsed	31 March 2016	Exercise price	Scheme
10 February 2010	69,455	–	12,669	–	56,786*	110.5 pence	LOP
21 June 2013	13,623	–	–	–	13,623	Nil	DBVAP
19 June 2014	21,988	–	–	–	21,988	Nil	DBVAP
18 June 2015	–	367,259	–	–	367,259	Nil	DBVAP

* Options that are exercisable as at 31 March 2016

Issue Date	1 April 2014	Options Granted	Options Exercised	Lapsed	31 March 2015	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	Nil	DBVAP
19 June 2014	–	21,988	–	–	21,988	Nil	DBVAP

No options under DBVAP, LIP, and LSIP were exercised during the year. 12,669 LOP options were exercised in June 2015 at a price of 110.5 pence.

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 2015	Granted	Exercised	Lapsed	31 March 2016	Exercise price	Scheme
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

Issue Date	1 April 2014	Granted	Exercised	Lapsed	31 March 2015	Exercise price	Scheme
14 April 2011	1,425,000	–	(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

Details of the share options can be found in the Directors' Remuneration report on pages 45 and 46.

DBVAP, LIP, LOP and LSIP operate in conjunction with the Liontrust Asset Management Employee Trust on the basis that at 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 2016 the weighted average remaining life of the options was 2.4 years (2015: 3.8 years).

At 31 March 2016, the Liontrust Asset Management Employee Trust owned 430,205 shares (2015: 1,627,586) at a cost of £1,316,247 (2015: £5,811,600). 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 2016 the market value of the shares was £1,094,000 (2015: £4,399,000).

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-16 £'000	Year ended 31-Mar-15 £'000
Amounts due		
within one year	428	428
Between one year and five years	285	713
Later than five years	–	–
	713	1,141

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 £32,283,000 (2015: £32,795,000). Transactions with these unit trusts comprised creations of £481,491,000 (2015: £613,201,000) and liquidations of £256,153,000 (2015: £376,512,000). As at 31 March 2016 the Group owed the unit trusts £22,181,000 (2015: £24,357,000) in respect of unit trust creations and was owed £25,415,000 (2015: £27,108,000) in respect of unit trust cancellations and fees.

During the year the Group received fees from offshore funds under management of £797,000 (2015: £767,000). Transactions with these funds comprised purchases of £98,000 (2015: £180,000) and sales of £191,000 (2015: £4,000). As at 31 March 2016 the Group was owed £85,000 (2015: £70,000) in respect of offshore fund fees.

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

During the year members received loans totalling £Nil (2015: £490,000) from Liontrust Fund Partners LLP and Liontrust Investment Partners LLP (the 'LLPs'), these loans were provided in connection with the relevant members' duties as a member of the relevant LLP. As at 31 March 2016 members owed the LLP's £706,000 (2015: £706,000).

Compensation to key management personnel (executive directors) is disclosed in the Directors' Remuneration Report on page 44.

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 2016 has not been recognised in the results for the year.

In the normal course of business a contingent liability has arisen in relation to a claim made by a former member against Liontrust Asset Management Plc, Liontrust Investment Partners LLP ("LIP"), Liontrust Investment Services Limited and the individual members of LIP. As the timing and amount of any potential liability is unknown and cannot be reliably estimated at this stage they are not disclosed.

A contingent liability has arisen in relation to a tax covenant claim by Walker Crips Group Plc in relation to the acquisition of Walker Crips Asset Managers Limited in April 2012 and for which the underlying basis of the claim is unclear at this time. As the timing and amount of any potential liability is unknown and cannot be reliably estimated at this stage, it is not disclosed.

A contingent liability has arisen in relation to expense caps which are payable to the Offshore funds where expenses for each fund exceed the agreed total expense ratio as set out in the Prospectus. In accordance with the Prospectus, the amount payable to the Offshore funds has not crystallised for certain funds at 31 March 2016, the potential liability is unknown and cannot be reliably estimated and has therefore not been disclosed.

24 Post balance sheet event

On 7 April 2016, the Group agreed a conditional agreement to acquire the European income fund management business of Argonaut Capital partners. The acquisition is expected to increase the Company's assets under management by approximately £298m for cash consideration of 1.5% of the assets transferred (representing £4.47m as at 1 April 2016). As at the date of these financial statements, the transaction has not yet completed but is expected to in the latter part of 2016.

Company Statement of Comprehensive Income
for the year ended 31 March 2016

	Note	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Revenue		2,631	2,627
Dividends received from subsidiary companies		6,051	8,400
Gross profit		8,682	11,027
Realised (loss)/gain on sale of financial assets		(1)	2
Reinstatement of loan	27	651	4,245
Administration expenses	28	(5,703)	(4,851)
Operating profit	29	3,629	10,423
Interest receivable	30	1	2
Profit before tax		3,630	10,425
Taxation	31	(36)	(87)
Profit for the year		**3,594**	**10,338**
Other comprehensive income		–	–
Total comprehensive income		**3,594**	**10,338**

The notes on pages 78 to 84 form an integral part of these Company financial statements.

Company Balance Sheet
as at 31 March 2016

	Note	31-Mar-16 £'000	31-Mar-15 £'000
Assets			
Non current assets			
Property, plant and equipment	33	247	277
Intangible assets	34	2,550	4,998
Investment in subsidiary undertakings	35	15,071	10,261
Deferred tax assets	32	1,052	1,088
Loan to Employee Benefit Trust	27	1,094	4,125
Total non current assets		20,014	20,749
Current assets			
Trade and other receivables	36	7,611	5,568
Financial assets	37	131	224
Cash and cash equivalents		1,726	2,584
Total current assets		**9,468**	**8,376**
Liabilities			
Current liabilities			
Trade and other payables	38	(1,196)	(777)
Total current liabilities		**(1,196)**	**(777)**
Net current assets		**8,272**	**7,599**
Net assets		**28,286**	**28,348**
Shareholders' equity attributable to owners of the parent			
Ordinary shares	39	454	454
Share premium		17,692	17,692
Capital redemption reserve		19	19
Retained earnings		10,121	10,183
Total equity		**28,286**	**28,348**

The notes on pages 78 to 84 form an integral part of these Company financial statements.

The financial statements on pages 74 to 84 were approved and authorised for issue by the Board of Directors on 15 June 2016 and signed on its behalf by V.K. Abrol, Chief Operating Officer and Chief Financial Officer.

Company Cash Flow Statement

for the year ended 31 March 2016

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Cash flows from operating activities		
Cash inflow from operations	600	–
Cash outflow from operations	(2,425)	(6,755)
Net cash used in operations	(1,825)	(6,755)
Interest received	1	2
Net cash used in operating activities	(1,824)	(6,753)
Cash flows from investing activities		
Purchase of property and equipment	(93)	(103)
Investment in subsidiary	10	307
Loan to the Employee Benefit Trust	(1,135)	(553)
Purchase of seeding investments	(98)	(180)
Sale of seeding investments	191	4
Net cash used in investing activities	(1,125)	(525)
Cash flows from financing activities		
Issue of shares	–	30
Dividends received	6,051	8,400
Dividends paid	(3,960)	(1,718)
Net cash used in financing activities	2,091	6,712
Net decrease in cash and cash equivalents	(858)	(566)
Opening cash and cash equivalents*	2,584	3,150
Closing cash and cash equivalents	1,726	2,584

* Cash and cash equivalents consist only of cash balances.

The notes on pages 78 to 84 form an integral part of these Company financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2016

	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2015 brought forward	454	17,692	19	10,183	28,348
Profit for the year	–	–	–	3,594	3,594
Amounts recycled through the Statement of Comprehensive Income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	3,594	3,594
Dividends paid	–	–	–	(3,960)	(3,960)
Shares issued	–	–	–	–	–
Equity share options issued	–	–	–	304	304
Balance at 31 March 2016	**454**	**17,692**	**19**	**10,121**	**28,286**

Company Statement of Changes in Equity
for the year ended 31 March 2015

	Ordinary shares £'000	Share premium £'000	Capital redemption £'000	Retained earnings £'000	Total Equity £'000
Balance at 1 April 2014 brought forward	424	17,692	19	1,535	19,670
Profit for the year	–	–	–	10,338	10,338
Total comprehensive income for the year	–	–	–	10,338	10,338
Dividends paid	–	–	–	(1,718)	(1,718)
Shares issued	30	–	–	–	30
Equity share options issued	–	–	–	28	28
Balance at 31 March 2015	**454**	**17,692**	**19**	**10,183**	**28,348**

The notes on pages 78 to 84 form an integral part of these Company financial statements.

25 Significant Accounting policies

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards, which comprise standards and interpretations issued by either the International Accounting Standards Board or the IFRS Interpretations Committee or their predecessors as adopted by the European Union ('IFRS'), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial information has been prepared based on the IFRS standards effective as at 31 March 2016.
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.

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, capital risk and liquidity risk. The Company is covered by the Group's overall risk management programme. The risk management policies are the same as those set out in note 2 and elsewhere in the report and financial statements.

The specific risks affecting the Company are as follows:

Market risk
The investments in the sub-funds of Liontrust Global Funds PLC are valued on a daily basis at bid price. The investments are held as available-for-sale financial assets and are held at fair value and any permanent impairment in the value of the shares held would be taken to revenue.

Management consider, based on historic information, that a sensitivity rate of 10% is appropriate. Based on the holdings in the Liontrust Global Funds at the balance sheet date a price movement of 10% would result in a movement in the value of the investment of £13,000 (2015: £22,000).

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 £5,000 increase or decrease in interest receivable (2015: £11,000).

In addition to the risks covered by the Group risk management polices. The Company is subject to some specific risks relating to its interaction with other Group companies. The company reviews its balances due to and from other Group companies on a regular basis.

Prudent liquidity risk management required the maintenance of sufficient cash and marketable securities. The Company monitors rolling forecasts of the it's liquidity reserves (comprising readily realisable investments and cash and cash equivalents) on the basis of expected cash flow.

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

As at 31 March 2016	within 3 months	Between 3 months	Over one year
Payables	1,196	–	–

As at 31 March 2015	within 3 months	Between 3 months	Over one year
Payables	777	–	–

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 Trust was calculated at £1,094,000 (2015: £4,125,000). The current value of the shares in the Trust are disclosed in Note 20.

28 Administration expenses

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Employee costs		
- Director, member and employee costs	1,488	1,112
- Pension costs	10	8
- Share incentivisation expense	552	284
- Termination costs	64	31
	2,114	1,435
Non employee costs		
Other administration expenses	3,589	3,416
	5,703	4,851

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Share incentivisation expense		
- Share option expense	304	28
- Share option NIC expense	42	–
- Share incentive plan expense	106	100
- Share option related administration expenses	100	156
	552	284

The average number of members and employees engaged in business for the Company excluding non-executive directors, was 6 (2015: 6). All members and employees are involved in the investment management business of the Group. The costs incurred in respect of the directors, members and employees was:

	Year ended 31-Mar-16			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	3	1,024	114	1,138
Finance, Operations and IT	3	133	15	148
Non-executive Directors	3	182	20	202
	9	1,339	149	1,488

	Year ended 31-Mar-15			
	Average number of members and employees during the year	Wages and salaries £'000	Social security costs £'000	Total £'000
General management	3	739	149	888
Finance, Operations and IT	3	99	20	119
Non-executive Directors	3	88	17	105
	9	926	186	1,112

29 Operating profit

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
The following items have been included in arriving at operating profit:		
Foreign exchange gains	3	(1)
Depreciation	123	91
Amortisation of intangible asset	2,448	2,448
Staff costs (note 28)	2,114	1,435
Services provided by the Company's auditors:		
Fees payable to the company's auditors for the audit of the company's annual financial statements	51	75

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

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% (2015: 0.0%).

31 Taxation

	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
(a) Analysis of charge in year		
Current tax:		
UK corporation tax at 20% (2015: 21%)*	–	–
Adjustments in respect of prior year	–	–
	–	–
Total current tax (note (b))	–	–
Deferred tax	36	87
Total charge in period	36	87
(b) Factors affecting current tax		
Profit on ordinary activities before tax	3,630	10,425
Profit on ordinary activities at UK corporation tax rate of 20%	726	2,189
Effects of:		
Group dividends not deductible for tax purposes	(1,210)	(1,764)
Expenses not deductible for tax purposes	64	9
Depreciation in excess of capital allowances	3	(2)
Adjustment in respect of deferred tax recoverability rate to 20%	–	49
Tax relief on exercise of unapproved options	–	(1,512)
Taxation relief given to other Group companies	453	1,118
Adjustment in respect of prior periods	–	–
Total Taxation	36	87

* The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for this financial year are taxed at an effective rate of 20%. The terms of the 2014 Finance Act that will reduce the standard rate of corporation tax to 19% with effect from 1 April 2016.

32 Deferred tax

Deferred tax assets	2016 £'000	2015 £'000
Balance as at 1 April	1,088	1,174
Deferred tax reversed on timing differences	(36)	(37)
Deferred tax on current year losses	–	–
Movement in deferred tax on change in tax rate to 20% (2015: 21%)	–	(49)
Balance as at 31 March	1,052	1,088

Deferred tax relating to losses which are expected to be credited to taxation payable on future profits £1,052,000 (2015: £1,088,000).

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for this financial year are taxed at an effective rate of 20%. Deferred tax has been recognised at 20% to reflect this reduction.

33 Property, plant and equipment

Year to 31 March 2016	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2015	309	261	310	880
Additions	4	63	26	93
Disposals	–	–	–	–
At 31 March 2016	313	324	336	973
Accumulated depreciation				
At 1 April 2015	151	222	230	603
Charge for the year	56	21	46	123
Disposals	–	–	–	–
At 31 March 2016	207	243	276	726
Net Book Value				
At 31 March 2016	106	81	60	247
At 31 March 2015	158	39	80	277

Year to 31 March 2015	Leasehold Improvements £'000	Office Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2014	288	232	257	777
Additions	21	29	53	103
Disposals	–	–	–	–
At 1 April 2015	309	261	310	880
Accumulated depreciation				
At 1 April 2014	101	215	196	512
Charge for the year	50	7	34	91
Disposals	–	–	–	–
At 1 April 2015	151	222	230	603
Net Book Value				
At 31 March 2015	158	39	80	277
At 31 March 2014	187	17	61	265

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

34 Intangible assets

Year to 31 March 2016

The Company holds the following intangible asset

Description	Carrying value £'000	Remaining amortisation period
Investment management contracts acquired from Walker Crips	2,550	1 Year

	Investment management contracts £'000
Cost	
At 1 April 2015	12,240
Additions	–
Disposals	–
At 31 March 2016	12,240
Accumulated amortisation and impairment	
At 1 April 2015	7,242
Amortisation charge for the year	2,448
Disposals	–
At 31 March 2016	9,690
Net Book Value	
At 31 March 2016	2,550
At 31 March 2015	4,998

Year to 31 March 2015	Investment management contracts £'000
Cost	
At 1 April 2014	12,240
Additions	–
Disposals	–
At 31 March 2015	12,240
Accumulated amortisation and impairment	
At 1 April 2014	4,794
Amortisation charge for the year	2,448
Disposals	–
At 31 March 2015	7,242
Net Book Value	
At 31 March 2015	4,998
At 31 March 2014	7,446

Amortisation has been recorded within administration expenses.

35 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. 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 23.

	2016 £'000	2015 £'000
Balance at 1 April	10,261	5,480
Additions during the year	4,810	4,781
Balance at 31 March	15,071	10,261

36 Trade and other receivables

	31-Mar-16 £'000	31-Mar-15 £'000
Receivables due from subsidiary undertakings	7,369	5,479
Prepayments and accrued income	242	89
	7,611	5,568

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 16.

	31-Mar-16			31-Mar-15		
Financial assets	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000	Assets held at fair value through profit and loss £'000	Assets held as available-for-sale £'000	Total £'000
Ireland Open Ended Investment Company	–	131	131	–	224	224
	–	131	131	–	224	224

38 Trade and other payables

	2016 £'000	2015 £'000
Other payables including taxation and social security	158	80
Payables due to subsidiary undertakings	142	63
Other payables	896	634
	1,196	777

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.

39 Ordinary Shares

	2016 Shares	2016 £'000	2015 Shares	2015 £'000
Authorised shares of 1 pence				
As at 1 April	60,000,000	600	60,000,000	600
As at 31 March	60,000,000	600	60,000,000	600
Allotted, called up and fully paid shares of 1 pence				
As at 1 April	45,471,555	454	42,471,555	424
Issued during the year	–	–	3,000,000	30
As at 31 March	45,471,555	454	45,471,555	454

40 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-16 £'000	Year ended 31-Mar-15 £'000
Amounts due		
within one year	428	428
Between one year and five years	285	713
Later than five years	–	–
	713	1,141

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.

41 Related Party Transactions

As at 31 March 2016 the Company owed the following intercompany balances to:

Liontrust Fund Partners LLP - £142,000 (2015: £nil); and
Liontrust Investment Partners LLP - £nil (2015: £63,000), these amounts arose from Group operations.

As at 31 March 2016 the Company was owed the following intercompany balances by:

Liontrust Fund Partners LLP - £nil (2015: £1,157,000); and
Liontrust Investment Partners LLP - £1,612,000 (2015: £nil); and
Liontrust Investment Funds Limited - £1,763,000 (2015: £244,000); and
Liontrust Investment Solutions Limited - £56,000 (2015: £417,000); and
Liontrust Investment Services Limited - £3,938,000 (2015: £3,661,000); these amounts arose from Group operations.
The Liontrust Asset Management Employee Trust - £1,095,000 (2015: £4,414,000).

42 Contingent assets and liabilities

In the normal course of business a contingent liability has arisen in relation to a claim made by a former member against Liontrust Asset Management Plc, Liontrust Investment Partners LLP ("LIP"), Liontrust Investment Services Limited and the individual members of LIP. As the timing and amount of any potential liability is unknown and cannot be reliably estimated at this stage they are not disclosed.

A contingent liability has arisen in relation to a tax covenant claim by Walker Crips Group Plc in relation to the acquisition of Walker Crips Asset Managers Limited in April 2012 and for which the underlying basis of the claim is unclear at this time. As the timing and amount of any potential liability is unknown and cannot be reliably estimated at this stage, it is not disclosed.

43 Post balance sheet event

There have been no post balance sheet events.

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

Report on the financial statements

Our opinion

In our opinion, Liontrust Asset Management PLC's Group financial statements and Company financial statements (the 'financial statements'):

- Give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2016 and of the Group's and the Company's profit and cash flows for the year then ended;
- Have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), comprise:

- The Consolidated and Company Balance Sheets as at 31 March 2016;
- The Consolidated and Company Statements of Comprehensive Income for the year then ended;
- The Consolidated and Company Cash Flow Statements for the year then ended;
- The Consolidated and Company Statements 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.

Certain required disclosures have been presented elsewhere in 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.

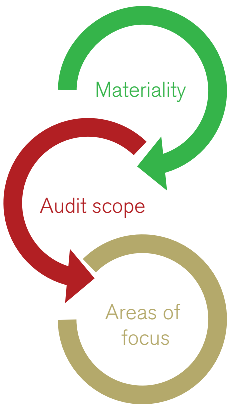
The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

Our audit approach

Context

Liontrust Asset Management PLC is a FTSE Small Cap listed fund manager that was launched in 1995 and listed in 1999. Liontrust has a large presence in the UK covering both retail and institutional clients. Liontrust offers a range of products such as Unit Trusts, Offshore funds, Segregated Mandates and Discretionary Portfolio Management Services.

Overview



- Overall group materiality: £470,000 which represents 5% of profit before tax.

- Full scope audits of Liontrust Investment Partners LLP and Liontrust Fund Partners LLP because these are the financially significant entities and, together, represent more than 95% of the profit before tax of the Group.
- Full scope audits of Liontrust Investment Solutions Limited, Liontrust Investment Funds Limited and Liontrust Investment Services Limited as a number of financial statements items, including cash and cash equivalents and revenue, are material to the Group financial statements.

- Recognition of management fees, box profits and performance fees.
- Recognition of share-based payments.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK and Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	*How our audit addressed the area of focus*
Recognition of management fees, box profits and performance fees *Refer to note 4. Revenue and note 1. Principal accounting policies.* Revenue is the most significant account balance in the Consolidated Statement of Comprehensive Income. The Group's operations are largely manual in nature and most of the revenue entries are recorded by journals. We consider the risk of fraud in revenue recognition to be a significant risk and relate to appropriate journals being posted to revenue. *Management Fees* In 2016, management fees net of rebates made up the majority of revenue. Management fees are accounted for net of rebates and renewal commissions. The recognition of management fees is dependent on the terms of the underlying investment management contracts ('IMCs') between the Group and its clients and/or the funds it manages. It is calculated as a percentage of Assets Under Management ('AUM') and the percentage applied varies across different funds and products. The risk relates to incorrect calculation or risk of recording fees in the incorrect period. Rebates are calculated as a percentage of the value of the unit holdings of an individual account and the percentage applied is based on underlying rebate agreements. *Box Profits* Box profits vary from day to day and result from the daily creations and cancellations of fund units. The risk relates to incorrect calculation given the complexity with significant number of transactions each day and increases the risk of error. *Performance fees* Performance fees are standard industry practice but are often one-off or infrequent. Performance fees are largely driven by the outperformance of one individual segregated mandate this year. Similar to management fees, performance fees are set by the IMCs.	For all the revenue streams we understood and evaluated the design and implementation of key controls, including relevant Information Technology systems and controls, in place. This included both in-house and outsourced activities at the administrators, State Street and Northern Trust, and the transfer agent, International Financial Data Services, ('IFDS'), ('outsourced providers'). To obtain audit evidence over the key controls at Liontrust and at the outsourced providers supporting the calculation and recognition of revenue, we: • Performed testing of key Liontrust controls to obtain evidence of operational effectiveness of those key controls; and • Assessed the control environment in place at outsourced service providers to the extent that it was relevant to our audit. This assessment of the operating and accounting structure in place involved obtaining and reading the report issued by the independent auditor of the outsourced providers in accordance with generally accepted assurance standards for such work. We then identified those key controls on which we could place reliance to provide audit evidence. Where the controls reports had not been prepared for year ended 31 March 2016, we assessed the gap period and obtained bridging letters where necessary. We found that the key controls on which we sought to place reliance for the purposes of our audit on were designed, implemented and operating effectively. We also obtained substantive audit evidence which included the matters noted below: *Management Fees* For management fees from Units Trusts and Offshore funds, we recalculated management fees based on AUM data obtained from outsourced providers and management fee rates from IMCs and reconciled these back to accounting records. For other management fees we re-performed a sample of management fee calculations using independently confirmed AUM and fee rates obtained from the IMCs as inputs or tied back independently obtained fee calculations to accounting records. We also tested management fees to ensure that fees were accrued in the correct period. In respect of rebates, we re-performed the calculations on information provided by IFDS and reconciled the amounts back to accounting records. For a sample of rebates, we agreed rates to rebate agreements signed by the clients. *Box Profits* We reconciled the box profits revenue recognised in the accounting records to supporting values obtained independently from IFDS. Using daily box units from IFDS and independent prices for a sample of funds, we re-calculated box profits and compared to the accounting records. Further, for a sample of days, we independently confirmed the day end net settlement on account of liquidations and creations with the Trustee of the funds, State Street. Also for a sample of discount transactions, we re-performed the computation to assess accuracy and reasonableness of the discount recorded.

Area of focus	*How our audit addressed the area of focus*
	Performance fees One performance fee in the year contributed 98% of the total performance fees. We assessed whether this fee had crystallised and therefore had been recognised in the appropriate period. We re-performed the computation of this fee to check that it had been calculated in accordance with the signed IMC. Specifically in relation to the risk of fraud in revenue recognition, we tested a sample of journals entries posted to revenue. We identified unusual and/or irregular items, understood the nature and purpose of these entries. We then agreed the details to supporting and corroborative evidence. Based on work performed for revenue, we identified no material misstatements which required reporting to those charged with governance.
Share schemes and incentive plans *Refer to the Remuneration report, note 20. Own shares and note 1. Principal accounting policies.* Due to the complex and judgemental nature of share schemes and incentive plans, there is an increased risk of error. The likelihood of an error occurring is driven by a number of factors such as the complexity of the schemes, the required record keeping and manual calculations.	We understood and evaluated the design and operating effectiveness of the control environment in place over the share based payment expense and performed the following to address the risks identified for each type of share based payment transaction: • We obtained and read the deed of grant for new awards issued during the year. For these new awards, we verified that they were appropriately authorised, consistent with scheme plans, classified correctly as equity or cash settled and used the correct share price. • We checked that the option pricing models remained appropriate for the existing awards. The awards granted during the year did not require the use of an option pricing model and we have agreed the option cost back to the cost of shares purchased to fulfil the grant. • We assessed reasonableness of the estimates made in relation to performance conditions and/or service conditions for the existing awards by comparing their consistency with historical data. • We tested a sample of options exercised during the year to confirm that they were exercised in accordance with the terms of the grant, recorded at the correct value and appropriately authorised. We obtained details of all the outstanding awards and checked that the charge was spread in accordance with the appropriate period of the award. Based on work performed for share schemes and incentive plans, we identified no material misstatements which required reporting to those charged with governance.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured along a single business line being investment management. The Group financial statements are a consolidation of the Company and five subsidiary entities all of which are based in the United Kingdom.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed over the Company and each of the subsidiaries by us, as the Group engagement team, and also as auditors for each of the subsidiaries to be able to conclude whether sufficient appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole had been obtained.

We therefore performed full scope audits on the complete financial information of Liontrust Investment Partners LLP and Liontrust Fund Partners LLP because they are financially significant components, together representing more than 95% of Group revenue and Group profit before tax. We performed a full scope audit of Liontrust Investment Solutions Limited, Liontrust Investment Funds Limited and Liontrust Investment Services Limited as a number of balances, including cash and cash equivalents and revenue, are material to the Group financial statements.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£470,000 (2015: £360,000).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	Consistent with last year, we have applied this benchmark because it is a benchmark against which the Group's performance is commonly measured and a recognised GAAP measure.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £23,500 (2015: £18,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the directors' statement, set out on page 25, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK and Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the directors intend them 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. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion
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.

ISAs (UK and Ireland) reporting

Under ISAs (UK and 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 and Company acquired in the course of performing our audit; or - Otherwise misleading.	We have no exceptions to report.
• the statement given by the directors on page 25, in accordance with provision C.1.1 of the UK Corporate Governance Code (the 'Code'), 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 and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on page 32, as required by provision C.3.8 of the Code, describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.	We have no exceptions to report.

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK and Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
• the directors' confirmation on page 30 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the directors' explanation on page 16 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

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 ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 25, 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 and 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.

What an audit of financial statements involves

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 and the 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.

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

We primarily focus 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.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

Sally Cosgrove (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 June 2016

- The maintenance and integrity of the Liontrust Asset Management PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Shareholder 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 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.

Directors and Advisers

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Registered in England with Company Number 02954692

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 ILT

Bankers
Royal Bank of Scotland Plc
280 Bishopsgate
London EC2M 4RB

Financial Adviser and Corporate Broker
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Macquarie Capital (Europe) Ltd
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD

Registrars
Capita Registrars
PXS
34 Beckenham Road
Kent BR3 4TU

Financial Calendar

Year End	31 March
Half Year End	30 September
Results announced:	Full year: June, half year: November
Interim report available:	December
Annual Report available:	June
Annual General Meeting:	September

Share price information:

The Company's shares are quoted on the London Stock Exchange and the price appears daily in The Financial Times, (listed under 'General Financial').

UK authorised unit trusts:

Liontrust UK Growth Fund
Liontrust Global Income Fund
Liontrust UK Smaller Companies Fund
Liontrust UK Micro Cap Fund
Liontrust Special Situations Fund
Liontrust FTSE 100 Tracker Fund
Liontrust European Growth Fund
Liontrust Asia Income Fund
Liontrust Macro Equity Income Fund
Liontrust Macro UK Growth Fund

Ireland domiciled open-ended investment company

Liontrust Global Funds PLC, comprising eight sub funds:
Liontrust GF European Strategic Equity
Liontrust GF Macro Equity Income Fund
Liontrust GF Special Situations Fund
Liontrust GF UK Growth Fund
Liontrust GF Global Income Fund
Liontrust GF Asia Income Fund
Liontrust GF Global Strategic Equity Fund
Liontrust GF Global Water and Agriculture Fund

Unit trust prices:

The prices of Liontrust's range of authorised unit trusts are listed on our website www.liontrust.co.uk.

Further information:

For further information on the Company's range of funds and services please contact our Broker Services Department at:

Liontrust Fund Partners LLP
2 Savoy Court
London WC2R 0EZ

Telephone: 020 7412 1700
Facsimile: 020 7412 1779
e-mail: info@liontrust.co.uk
or visit: www.liontrust.co.uk

Group subsidiary entities – board members:

Liontrust Investment Funds Limited

V.K. Abrol
J.S. Ions

Liontrust Fund Partners LLP

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

Liontrust Investment Services Limited

V.K. Abrol
J.S. Ions

Liontrust Investment Partners LLP

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

Liontrust Investment Solutions Limited

V.K. Abrol
J.S. Ions

Investment companies – board members:

Liontrust Global Funds Plc

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

Liontrust Panthera Fund Limited

R.P. King
V. Holmes
M. Warren

NOTES

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