

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you are recommended to seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents as soon as possible to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

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## **Liontrust Asset Management Plc**

(incorporated and registered in England and Wales under number 2954692)

### **DIRECTORS' REMUNERATION POLICY**

#### **NOTICE OF GENERAL MEETING**

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**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Remuneration Committee of the Board of Directors (the "Directors" or "Board") of Liontrust Asset Management Plc (the "Company" or "Liontrust"), which is set out in Part I of this document, in which the Board unanimously recommends that you vote in favour of the resolutions to be proposed at the general meeting of the Company referred to below.**

Notice of the general meeting of the Company to be held at 10.30 a.m. on Tuesday 25 September 2018 in the Boardroom, Liontrust Asset Management Plc, 2 Savoy Court, London WC2R 0EZ is set out in Part III of this document (the "**General Meeting**" or "**GM**").

Whether or not you propose to attend the General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received by the Company's registrars, Link Asset Services, PXS, 34 Beckenham Road, Kent BR3 4TU, by no later than 10.30 a.m. on Sunday 23 September 2018.

As an alternative to completing the hard copy proxy form, shareholders can appoint proxies electronically via [www.signalshares.com](http://www.signalshares.com) so that it is received by Link Asset Services by no later than 10.30 a.m. on Sunday 23 September 2018. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Link Asset Services (under CREST participant RA10) by no later than 10.30am. on Sunday 23 September 2018. The time of receipt will be taken to be the time from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Completion and return of a proxy form or transmitting a CREST electronic Proxy Instruction will not prevent you from attending and voting at the General Meeting in person should you wish.

## CONTENTS

	PAGE
Expected Timetable of Principal Events	2
<b>Part I</b> Letter from the Chairman of the Remuneration Committee of the Board of Directors of Liontrust Asset Management Plc	3
<b>Part II</b> Directors' Remuneration Policy	9
<b>Part III</b> Notice of General Meeting	24

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy for the General Meeting	10.30 a.m. on 23 September 2018
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Date and time of General Meeting	10.30 a.m. on 25 September 2018
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Note:

All references to times in this document are to London times.

## PART I

### LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS OF LIONTRUST ASSET MANAGEMENT PLC

## Liontrust Asset Management Plc

(incorporated and registered in England and Wales under number 2954692)

#### Registered Office:

2 Savoy Court, London WC2R 0EZ

#### Directors:

Adrian Collins (Non-executive Chairman)

John Ions (Chief Executive)

Vinay Abrol (Chief Operating Officer and Chief Financial Officer)

Mike Bishop (Senior Independent Director)

Alastair Barbour (Non-executive Director)

Sophia Tickell (Non-executive Director)

George Yeandle (Non-executive Director)

22 August 2018

*To the shareholders of Liontrust Asset Management Plc*

#### Notice of General Meeting

Dear Shareholder,

I am writing to you to provide you with details of a general meeting of the Company (the “**General Meeting**” or “**GM**”), in connection with the Directors’ remuneration policy (the “**Directors’ Remuneration Policy**”) and proposed changes therein, which we are holding at 10.30 a.m. on Tuesday 25 September 2018 in the Boardroom, Liontrust Asset Management Plc, 2 Savoy Court, London WC2R 0EZ. The formal notice of the General Meeting is set out in Part III of this document.

#### Background to Directors’ Remuneration Policy review

In 2016, Liontrust’s Remuneration Committee (the “**Committee**”) made a number of substantial changes to executive remuneration. In particular, the introduction of a new Long Term Incentive Plan (the “**LTIP**”) was designed to ensure remuneration was more closely aligned with shareholder value creation over time and with best practice, balancing short and long term rewards. This policy was designed to provide motivation and reward for the executive team to deliver the business strategy and drive long-term success of the Company. These changes were approved by shareholders at a general meeting of the Company on 24 February 2016 (the “**February 2016 GM**”) with 96% votes in favour of our current remuneration policy.

Since then, we have successfully used the policy to incentivise, reward and retain a high-quality executive team, under the leadership of John Ions (Chief Executive) and Vinay Abrol (Chief Financial Officer & Chief Operating Officer), which has delivered, and is continuing to deliver, record performance as it executes on a clear yet ambitious strategy. Some of the key highlights from the most recently ended financial year, which led to record total shareholder returns (“**TSR**”) from both share price and dividend growth include:-

- ✓ successful integration of the Alliance Trust Investments acquisition, with carefully managed cost control and reduction, which ensured savings contributed to bottom line earnings growth;
- ✓ doubling of net inflows to over £1 billion; and

- ✓ broadening of the product range, in particular the recruitment of the Global Fixed Income team.

## Directors' Remuneration Policy

The views of shareholders on remuneration matters are important to the Company and, prior to proposing the changes to the remuneration arrangements, I have consulted with major shareholders, and their representative bodies, to obtain their views in relation to the revised Directors' Remuneration Policy.

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

Liontrust's remuneration policy is designed to be market competitive in order to motivate, aid staff retention, improve individual and corporate performance and align employee/member behaviour with the interests of shareholders. The remuneration policy is, therefore, strongly linked to Liontrust's performance and corporate strategy, in particular in respect of the performance conditions applicable to the LTIP awards to be granted to executive directors of the Company (the "**Executive Directors**"). Benchmarking data from comparable investment management businesses both in the quoted and private environment is used to ensure that total compensation is market competitive.

The Committee has considered the environmental, social and governance implications of the remuneration policy and is satisfied that it does not lead to irresponsible behaviour.

The Directors' Remuneration Policy is based on the following key principles:

- ✓ the terms of the remuneration policy are applied consistently;
- ✓ an emphasis on variable, performance-driven remuneration to ensure that Fixed Pay<sup>1</sup> is affordable and generally at market competitive levels and bonus and variable allocation payments are funded from retained profits;
- ✓ alignment to effective risk management;
- ✓ the need to provide market competitive total compensation;
- ✓ ensuring that higher levels of reward are only delivered for exceptional performance;
- ✓ consistency with the FCA's Remuneration Code;
- ✓ alignment with shareholders' interests through long term arrangements and significant share and fund ownership to incentivise and encourage retention of Executive Directors; and
- ✓ clarity and consistency of process.

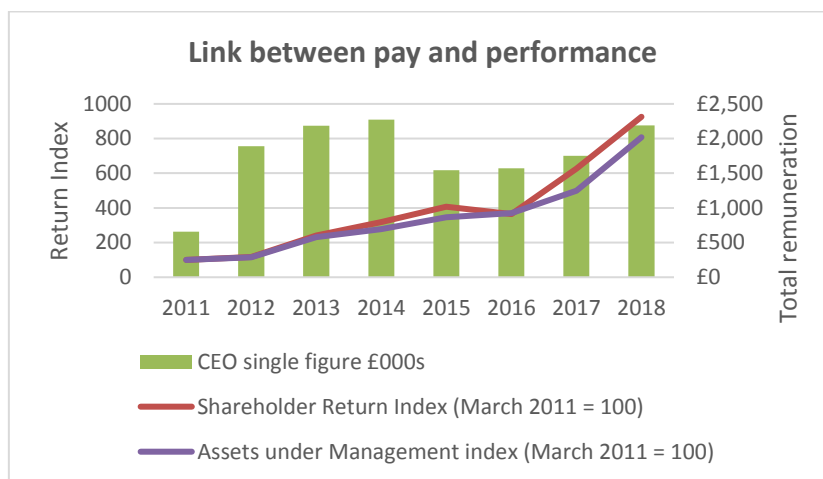
In setting Executive Directors' remuneration, the Committee also takes into account the pay and membership/employment conditions of all the members and employees of Liontrust and its subsidiary undertakings (the "**Group**"). In particular, this includes considering the bonus/variable allocation pool split between all functions of the Group.

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<sup>1</sup> 'Fixed Pay' within this letter refers to base salary/fixed allocation awards

## Pay vs. performance at Liontrust

One of the key principles of our existing Directors' Remuneration Policy is the alignment of the Executive Directors' interests with those of shareholders. Over the past four years, as can clearly be seen from the chart below, there has been a strong link between the total remuneration of the Chief Executive, the returns delivered to shareholders and our growth in assets under management ("AuM").



## Key changes to the Directors' Remuneration Policy

The Committee's objective in approaching this year's Directors' Remuneration Policy review has been to ensure that the remuneration structure continues to provide incentivisation for our executive team to achieve stretching targets, and to balance this against the need to be sensitive to shareholder requirements, corporate governance best practice and the regulatory framework for asset managers.

The Committee believes the current executive (and non-executive) remuneration structure achieves this objective and it therefore remains fit for purpose without the need for any significant changes to be made. However, to ensure the policy better meets governance guidelines, including the recently published new UK Corporate Governance Code (the "**Code**"), and to provide flexibility in dealing with certain scenarios and events which could occur during the intended three-year life of the new policy, the Committee is proposing to make a few incremental changes to the way the policy is operated for the Executive Directors. These are set out below and in a bit more detail in the new remuneration policy table:

A summary of the key changes to the Directors' Remuneration Policy are set out below:

### a) Revision to the operation of Fixed Pay

Although the Committee has not prescribed a formulaic maximum for Fixed Pay, it has sought to clarify details of how Fixed Pay increases operate. We specify that increases will not normally exceed the general employee/member increase, and confirm the circumstances in which larger increases or above median salaries may be necessary in order to retain key management. For example, where an executive is very experienced and has a long track record of proven performance, awards may need to be in the upper quartile of comparable companies of similar size (based on AuM/revenues) and complexity.

### b) Annual bonus/variable allocation and cash deferral level

Both the Chief Executive and the Chief Financial Officer & Chief Operating Officer have a significant investment in both Liontrust funds and Company shares as part of bonus/variable deferral arrangements and personal investments. This supports our remuneration principle that the interests of Executive Directors and shareholders are best aligned over the longer term through management holding material interests in Liontrust funds and Company shares.

While the Committee recognises the importance of maintaining this alignment it is aware that, based on academic research, Executives perceive a time and forfeiture risk discount of 10% - 20% p.a. on deferrals and that any incremental deferral will have limited impact on long term alignment and value at risk given the current holdings of the Executive Directors. As such the Committee is intending to raise the cash cap contained within the bonus/variable allocation deferral construct from 200% to 250% of Fixed Pay provided that overall level of holding in Liontrust funds and Company shares is more than 15 times Fixed Pay. Where it is less than 15 times Fixed Pay then the cash cap of 200% of Fixed Pay will continue to apply. This increased liquidity provision will increase the economic value of the annual bonus/variable allocation without putting pressure on the headline opportunity or the overall deferral structure, which remains fully compliant with the relevant regulations and our guiding remuneration principles. For John Ions in the financial year ended 31 March 2018 74% of variable remuneration was deferred.

The Committee reviewed whether it was appropriate to move away from the current bonus/variable allocation structure of a capped pool of no more than 30% of pre-bonus/variable allocation adjusted profit before tax and that the Executive Directors participate in a structure with an individual limit. The Committee felt that the current structure which is directly linked to the generation of the profits of the business is the optimal structure to reward and motivate all employees/members and that it has direct control over the total bonus/variable allocation costs of the business and overall financial outturn. The outcome for the Executive Directors is based on specific financial, operational and strategic KPI's which underpin the delivery of the Group's business strategy. The Committee demonstrated restraint and financial probity over the year by limiting the percentage of pre-bonus/variable allocation adjusted profit before tax paid to all employees and members last year to 23%, compared to a cap of 30%. To further demonstrate financial restraint, the cap will be reduced by 10% to 27%.

c) **LTIP**

The Committee is proposing to make the following changes to the current LTIP structure:

- ✓ introduce a relative TSR measure to the current measures of absolute TSR, Earnings Per Share ("**EPS**") growth and strategic goals, in direct response to shareholder feedback and acknowledging that the Group has greater scale so as to make this measure more meaningful;
- ✓ reduce the percentage of the LTIP award that vests when threshold performance is met from 20% to 10% (a reduction of 50% on 20%) to reflect best practice;
- ✓ simplify the current staggered post-vesting holding period to a flat two year holding period for any shares vesting under the LTIP in line with corporate governance best practice and the provision in the Code for a total vesting and holding period of five years or more;
- ✓ increase the shareholding requirement incorporated into the vesting schedule of the LTIP from 250% to 400% of Fixed Pay (an increase of 60% on 250%) for all Executive Directors (which supports the lifting of the cash bonus/variable allocation cap from 200% to 250%); and
- ✓ increase the maximum level of LTIP award for the Executive Directors from 250% to 300% of Fixed Pay<sup>2</sup> (an increase of 20% on 250%) to reflect the significant change in the shape of Liontrust and the performance and contribution of the Executive Directors. The Committee is of the opinion that the level of award is competitive relative to that awarded to executives of comparable asset management businesses.

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<sup>2</sup> The LTIP rules will be amended to allow individual LTIP awards of up to 300% of Fixed Pay. Further details are set out in the Amendment to the LTIP rules section of Part II.

The Committee believes that the above changes, which will affect future LTIP awards, ensure that the LTIP remains a key cornerstone of the current remuneration package for the Executive Directors and other senior executives. The Committee also believes that the current metrics used to measure long-term performance remain appropriate, support our long-term business strategy, and have challenging targets given the recent growth trajectory of the business.

d) **Reduction in the maximum pension contribution for Executive Directors to 10% of Fixed Pay from 15% of Fixed Pay.**

The Committee is mindful that there are different pension provisions across both the policy and senior management team. As such, it is proposing that for Executive Directors the pension provision will be no more than 10% of Fixed Pay. This change helps to align Liontrust to the pension provisions in the updated Code. This will not require any change to the contracted contribution level for the two current Executive Directors, both of whom are already on 10% of Fixed Pay.

e) **Revision to the malus and clawback provisions in the current policy and to ensure that incentive outcomes are reflective of overall corporate performance**

To avoid any ambiguity in the operation of our current policy, malus and clawback will apply to all incentive payments. In addition, the Committee will retain the discretion to adjust both upwards and downwards any incentive payment to reflect the overall performance of the Company in line with corporate governance best practice and the principle in the Code requiring independent judgement and discretion.

## **Conclusion**

The business performance of Liontrust remains strong and the Board is confident that our Chief Executive, John Ions, has demonstrated his exceptional ability to lead a very capable executive team and move the business to a “different level”. The Board is unanimous that he remains the right person to drive the business forward and deliver sustainable growth for shareholders over the coming years and that the incremental changes to the remuneration framework support this objective.

## **Next steps**

This proposal is subject to shareholder approval and is the reason for convening the General Meeting. At the General Meeting, you will be asked to vote on the resolutions to approve the revised Directors’ Remuneration Policy and approve an amendment to the LTIP rules. This vote is a binding vote and, subject to limited exceptions, no remuneration payment or loss of office payment may be made to a prospective, current or former Director unless consistent with the approved remuneration policy (or otherwise specifically approved by shareholders). If approved by shareholders, the Directors’ Remuneration Policy and amendment to the LTIP rules will take immediate effect.

The revised Directors’ Remuneration Policy is set out in Part II of this document.

If you would like to vote on the resolutions but cannot come to the General Meeting, please fill in the proxy form sent to you with this document and return it to our registrars as soon as possible. They must receive it by 10.30 a.m. on Sunday 23 September 2018.

As an alternative to completing the hard copy proxy form, you can appoint proxies electronically via [www.signalshares.com](http://www.signalshares.com) to be received by Link Asset Services (the “**Registrar**”) by no later than 10.30 a.m. on Sunday 23 September 2018. CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant RA10) by no later than 10.30 a.m. on Sunday 23 September 2018. The time of receipt will be taken to be the time from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

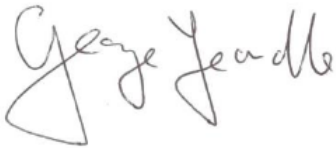
Appointment of a proxy will not prevent you from attending the General Meeting and voting in person should you wish to do so.

### **Board recommendation**

The Directors of the Company consider that the resolutions to be proposed at the General Meeting are in the best interests of shareholders as a whole. It is also believed that the resolutions will prove effective in retaining the current management team and aligning their interests closely with those of shareholders so that they are incentivised to continue the successful execution of the business strategy and drive the creation of value for shareholders.

Accordingly, the Directors recommend that the shareholders vote in favour of the resolutions as they intend to do in respect of their beneficial holdings, amounting, in aggregate, to 1,682,153 Ordinary Shares representing approximately 3.3 per cent of the issued share capital of the Company.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'George Yeandle'. The signature is written in a cursive, flowing style with a large initial 'G'.

George Yeandle  
**Chairman of the Remuneration Committee**



## PART II

### DIRECTORS' REMUNERATION POLICY

#### Introduction

This new Directors' Remuneration Policy will be put to a binding shareholder vote at the GM on 25 September 2018 and, if approved, will be effective immediately thereafter (in place of the current policy approved at the February 2016 GM which will continue to apply until such time). It is intended that the new policy will remain in force until the Company's annual general meeting in 2021 and there are no planned changes to it over the three-year period to which it applies. The new Directors' Remuneration Policy is very similar to the current one, save for the incremental changes to the way it is operated for Executive Directors as summarised in Part I. The remuneration linkage to strategy, through its structure and individual elements (as described below), remains unchanged.

#### Summary of the key changes proposed to the current Directors' Remuneration Policy

The proposed changes since the last remuneration policy and associated rationale are set out in the table below:

Element	Change from the previous policy	Rationale
Base salary or Fixed allocation	<p>Operation: Reference is now made to upper quartile rather than median – upper quartile and a confirmation of the circumstances in which larger increases or above median salaries may be necessary in order to retain key management is provided. For example, where an Executive Director is very experienced and has a long track record of proven performance, base pay may need to be in the upper quartile of comparable companies of similar size (based on AuM/revenues) and complexity.</p> <p>Maximum Opportunity: The Committee will aim to ensure that any increase in any year would not exceed 10% above RPI except for internal promotion or where the Executive Directors' salary/fixed allocation is significantly below the market level.</p>	<p>Given the success of the Company in implementing its strategy and the strategic objectives for future growth, the Committee wants to ensure that base salary/fixed allocation for the Executive Directors is in line with the upper quartile of the FTSE and industry comparators. Furthermore setting a highly competitive base salary ensures that key talent is appropriately retained and continues to focus on executing the business strategy and driving the creation of long-term shareholder value.</p>
Annual bonus or variable allocation	<p>Maximum Opportunity: The aggregate pool for all employees and members (including the Executive Directors) as a percentage of pre-bonus/variable allocation Adjusted Profit before tax is reduced by 10% from 30% to 27%.</p> <p>Performance measures and assessment: Malus and claw back provisions will apply whereby the payment of such cash bonus and variable allocation can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable. Discretion may be exercised in cases where the Committee believes that the bonus/variable allocation outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of the bonus/variable allocation pay out resulting from the application of the performance measures.</p> <p>The Committee also retains discretion in exceptional circumstances to change performance measures and targets part-through a financial year if there is a significant and material event which causes the</p>	<p>To show greater financial restraint and to reflect the increased size of the business the Committee is reducing the aggregate bonus/variable allocation pool by 10%.</p> <p>Introduced malus and clawback provisions as previously there was no specific mention of malus or clawback provisions in the current Directors' Remuneration Policy</p> <p>The discretion to adjust incentive outcomes is compliant with the new UK Corporate Governance Code.</p>

	<p>Committee to believe the original measures are no longer appropriate.</p> <p>Any adjustments of or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report.</p>	
Deferred Bonus and Variable Allocation Plan ("DBVAP")	<p>Maximum Opportunity: Increase in the cash cap from 200% to 250% when the relevant Executive Directors has over 1500% of base salary and fixed allocation in the aggregate of the DBVAP (for Liontrust funds), LTIPs, Liontrust shares and Liontrust funds. If this criteria is not satisfied then the cash cap remains at 200%, so as to enable the Executive Directors' wealth portfolio to be diversified.</p> <p>The minimum deferred amount is increased from 33% to 50%.</p> <p>Performance measures and assessment: Malus and claw back provisions will apply whereby the unvested amount deferred into Liontrust funds can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.</p>	<p>Increase in the cash cap to 250% where the relevant Executive Director has in excess of 1500% of base salary/fixed allocation in the DBVAP (for Liontrust funds), LTIPs, Liontrust shares and Liontrust funds for the purpose of wealth diversification.</p> <p>Introduced malus and clawback provisions as previously there was no specific mention of malus or clawback provisions.</p>
Pension	<p>Maximum Opportunity: The maximum pension contribution will be 10% of base salary/fixed allocation.</p>	<p>The Committee is of the view that pension contribution levels should be in line with that of the Liontrust workforce.</p>
Long-term Incentive Plan ("LTIP")	<p>Operation: Introduce a relative TSR measure to the current measures of absolute TSR, EPS growth and strategic goals.</p> <p>Maximum Opportunity: The maximum LTIP award will be increased from 250% to 300% of base salary/fixed allocation with a corresponding increase in the number of metrics that long-term performance will be measured against.</p> <p>Awards will be released after three years but will be subject to a two year holding period after release. Previously, awards were released on a staggered basis over five years as follows:</p> <ul style="list-style-type: none"> <li>• 60% will be released immediately on vesting, three years after grant;</li> <li>• 20% will be released four years after grant; and</li> <li>• 20% will be released five years after grant.</li> </ul> <p>At threshold performance 10% of the award will vest. Previously 20% of the award vested.</p> <p>Performance measures and assessment: Shareholding Requirement increased to 400% from 250%</p>	<p>Increase in the maximum LTIP award to 300% of base salary/fixed allocation to reflect the introduction of a new relative TSR performance condition and additional risk to the structure through the removal of the staggered vesting period to give a market standard two year holding period applying to all shares which vest under the LTIP. This approach also ensures that a greater proportion of total remuneration is provided through long-term equity and that total remuneration remains highly competitive in the asset manager world but that full pay out will only be delivered for exceptional performance against financial results, shareholder returns and non-financial strategic measures.</p> <p>The percentage of LTIP awards that vest for threshold performance is reduced by 50% to 10% to reflect best practice.</p> <p>Increase to the shareholder holding requirement to 400% from 250% to reflect the 20% increase in maximum LTIP awards, to ensure increased alignment between the Executive Directors and shareholders.</p> <p>In line with the new UK Corporate Governance Code the Committee has the discretion to adjust formulaic outcomes on the LTIP to reflect overall corporate performance.</p>

### Award levels

For the June 2019 LTIP grant, the Executive Directors will be receive awards as follows:

Role	Award level (% of base salary/fixed allocation)
Chief Executive (John Ions)	300%
Chief Operating Officer & Chief Financial Officer (Vinay Abrol)	210%

The Committee will review award levels on an annual basis.

### Amendment to the LTIP rules

In February 2016, shareholders voted to approve the LTIP, being a new share incentive plan for Executive Directors. In the circular to shareholders convening the general meeting to approve the LTIP dated 1 February 2016, the Directors stated that the individual limit on LTIP awards was 250% of their base salary/fixed allocation.

Given the proposed increase in the maximum opportunity under the LTIP, the Directors would now like to increase this limit to 300%.

### **Considerations when setting and determining the Directors' Remuneration Policy**

The Committee's primary objective when setting the new policy is to align remuneration to the long-term success of the business and shareholders while at the same time enabling the Company to effectively recruit, motivate and retain key individuals. To achieve this, the Committee takes into account the responsibilities, experience, performance and contribution of the individual, as well as levels of remuneration for individuals in comparable roles elsewhere. The Committee also takes into account the views expressed by shareholders and institutional investors' best practice expectations, and monitors developments in remuneration trends. The policy places significant emphasis on the need to achieve stretching and rigorously applied performance targets, with a significant proportion of remuneration weighted towards performance linked variable pay. The Company does not formally consult with employees/members on Executive Director remuneration. However, when setting the remuneration policy for Executive Directors, the Committee takes into account the overall approach to pay and employment conditions elsewhere in the Group.

The Committee is committed to maintaining strong relationships and an open dialogue with shareholders and shareholder bodies and to encourage them to share their thoughts with us. The Committee also values investors' views in the process of formulating remuneration policy decisions. The Committee undertook a comprehensive review of the current remuneration policy during the year to ensure it remains appropriate and fit for purpose in light of both the Company's strategy and developments in corporate governance and best practice expectations of shareholders. In doing so, it engaged with shareholders holding, in aggregate, more than 50% of the Company's shares, as well as the leading shareholder advisory bodies, on the key changes proposed, as set out in the summary table on page 9 of this document. This helped the Committee to understand their views and finalise the policy. The changes were well supported. The Committee will continue to spend time each year considering feedback received at the Company's annual general meeting and throughout the year as part of its ongoing review of policy. We are grateful for the time, assistance and support shareholders give us.

### **Summary of Remuneration Policy for Executive Directors, Non-Executive Directors and Fund Managers**

The following table summarises each of the elements of Liontrust's total compensation package and the ongoing remuneration policy for the Executive Directors, with additional information provided in the sections following the table:

	Objective and Link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Base salary or Fixed allocation	To provide a satisfactory base salary/fixed allocation within a total package comprising base salary/fixed allocation and bonus/variable allocation. The level of base salary/fixed allocation reflects the value of the individual, their role, skills and experience. It is also designed to attract and retain talent in the market in which the individual is employed and/or a member.	Salaries and fixed allocations are reviewed annually effective in April taking account of market levels, corporate performance, individual performance and levels of increase for the broader employee/member population. Reference is made to upper quartile levels within the FTSE and industry comparators.	<p>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.</p> <p>Increases in salaries and fixed allocations will not normally exceed the general employee/member increase/cost of living adjustment on a rolling three year basis. However, where an executive is extremely experienced and has a long track record of proven performance salaries/fixed allocations may need to be in the upper quartile of comparable companies of similar size (based on AuM/revenues) and complexity.</p> <p>The Committee will aim to ensure that any increase in any year would not exceed 10% above RPI except for internal promotion or where the Executive Directors' base salary/fixed allocation is significantly below the market level.</p>	Not applicable.
Annual bonus or variable allocation	The annual bonus or variable allocation rewards good performance of the Group and individual Executive Director and is based on the Group's profits, which is considered one of the most prominent KPIs.	The annual bonus pool or variable allocation pool is based on a percentage of the Group's pre-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	<p>Liontrust does not explicitly link total incentive awards to a multiple of base salary or fixed allocation or cap total awards to individuals but it should be noted that the aggregate annual bonus and variable allocation pool for all employees and members including Executive Directors is capped. This is to ensure that high performers can be rewarded in line with the market on a total cash (base salary/fixed allocation plus bonus/variable allocation) basis. This also reduces the need to increase base salaries/fixed allocations and thereby increase fixed costs.</p> <p>The aggregate pool is capped at no more than 27% of pre-cash bonus/variable allocation adjusted profit before tax. There will also be an individual cap for Executive Directors in relation to the cash element of the annual bonus/variable allocation of a maximum of 250% of base salary/fixed allocation (see DBVAP section below for further details), in order to</p>	<p>Individual risk and compliance behaviour is also considered in detail for relevant roles and factored into the assessment of performance and the determination of the bonus/variable allocation amount payable. The Chief Financial Officer &amp; Chief Operating Officer, who is responsible for risk and compliance at board level, attends at least two Remuneration Committee meetings each year to provide input on risk and compliance. A claw back principle applies to the annual bonus and/or variable allocations. This enables the Committee to recoup annual bonus or variable allocations in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct of an individual.</p> <p>Malus and claw back provisions will apply whereby the payment of such cash bonus and variable allocation can be</p>

		<p>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.</p>	<p>increase deferral potential and place more value at risk for the Executive Directors.</p> <p>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.</p> <p>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.</p>	<p>reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.</p> <p>Discretion may be exercised in cases where the Committee believes that the bonus/variable allocation outcome is not a fair and accurate reflection of business performance. The exercise of this discretion may result in a downward or upward movement in the amount of the bonus/variable allocation pay out resulting from the application of the performance measures.</p> <p>The Committee also retains discretion in exceptional circumstances to change performance measures and targets part-through a financial year if there is a significant and material event which causes the Committee to believe the original measure are no longer appropriate.</p> <p>Any adjustments of or discretion applied by the Committee will be fully disclosed in the following year's Remuneration Report.</p>
Deferred Bonus and Variable Allocation Plan ("DBVAP")	The DBVAP provides a deferral element to annual bonuses and variable allocations, to ensure a link to longer term performance and to align the interests of Executive Directors with shareholders.	<p>The DBVAP offers deferral into Liontrust funds, in line with the current regulatory landscape and to create alignment directly with core business performance. Release will occur annually over three years (subject to a continuing employment and/or membership requirement).</p> <p>The Committee may award dividend/distribution equivalents on Liontrust funds to the extent that awards are released.</p>	<p>Awards under the DBVAP are compulsory and are calculated on a formulaic basis such that a proportion of annual bonuses or variable allocations take the form of an award under the DBVAP, subject to an individual cap for Executive Directors in relation to the cash element of the annual bonus/variable allocation of 250% of salary/fixed allocation if the relevant Executive Director has over 1500% of base salary/fixed allocation in the aggregate of the DBVAP (for Liontrust funds), LTIPs, Liontrust shares and Liontrust funds, or 200% of salary/fixed allocation if the aforementioned criteria is not met.</p> <p>The deferred amount will be a minimum of 50% of the annual bonus/variable allocation, subject to the cap on the cash bonus and variable allocation as detailed above.</p>	<p>No further performance conditions apply to DBVAP awards as, in determining the original annual bonus or variable allocation amount, the Committee has been satisfied that performance objectives have been met.</p> <p>Malus and claw back provisions will apply whereby the unvested amount deferred into Liontrust funds can be reduced, withheld or reclaimed in the exceptional event of: misstatement or misleading representation of performance, a significant failure in risk management and control, or serious misconduct for which the individual is personally responsible or directly accountable.</p>

Long Term Incentive Plan ("LTIP")	<p>The LTIP is intended to provide long term reward, incentivise strong performance and retain the Executive Directors. Vesting will be subject to a continuing employment/membership requirement and performance conditions which are linked to the Company's strategy/KPIs.</p>	<p>LTIP awards are granted annually and vesting is dependent on the achievement of performance conditions (including a shareholding requirement). Performance is measured over a three-year period.</p> <p>Awards will then be released. However, they will be subject to a two year holding period from the date of release.</p> <p>The operation of the LTIP is reviewed annually to ensure that grant levels, performance criteria and other features remain appropriate to the Company's current circumstances.</p> <p>The Committee may award dividend equivalents on shares to the extent that they vest.</p> <p>In line with the new UK Corporate Governance Code the Committee has the discretion to adjust formulaic outcomes on the LTIP to reflect overall corporate performance.</p>	<p>The maximum annual award which can be made under the LTIP is equal to 300% of base salary/fixed allocation.</p> <p>At threshold performance 10% of the award vests.</p>	<p>Awards are subject to continued employment and achievement of a range of balanced and holistic performance conditions that are linked closely to the Company's business strategy/KPIs.</p> <p>The current performance criteria are absolute total shareholder return (20%), relative total shareholder return (20%), earnings per share (30%), and other strategic objectives (30%) which include net inflows, growth in assets under management, fund performance and other strategic measures.</p> <p>There is also a shareholding requirement of 400% of base salary/fixed allocation for Executive Directors that is linked to LTIP awards as follows:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• if less than 50% of the target shareholding is met then the first award will lapse in full;</li> <li>• if between 50% and 100% is met, vesting will be scaled back proportionately on a straight-line basis;</li> <li>• 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;</li> <li>• for subsequent LTIP awards, vesting is conditional on the target shareholding level being maintained; and</li> <li>• 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.</li> </ul>
Share Incentive Plan ("SIP")	The SIP allows the Executive Directors to purchase Company shares with a matching element, to	An all-employee HMRC approved share plan that allows the Executive	Up to a maximum of £1,800 to purchase Partnership Shares which are matched by the	Not applicable.

	build up an interest in Company shares and increase alignment of interests with shareholders.	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.	Company on a 2 for 1 basis.	
Benefits	To provide benefits which are appropriately competitive.	<p>Executive Directors are entitled to a range of benefits including:</p> <ul style="list-style-type: none"> <li>• private medical insurance;</li> <li>• life assurance;</li> <li>• disability;</li> <li>• travel insurance;</li> <li>• and</li> <li>• access to an employee/member assistance programme.</li> </ul> <p>Where relocation payments or allowances are paid it will be limited to 50% of base salary/fixed allocation.</p>	The maximum opportunity for benefits is defined by the nature of the benefit itself and the cost of providing it. As the cost of providing such insurance benefits varies according to premium rates and the cost of other benefits is dependent on market rates and other factors, there is no formal maximum monetary value.	Not applicable.
Pension	To provide competitive levels of retirement benefit.	<p>Executive Directors' pension contributions are made at 10% of base salary/fixed allocation into the Liontrust Group Pension Plan.</p> <p>Executive Directors have the choice of taking an equivalent cash payment in lieu of pension contributions, which (unless the relevant Executive Director is not able to contribute to a pension scheme), must be contributed to a personal pension plan.</p>	The maximum percentage that the Executive Directors can receive as a pension contribution or cash equivalent payment is 10% 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.	<p>Non-executive Director fees (including the Non-executive Chairman) are reviewed annually effective April. The annual fees comprise the following elements: Base fee and Additional fees, which may also apply in respect of Senior Independent Director status, committee chairmanship and committee membership.</p> <p>The policy is to position Non-executive Director fees at, generally, around what the Executive Directors believe is median in the market for a company of similar size and complexity from the FTSE and industry comparators. This may also include fees for membership/ chairmanship of subcommittees of the Board or other Group committees.</p> <p>The Executive Directors are responsible for setting the remuneration of the Non-executive Directors. Non-Executive Directors do not participate in any variable remuneration element.</p>	<p>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.</p>	Not applicable.

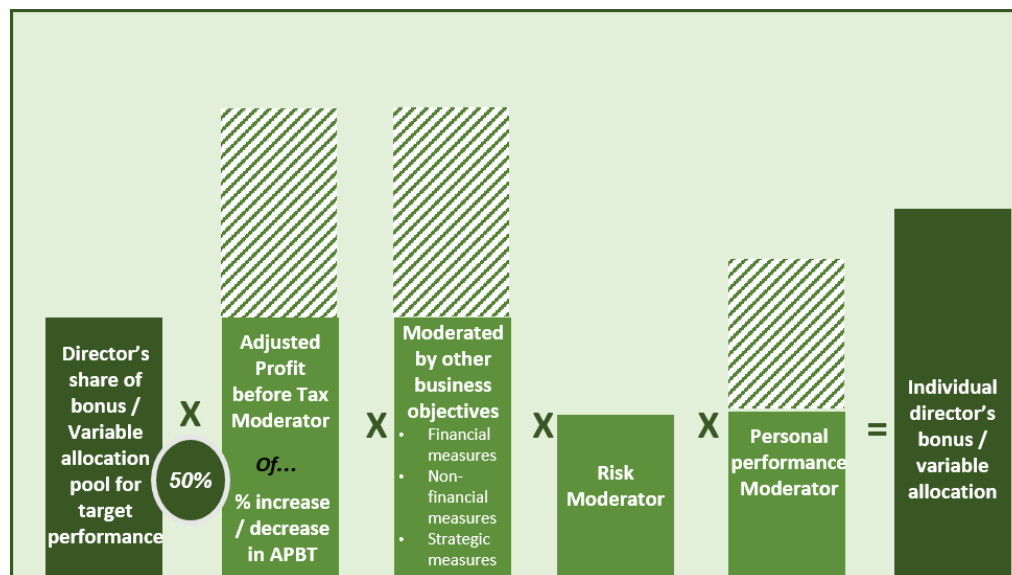


## Performance measures and targets

Short and long term performance measures have been selected by the Committee in order to provide a direct connection to the Company's strategy by being linked to the key fundamental performance indicators. The Committee regularly reviews these measures to ensure that they remain appropriate.

### Performance Measures for the Annual Bonus

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



Annual bonus/variable allocation will be determined using the above methodology. In summary, this will comprise:

- ✓ financial measures - change in Adjusted Profit Before Tax (excluding Performance fees profits) and Operating Margin;
- ✓ non-financial measures - distribution effectiveness, Net flows compared to budget, further broadening of International sales, further broadening of Multi-Asset sales, investment performance; and
- ✓ strategic measures - broadening the product range, talent management, risk management, compliance and conduct.

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

The results against the aforementioned performance metrics will be determined using the following method:

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

Rating performance into one of five bands from Above Target to Below Threshold, with the Committee's aim that Above Target performance will mean that the aggregate bonus pool for the Executive Directors will increase by 50% of the change in Adjusted Profit before tax (excluding performance fee profits).

#### Performance Measures for the LTIP

Absolute and Relative TSR, Diluted Adjusted EPS (excluding performance fees) and strategic measures were chosen for the subsequent LTIP Award as the appropriate measures of the Group's long-term performance. The table below summarises the rationale for the selection of each element, together with the weightings and targets that will apply for the June 2019 LTIP grant.

Measure	Weighting	Targets	Rationale						
Absolute TSR	20%	<p>Performance will be assessed against the following targets:</p> <table><tr><th>Absolute TSR growth p.a.</th><th>Vesting (% of maximum)</th></tr><tr><td>10%</td><td>10%</td></tr><tr><td>15%</td><td>100%</td></tr></table> <p>There will be straight line vesting between points.</p>	Absolute TSR growth p.a.	Vesting (% of maximum)	10%	10%	15%	100%	<p>Improves shareholder alignment – Consistent with the Company’s objective of providing superior long-term returns to shareholders on an absolute basis.</p>
Absolute TSR growth p.a.	Vesting (% of maximum)								
10%	10%								
15%	100%								
Relative TSR	20%	<p>Performance will be assessed against the FTSE All Share index:</p> <table><tr><th>Relative TSR</th><th>Vesting (% of maximum)</th></tr><tr><td>Equal to index return</td><td>10%</td></tr><tr><td>10% p.a. above index return</td><td>100%</td></tr></table> <p>There will be straight line vesting between points.</p>	Relative TSR	Vesting (% of maximum)	Equal to index return	10%	10% p.a. above index return	100%	<p>Improves shareholder alignment – Consistent with the Company’s objective of providing superior long-term returns to shareholders on a relative basis and that management manage the cycle more effectively than other companies.</p>
Relative TSR	Vesting (% of maximum)								
Equal to index return	10%								
10% p.a. above index return	100%								
Adjusted Diluted EPS (excluding performance fees)	30%	<p>Performance will be assessed against the following targets:</p> <table><tr><th>Adjusted Diluted EPS (exc. Performance fees) growth p.a.</th><th>Vesting (% of maximum)</th></tr><tr><td>10%</td><td>10%</td></tr><tr><td>15%</td><td>100%</td></tr></table> <p>There will be straight line vesting between points.</p>	Adjusted Diluted EPS (exc. Performance fees) growth p.a.	Vesting (% of maximum)	10%	10%	15%	100%	<p>Important growth measure considered within the Company and a driver of shareholder value.</p> <p>Provides a transparent and accessible method of gauging the financial performance of the Company.</p> <p>Ensures the annual profit performance targeted by the annual bonus pool flows through to long-term sustainable growth.</p> <p>The Company calculates performance against this measure by reference to the earnings per share figures reported in the Company’s audited accounts.</p>
Adjusted Diluted EPS (exc. Performance fees) growth p.a.	Vesting (% of maximum)								
10%	10%								
15%	100%								
Strategic measures	30%	<p>The Committee will assess performance against targets around the following areas in order to determine a level of vesting, using the same ‘10% - 100%’ vesting range as above (precise targets not disclosed prospectively due to commercial sensitivity):</p> <ul style="list-style-type: none"><li>• net inflows;</li><li>• growth in assets under management;</li><li>• fund performance; and</li><li>• other strategic measures.</li></ul> <p>Full disclosure will be made around the strategic objectives and actual performance against these targets, on a retrospective basis after vesting.</p>	<p>Ensures that the Executive Directors are focussed on strategic goals which complement the profit focused incentive metrics and which drive long-term sustainable value.</p>						

		The Committee retains the discretion to determine that none of the shares subject to the strategic objectives targets will vest if an appropriate risk control and compliance environment has not been maintained (assessed on a qualitative basis).	
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#### When LTIP awards may be granted

Committee may grant LTIP awards only during the 42 days beginning on:

- a) the day of shareholder approval of the LTIP;
- b) the day after the announcement of the Company's results, including a preliminary announcement, for any period through a Regulatory Information Service;
- c) any day on which the Committee determines that circumstances are sufficiently exceptional to justify the making of the LTIP award at that time; or
- d) the day after the lifting of any dealing restrictions which prevented the granting of LTIP awards during any of the times described above.

#### **Other member and employee remuneration**

Elements of reward for other member and employee remuneration are broadly similar to elements of reward for the Executive Directors. Other members and employees may be eligible to receive a bonus/variable allocation, although they do not participate in the DBVAP. Members may participate in the Liontrust LLP Members Reward Partnership and employees may participate in the Liontrust Company Share Option Plan (which is an HMRC approved Company Share Option Plan) and the all-employee Liontrust SIP. Employees may participate in the LTIP.

#### **Fund manager remuneration**

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

- base salary/fixed allocation for fund managers is capped at £150,000<sup>1</sup>. Fund managers also receive a share of a pool that is calculated as a percentage of the net management and performance fees received by the Group in relation to funds and customer accounts that are managed by the relevant fund management team minus base salary/fixed allocation for the fund managers in the relevant fund management team (the "Pool");
- fund managers do not participate in the DBVAP. However, for senior Fund Managers a percentage between 0% and 50% is deferred, over three years, into Liontrust shares and/or Liontrust funds; and
- the Pool is not treated as a bonus or variable allocation for the purposes of the calculation of the annual bonus or variable allocation pool for employees and members, including the Executive Directors, but excluding the fund managers.

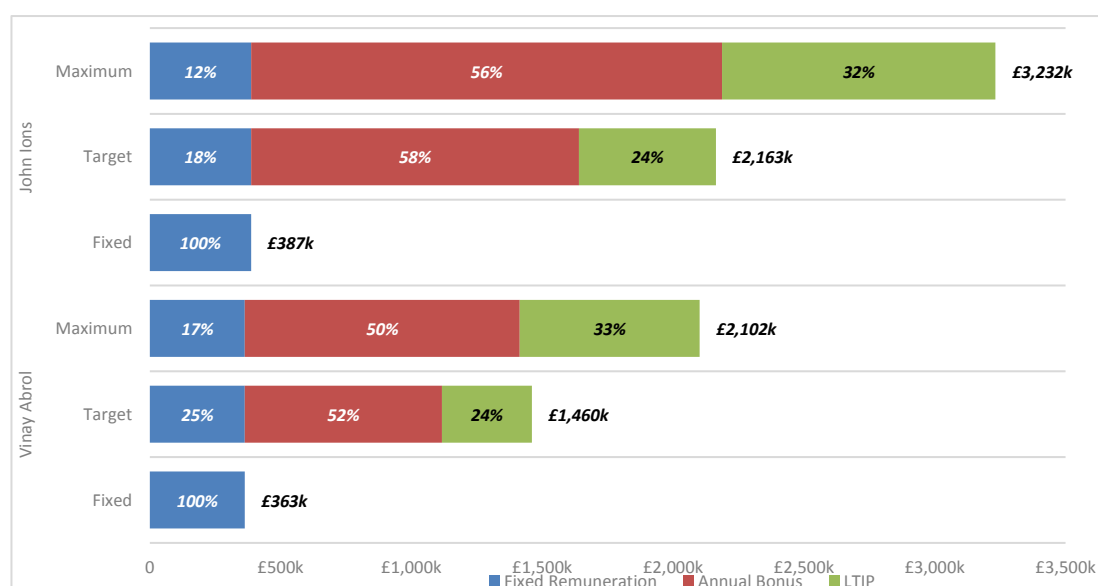
<sup>1</sup> Where a Fund Manager has joined Liontrust as part of an acquisition, and that Fund Manager's base salary/fixed allocation is in excess of £150,000 then that Fund Manager will not be subject to the cap.

## Total remuneration opportunity at various levels of performance

Our aim is to ensure that superior awards are only paid for exceptional performance, with a substantial proportion of Executive Directors' remuneration payable in the form of variable pay. The charts below illustrate the remuneration opportunity provided to each Executive Director at different levels of performance for the coming year.

Element	Assumptions
<b>Fixed remuneration</b>	Base salary as at 1 April 2018 Benefits paid at same level as in the financial year ended 31 March 2018 Pension of 10% of base salary/fixed allocation.
<b>Annual bonus/variable allocation</b>	Maximum bonus/variable allocation scenario is calculated as the maximum bonus/variable allocation over the last five years. Mid-range bonus/variable allocation scenario is calculated as the average bonus/variable allocation over the last five years.
<b>LTIP</b>	Maximum LTIP opportunity of 300% of base salary/fixed allocation for the Chief Executive and 210% for the Chief Financial Officer & Chief Operating Officer. For below threshold performance 0% is assumed, for mid-range performance 50% of the maximum is assumed and for maximum performance 100% of the maximum is assumed.

### Executive Directors' illustrative pay scenarios (£m)



### Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role. Our principle is that the pay of any new recruit would be assessed following the same principles as for the Executive Directors and the policy previously summarised, unless specific circumstances arise that the Committee deems as appropriate, to secure a desired candidate accompanied by a clear business case.

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

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

### Service contracts and payment for loss of office

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

Director	Type of contract	Date of contract	Un-expired term	Notice period by the Company/Group entity or Director
<b>Executive Director</b>				
John Ions	Member	8 July 2010	N/A	6 months
	Employee	24 January 2014	N/A	6 months
Vinay Abrol	Member	8 July 2010	N/A	12 months
	Employee	24 January 2014	N/A	12 months
<b>Non-Executive Directors</b>				

Adrian Collins	Letter of Appointment	8 September 2016	N/A	6 months
Alastair Barbour	Letter of Appointment	1 April 2011	N/A	3 months
Mike Bishop	Letter of Appointment	1 May 2011	N/A	3 months
Sophia Tickell	Letter of Appointment	13 September 2017	N/A	3 months
George Yeandle	Letter of Appointment	2 January 2015	N/A	3 months

The Group's general policy is that each Executive Director will have a rolling contract of employment (and if applicable side letter) with mutual notice periods of six months. If an Executive Director has a contract as an employee and as a member, then any notice periods will run concurrently. The Committee will consider the appropriate notice period when appointing any new Executive Director. If necessary to secure a new hire, a notice period of up to 12 months may be offered. When recruiting new Executive Directors, the Committee's policy is that contracts will not contain any provision for compensation upon early termination.

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

Element	Approach	Discretion
Base salary, fixed allocation, benefits and pension	In the event of loss of office, there will be no compensation in respect of base salary or fixed allocation, benefits or pension.	The Committee has absolute discretion to determine that, if appropriate, a payment in lieu of notice may be made, if it is in the best interests of the Group.
Annual bonus/variable allocation	<p>Where an Executive Director's employment or membership is terminated after the end of a performance year but before the payment is made, the Executive Director may be eligible for a bonus/variable allocation for that performance year subject to an assessment based on performance achieved over the period. No bonus or variable allocation will be made in the event of gross misconduct.</p> <p>Where an Executive Director's employment or membership is terminated during a performance year, a pro-rata award/allocation for the period worked in that performance year may be payable subject to an assessment based on performance achieved over the period and provided the individual is a "good leaver". If a good leaver, any bonus under deferral will also vest in full.</p> <p>The good leaver definition is the same as for the LTIP as set out below.</p>	<p>The Committee has absolute discretion to determine:</p> <ul style="list-style-type: none"> <li>whether a payment is due in the instance of termination after the end of a performance year but before payment, subject to performance achieved; and</li> <li>that the reason for termination is classified in the same manner as those described in the "good leaver" definition set out below.</li> </ul>
Long-term incentive	<p>The treatment of unvested LTIP awards is governed by the rules of the LTIP.</p> <p>On termination of employment or membership before the performance measurement date, all unvested/unreleased awards will lapse, unless the following circumstances apply:</p> <ul style="list-style-type: none"> <li>death;</li> <li>ill-health, injury or disability;</li> <li>redundancy;</li> </ul>	<p>The Committee has absolute discretion to determine that the reason for termination is classified in the same manner as those described adjacent.</p> <p>The Committee can determine that the number of shares that vests is a higher or lower number than calculated, provided that this number</p>

	<ul style="list-style-type: none"> <li>retirement (with the agreement of the Company);</li> <li>the employing company and/or limited liability partnership in which the Executive Director is an employee and/or member ceasing to be a member of the group;</li> <li>transfer of the business or part of the business to which the participant's employment or membership relates to a person who is not a member of the group; or</li> <li>any reason, permitted by the Board in its absolute discretion in any particular case.</li> </ul> <p>If an Executive Director leaves under a circumstance described above, that individual is classified as a "good leaver" and does not lose vested share awards. At the discretion of the Committee unvested share awards will vest on the vesting date or the date of cessation. In determining the proportion of awards which vest the Committee will take into account if the performance conditions have been achieved and time where appropriate.</p>	<p>does not exceed the total number of shares subject to the award.</p> <p>The Committee has the discretion to determine that the end of the performance period is the date of cessation, whether and to what extent the performance measures have been satisfied or waived, whether to pro-rate the number of vested shares to reflect the performance period completed and whether to accelerate the vesting date to the date on which the Committee makes its final determination of the number of shares which vest.</p> <p>It should be noted that it is the Committee's policy to only apply its discretion in limited circumstances.</p>
Change of control	<p>All unvested awards under the DBVAP and LTIP will vest on a change of control (regardless of underlying corporate performance or satisfaction of the shareholding requirement).</p> <p>All unvested awards under the DBVAP will vest in full.</p> <p>The level of vesting of LTIP awards will be determined by the proportionate achievement of the performance conditions as at the date of change of control (and time elapsed since grant to change of control at the discretion of the Committee).</p>	None.
Other contractual obligations	There are no other contractual provisions agreed prior to 27 June 2012.	None.

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

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

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

### **Executive Directors' external appointments**

Board approval is required before any external appointment may be accepted by an Executive Director. If approved, the individual is permitted to retain any fees paid in respect of such office or services. At present, none of the Executive Directors hold an external appointment.

### **Compliance with the FCA Remuneration Code**

The Committee regularly reviews its remuneration policies to ensure compliance with the principles of the Remuneration Code of the UK financial services regulator as applicable to the Company. The remuneration policy is designed to be consistent with the prudent management of risk, and the sustained long term performance of the Company. The Chief Operating Officer & Chief Financial Officer, who is responsible for Risk at Board level, is involved in reviewing the remuneration policy and practice to ensure that it is aligned with sound risk management, and keeps the Committee informed of the Group's risk profile so that this can be taken into account in remuneration decisions.

### **Consideration of shareholder views**

The Committee has consulted with the Company's larger shareholders, and where relevant, taken their views into account in the formulation of this policy.

**PART III**  
**Liontrust Asset Management Plc**  
(incorporated and registered in England and Wales under number 2954692)

**NOTICE OF GENERAL MEETING**

Notice is hereby given that a General Meeting of the Company will be held at 10.30 a.m. on Tuesday 25 September 2018 in the Boardroom, Liontrust Asset Management Plc, 2 Savoy Court, London WC2R 0EZ for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

**Ordinary resolutions**

- (1) THAT the Directors' Remuneration Policy, as set out in Part II of the circular to shareholders dated 22 August 2018 of which this notice of General Meeting forms Part III (the "Circular") (subject to such immaterial modifications (if any) as the Committee considers, in its absolute and sole discretion, necessary or desirable) be and is hereby approved, and that the Directors of the Company be and are hereby authorised to do all acts and things necessary to establish and carry the same into effect.
- (2) That the figure of 300% be inserted into the rules of the Liontrust Long Term Incentive Plan at paragraph 3.2 thereof in substitution for the figure of 250%.

22 August 2018  
By order of the Board  
Mark Jackson  
Company Secretary

Registered Office:  
2 Savoy Court, London WC2R 0EZ  
Registered in England and Wales No. 2954692



## NOTICE OF GENERAL MEETING

### Notes

1. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the general meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you wish to appoint more than one proxy, please photocopy the form of proxy and lodge all forms together at the address provided.

2. To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Link Asset Services, PXS, 34 Beckenham Road, Kent BR3 4TU no later than 10.30 a.m. on Sunday 23 September 2018. It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority.

Completion of the proxy form or the appointment of a proxy electronically via [www.signalshares.com](http://www.signalshares.com) or through CREST (as described below) will not prevent a member from attending and voting in person.

3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the general meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company by close of business on Sunday 23 September 2018 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 21 August 2018 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 50,547,545 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 21 August 2018 was 50,547,545. As at 21 August 2018, the Company held no ordinary shares as treasury shares.
8. As an alternative to completing the proxy form, shareholders can appoint proxies electronically via [www.signalshares.com](http://www.signalshares.com). For an electronic proxy appointment to be valid, the appointment must be received by the Company's registrars, Link Asset Services, no later than 10.30a.m. on Sunday 23 September 2018.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10)

by 10.30a.m. on Sunday 23 September 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11. CREST members and, where applicable, their CREST sponsors, or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Arrangements will be put in place at the GENERAL MEETING so that, on a poll, if more than one corporate representative for the same corporate member completes a poll card, then one of those corporate representatives is treated as the designated corporate representative to cast (or withhold) votes on the poll and the other corporate representatives for that member give directions to that designated corporate representative as to how votes are to be cast (or withheld).
14. Any member attending the general meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. There will be available for inspection at the registered office of the Company during normal business hours on any week day (excluding Saturdays and public holidays) copies of the service contract/LLP Agreements/Side Letters of each Executive Director, the letter of appointment of each Non-executive Director.
16. You may not use any electronic address provided in this notice of general meeting for communicating with the Company for any purposes other than those expressly stated.

## Form of Proxy

For use at the General Meeting to be held in the Boardroom, Liontrust Asset Management Plc, 2 Savoy Court, London WC2R 0EZ on Tuesday 25 September 2018 at 10.30 a.m.

I/we\* (BLOCK CAPITALS) .....

of .....

in respect of ALL my/our shares

OR

insert number of shares if not all .....

being a member/members of Liontrust Asset Management Plc hereby appoint [the Chairman of the General Meeting]\*\* or

.....

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the General Meeting to be held on Tuesday 25 September 2018 at 10.30 a.m. and at any adjournment thereof.

I /we require my/our proxy to vote in particular as follows:

### Resolutions

**Please mark 'X' to indicate how you wish to vote**

	<b><i>For</i></b>	<b><i>Against</i></b>	<b><i>Vote Withheld ***</i></b>
(1) To approve the Directors Remuneration Policy.			
(2) To approve an amendment to the Liontrust Long Term Incentive Plan			

Signature.....

Dated this ..... day of .....2018

In the absence of instructions, the proxy is authorised to vote (or abstain from voting) at his or her discretion on the specified resolutions. The proxy is also authorised to vote (or abstain from voting) at his or her discretion on any business which may properly come before the meeting.

(To be valid, this Form of Proxy must be signed and dated.)

This Form of Proxy must be lodged by 10.30 a.m. on Sunday 23 September 2018.

## FORM OF PROXY NOTES

- 1 \*Please complete in block capitals with your full name and address.
- 2 \*\*If you wish to appoint a proxy other than the Chairman of the general meeting, please delete the words in brackets and insert the full name and address of your chosen proxy in block capitals on the line provided and initial alterations. If you sign and return this proxy form with no name inserted on the line, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman of the meeting, it is your responsibility to ensure that that person attends the meeting and is aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the chairman of the meeting and give that person your directions.
- 3 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. You may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint more than one proxy, please photocopy the form of proxy and lodge all forms together at the address provided, deleting the word "ALL" and specifying (on each form) the number of shares in respect of which that proxy is appointed.
- 4 If you want your proxy to vote in a certain way on the resolutions specified please place a mark in the relevant boxes. If you fail to select any of the given options your proxy can vote as he/she chooses or can decide not to vote at all. The proxy can also do this on any other business (including a motion to adjourn the general meeting or to amend a resolutions) which may properly come before the general meeting.
- 5 \*\*\* The "Vote withheld" option is provided to enable you to abstain on a resolutions. However it should be noted that a "Vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" the resolutions.
- 6 To be valid, this Form of Proxy must be received by post or (during normal business hours only) by hand at Link Asset Services, PXS, 34 Beckenham Road, Kent BR3 4TU, NOT LATER THAN 10.30 a.m. on Sunday 23 September 2018 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting), together with the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority. The completion and return of this Form of Proxy will not, however, preclude you from attending and voting at the general meeting if you so wish.
- 7 If you submit more than one valid proxy appointment in respect of the same share for the purposes of the same meeting, the appointment last delivered or received shall prevail in conferring authority on the person named in it to attend the meeting and speak and vote.
- 8 Any alterations to this Form of Proxy should be initialled.
- 9 In the case of joint holders, the signature of the first named on the register of members will be accepted, but the names of all joint holders should be given.
- 10 This form must be signed and dated by the member or his/her attorney duly authorised in writing. In the case of a corporation, this Form of Proxy should be either given under its common seal or signed on its behalf by an officer or attorney duly authorised.
- 11 You may not use any electronic address provided in this proxy form or in any accompanying document for delivering this proxy form or communicating with the Company for any purposes other than those expressly stated.
- 12 If you prefer, you may return the proxy form to the Registrar in an envelope addressed to **FREEPOST PXS, 34 Beckenham Road, BR3 9ZA (please use BLOCK CAPITALS and note that this service can take up to 5 working days).**