




LIONTRUST UK SMALLER COMPANIES FUND

**Manager's Long Interim Report and Financial Statements
for the period ended 31 October 2018**



Managed by Anthony Cross, Julian Fosh,
Victoria Stevens and Matthew Tonge in accordance with
The Liontrust Economic Advantage

LIONTRUST FUND PARTNERS LLP

LIONTRUST UK SMALLER COMPANIES FUND

Directory

Authorised Fund Manager ("Manager")

Liontrust Fund Partners LLP
2 Savoy Court
London
WC2R 0EZ

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Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Liontrust Investment Partners LLP
2 Savoy Court
London
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Authorised and regulated by the Financial Conduct Authority.

Trustee

State Street Trustees Limited
20 Churchill Place
London
E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

Registrar

DST Financial Services Europe Limited
DST House
St. Nicholas Lane
Basildon
Essex
SS15 5FS

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

LIONTRUST UK SMALLER COMPANIES FUND

Investment Profile

The Fund has been managed by Anthony Cross since 1998 and he was joined by his co-managers Julian Fosh in 2008 and Victoria Stevens and Matt Tonge in 2015. The fund managers use the Economic Advantage investment process to seek to identify companies with a durable competitive advantage that allows the companies to defy industry competition and sustain a higher than average level of profitability for longer than expected. All smaller companies in the Fund must have a minimum 3% directors' equity ownership, which the fund managers believe motivates key employees, helps to secure a company's competitive edge and leads to better corporate performance.

Contents

Directory*	1
Investment Profile*	2
Manager's Investment Report*	3
Authorised Status*	9
Certification of Financial Statements by Directors of the Manager*	9
Comparative Tables	10
Portfolio Statement*	11
Securities Financing Transactions	13
Financial Statements:	
Statement of Total Return	16
Statement of Change in Net Assets Attributable to Unitholders	16
Balance Sheet	17
Additional Information	18

*Collectively, these comprise the Authorised Fund Manager's Report (from herein referred to as the Manager's Report).

LIONTRUST UK SMALLER COMPANIES FUND

MANAGER'S INVESTMENT REPORT

Investment Objective and Policy

The investment objective of Liontrust UK Smaller Companies Fund is to provide long-term capital growth by investing primarily in smaller UK companies displaying a high degree of Intellectual Capital and employee motivation through equity ownership in their business model.

To achieve this aim, the Fund will invest in a portfolio of UK smaller companies' shares, the majority of which are contained within the FTSE Small Cap., the FTSE Fledgling and the AIM indices. Companies within the Fund that graduate into the FTSE 250 Index will be held until a suitable replacement company is found. The Fund may also invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist fund management company with £12.0 billion in assets under management as at 30th September 2018. The Company takes pride in having a distinct culture and approach to running money.

The company launched in 1995 and was listed on the London Stock Exchange in 1999.

- We are an independent business with no corporate parent, our head office is on the Strand in London and we have offices in Luxembourg and Edinburgh.
- We believe in the benefits of active fund management over the long term and all our fund managers are truly active.
- We focus only on those areas of investment in which we have particular expertise. We have eight fund management teams: five that invest in UK, European, Asian and Global equities, a Global Fixed Income team, a Sustainable Investment team and one team that manages Multi-Asset portfolios.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.
- Our 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 company.
- Each fund management team applies distinct and rigorous investment processes to the management of funds and portfolios that ensure the way we manage money is predictable and repeatable.
- Staying true to their documented investment processes helps to create an in-built risk control for our fund managers, especially in more challenging environments, by preventing them from buying stocks for the wrong reasons.
- We aim to treat investors, clients, 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.

Liontrust Asset Management PLC is the parent company of Liontrust Investment Partners LLP and Liontrust Fund Partners LLP which are authorised and regulated by the Financial Conduct Authority. All members of the Liontrust Group sell only Liontrust Group products.

Performance of the Fund

In the six months to 31 October 2018 an investment in the Fund returned -1.4% (retail class) and -1.3% (primary class). This compares with a total return of -9.0% from the FTSE Small Cap (excluding investment trusts) Index, the benchmark index and a -7.1% average return from funds in the IA UK Smaller Companies sector.

Since the manager inception date of the Fund, 8 January 1998, an investment in the Fund has risen by 1143.0% (retail class) and 1161.9% (primary class) compared to a 251.4% total return from the FTSE Small Cap (excluding investment trusts) Index and a 585.8% average return from funds in the IA UK Smaller Companies sector.

LIONTRUST UK SMALLER COMPANIES FUND

MANAGER'S INVESTMENT REPORT

Source: Financial Express, bid-to-bid basis, total return.

Note: The Primary Class Track Record is an amalgamation of two histories - performance returns prior to 28 January 2013 use the highest charging existing retail class and performance returns since this date use the Fund's institutional class.

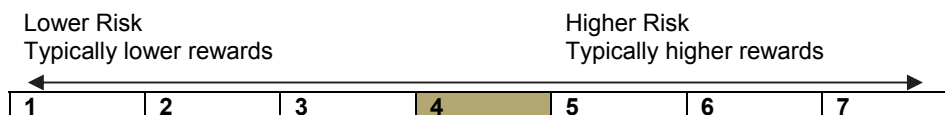
Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise.

LIONTRUST UK SMALLER COMPANIES FUND

MANAGER'S INVESTMENT REPORT

Risk Rating

The Risk disclosures are in accordance with European Securities Markets Authority (ESMA) guidelines and are consistent with the rating disclosed in the Key Investor Information Document (KIID).



- The Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Fund.
- The SRRI shown is not guaranteed to remain the same and may shift over time.
- The lowest category (1) does not mean 'risk free'.
- The Fund's risk and reward category has been calculated using the methodology set by the European Commission. It is based upon the rate by which the Fund or a representative fund or Index's value has moved up and down in the past.
- The Fund is categorised 4 primarily for its exposure to smaller UK companies.
- The SRRI may not fully take into account the following risks:
 - That a company may fail thus reducing its value within the Fund;
 - Any company which has high overseas earnings may carry a higher currency risk.
- As the Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time. In addition the spread between the price you buy and sell units will reflect the less liquid nature of the underlying holdings.
- The Fund may invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.
- The Fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

LIONTRUST UK SMALLER COMPANIES FUND

MANAGER'S INVESTMENT REPORT

The Market

In the six months to 31 October 2018, the FTSE Small Cap ex-Investment Trusts Index returned -9.0%.

Investor sentiment gradually eroded over the six months before markets capitulated in October, the FTSE Small Cap ex-IT Index registering a monthly return of -7.1%. The performance of the AIM All-Share in October was even weaker: -11.1%.

October's sharp drop appeared to be the culmination of mounting concerns over factors such as trade tariffs and monetary tightening, which have been part of the investment landscape for some time. The US-China 'Trade War' narrative remained a defining feature of the macroeconomic backdrop, with President Trump implementing tariffs on a range of Chinese goods (and threatening more) while China responded with retaliatory measures. At the same time, the gradual normalisation of global monetary policy continued; the US Federal Reserve implemented two more quarter-point rate rises (to 2.25%), the Bank of England raised rates to 0.75% and the European Central Bank confirmed plans to terminate its quantitative easing programme at the end of 2018. Brexit uncertainty was another factor weighing on UK markets through the period.

The returns from UK indices over the six months paint a picture of risk-aversion: the large-cap FTSE 100 Index returned -3.1%, significantly outperforming the -6.7% return of the mid-cap FTSE 250 Index ex-IT and -9.0% from the FTSE Small Cap ex-IT Index.

The Fund

In the six months to 31 October 2018, the Liontrust UK Smaller Companies Fund returned -1.3% (institutional class) and -1.4% (retail class), outperforming the FTSE Small Cap ex-IT Index and the -7.1% average return in the IA UK Smaller Companies sector.

The underlying progress made by the Fund's portfolio of companies over the six months was encouraging. There was the usual – and expected – spread of companies experiencing breakthroughs and setbacks over the period, many of which are detailed below within the Fund's largest performance contributors and detractors.

Beyond this, there were also a range of companies issuing either minimal newsflow or announcements that were in-line with investors' expectations, yet still ended the period with negative share price returns. This is a reflection of the broader investment environment, in which there were some signs of a sentiment-driven separation of share price valuations from fundamentals.

The largest contributors to the Fund's performance were Craneware (+68.9%), Bioquell (+41.0%), K3 Business Technology (+40.8%), Ideagen (+33.8%) and Sumo Group (+33.5%).

- Craneware: Financial results for the year to 30 June 2018 showed that the company – which is the largest provider of pricing and billing systems to US hospitals – grew revenue 16% to US\$67.1m. Its new sales in the year – which included five significant contract wins or extensions – more than doubled, while renewal rates were above 100% by US dollar value. In a bullish outlook comment, Craneware's management highlighted a record sales pipeline for its new financial year and increasing long-term revenue visibility.

- Bioquell: In the first six months of 2018 the provider of bio decontamination solutions grew revenues 13% in constant currency terms to £15.7m while profit before tax jumped to £2.0m from £1.4m last year. An operational restructuring is feeding through to an improvement in profitability which led management to predict that full year profits would exceed consensus market expectations. The resulting upgrade to broker forecasts was the fourth double-digit increase in the last year, which goes a long way towards explaining Bioquell's share price momentum. In May, the company announced the sale of its MDH Defence business for an initial consideration of £0.4m, with a further £0.6m in potential contingent payments. This disposal follows on from the 2017 sale of its Airflow division. Bioquell is now focused purely on bio decontamination for the pharmaceutical, life sciences & healthcare industries.

- K3 Business Technologies: A rally in its share price began with a 30 May Annual General Meeting statement confirming that trading in the first half of its financial year to 30 November 2018 was in line with management expectations. This gave some encouragement that recent changes implemented after an operational review have put the company back on track following a disappointing 2017. K3 Business Technologies also stated it was "very encouraged" by the outlook for the second half of the year. The company provides enterprise resource planning software to the retail, manufacturing and distribution sectors. Share price momentum was sustained by the announcement of a significant contract win in June involving its 'ax I is fashion' software, which has seen a "significant upturn in sales".

LIONTRUST UK SMALLER COMPANIES FUND

MANAGER'S INVESTMENT REPORT

- Ideagen: Results for the year to 30 April – released in July – showed a 33% rise in revenue to £36.1m, around £1m ahead of the company's original forecast. Much of this expansion has been acquisitive, but the core business has also shown good growth – underlying organic revenue growth for the year was 11%. The largest acquisition was Medforce, for which Ideagen paid US\$8.7m. 82% of Medforce's revenue is recurring which should help improve Ideagen's overall revenue visibility. In September, Ideagen continued its acquisitive strategy with US\$7m and £20.5m deals for InspectionXpert and Morgan Kai respectively. The latter acquisition was financed by a significantly oversubscribed placing. Morgan Kai's addition is expected to lift next financial year's EBITDA (earnings before interest, tax, depreciation and amortisation) by £2m and positions the combined entity to become the second largest software supplier in the £200m internal audit market.

- Sumo Group: Sumo provides a range of services to video game publishers and developers, ranging from visual concept design and pre-production through to marketing and post-release support. Its first results since a December 2017 initial public offering showed 60% growth in revenues in the first half of 2018. Sumo is bullish concerning the growth prospects for the global video gaming market and has described its business development pipeline as "very strong". Given the fragmented nature of the video gaming support services market, Sumo also expects acquisitions to form part of its growth strategy.

The biggest detractors from the Fund's performance were IDE Group (-83.2%), Clipper Logistics (-41.3%), Quartix Holdings (-37.7%), Eco Animal Health (-33.1%) and Smart Metering Systems (-27.2%).

- IDE Group: A July trading update triggered a sell-off in the shares, which had already experienced significant weakness in 2018. The company signalled a 90% drop in adjusted EBITDA in the first half of the year, as one-off projects from last year did not reoccur at the same rate. Later in the month, IDE announced a deeply discounted fundraising of £5.5m through an issue of equity, convertible loan notes and an open offer. The proceeds were intended to address the company's short term cash pressures and working capital issues. The Fund subsequently sold its position in the stock.

- Clipper Logistics: Half-year results looked solid on first glance with revenue rising 18%, while operating profit increased 15% as it began contracts with a number of retailers including Marks & Spencer and ASOS. However, shares in the company proved very sensitive to some cautious outlook comments, which triggered downgrades to analysts' estimates. Clipper noted the wider economic climate is causing a headwind for its customers in the retail sector, bringing "an element of caution" to its growth plans. Investors may also have marked the shares down on a lack of transparency relating to the presentation of property-related profits within its accounts.

- Quartix Holdings: The vehicle telematics and services supplier saw its shares slide following the late-July release of interim results. New fleet subscriptions increase by 6% to 15,220, which took its total subscription base 7% higher to 112,530 vehicles and helped grow revenue by 7% to £12.9m. Although 'in line' overall, growth in its core UK fleet business has slowed somewhat, while the company's policy of not chasing low margin business in an aggressively competitive insurance market (a non-core division for Quartix) will dilute the future growth profile slightly. The protection of margins is, however, a sensible strategy to adopt.

- ECO Animal Health Group: The company was representative of a number of portfolio holdings that suffered share price weakness despite issuing corporate updates that gave little cause for investor disappointment. ECO Animal Health is a producer of pharmaceutical products for the animal health market. Full year results released in July showed that sales in the year to 31 March 2018 had increased 9.4% to £67.2m while operating profit expanded 12% to £14.1m. It further commented that the new financial year had begun well, with a "strong and growing order book".

- Smart Metering Systems: Shares in the company slid ahead of interim results released in September. The results themselves were fairly reassuring, showing ongoing growth in revenue (+27% to £46.7m) and profit before tax (+9% to £10.1m). Investor sentiment towards the shares has softened as a result of negative press concerning the likelihood of the energy industry hitting the government's 2020 roll-out targets for domestic smart meters. The fund managers feel that Smart Metering Systems' targets are sufficiently conservative so as to absorb any delays in roll out.

Portfolio Activity

The Fund implemented a small selection of portfolio changes over the six months, selling four positions and adding two new stocks.

The holding in First Derivatives was sold despite the company remaining one of the more exciting growth companies listed on the market, with very strong intellectual property and a track record of delivery. However, aspects of First Derivatives accounting had caused a reassessment of the position's risks and it was ultimately decided that these outweighed the company's growth attractions.

LIONTRUST UK SMALLER COMPANIES FUND

MANAGER'S INVESTMENT REPORT

The Fund also chose to exit its position in Empresaria Group following a deterioration in the company's cash flow return on capital profile, weak organic trading and high levels of debt in a cyclical business. This eroded the fund managers' conviction in the stock's ability to be a long-term compounder of earnings.

Residual positions in IDE Group and System1 were also closed out. IDE Group continues to be unable to convert its theoretical competitive advantage (recurring income) into any meaningful cash generation – leading eventually to high levels of debt and a rescue fund raise in August 2018. Marketing consultancy business System1 had unfortunately become a de-minimis position following a series of profit warnings over the last year.

Team17 Group was added to the Fund in May 2018 during the company's admission to trading on the AIM market. Team17 is a leading video games label and creative partner for independent developers. It raised £108m in the process of admission at a new share issue price of 165p. Team17 went on to enjoy a strong debut, finishing the Fund's interim period at 225p. The fund managers believe Team17 possesses Economic Advantage in the form of its intellectual property. The global video gaming industry is already very substantial and looks set to enjoy rapid growth in coming years. The Fund already has exposure to the sector via Keywords Studios and Sumo Group.

The Fund also initiated a position in Nasstar, a hosted desktop and cloud computing business, whose services enable customers to access their corporate desktop, applications and data in the cloud. Nasstar targets SME customers in application-rich, heavily regulated verticals such as legal, finance and recruitment, where complexity of delivery and a requirement for high customer service levels provide significant barriers to entry. With over 12,000 hosted desktop users relying on the company to deliver business-critical IT resource, Nasstar has a strong embedded distribution network. In addition, the business enjoys very strong recurring revenues (almost 90%) thanks to its subscription-based charging model.

The Fund also has a small holding in World Careers Network which changed its name to Oleeo during the interim period.

Outlook

The UK economic outlook remains uncertain. At the time of writing, a Brexit plan has yet to be determined. Furthermore, the true longer-term impact is unlikely to be known for some time yet.

During periods of market or economic uncertainty, it is more important than ever to focus on company fundamentals rather than macroeconomic noise. Successfully predicting macroeconomic events is exceptionally difficult and the fund managers adhere to an investment process where this kind of forecasting plays no role.

The Economic Advantage investment process is unashamedly bottom-up. This is not to say that investor sentiment will not have an impact, but over the long term the greatest influence on the type of companies the Fund invests in will be their ability to successfully execute growth plans and compound profits. The Fund therefore treats periods of indiscriminate market weakness as an opportunity to identify stocks whose long-term fundamentals are undervalued. This was the case in October 2018, when the Fund used a sharp fall to add to positions in almost half its holdings. The fund managers do not claim to know how long any period of market weakness may persist, but – in the long run – buying into quality companies when others are selling usually proves a fruitful strategy.

Anthony Cross, Julian Fosh, Victoria Stevens & Matthew Tonge
Partners, Liontrust Fund Partners LLP

December 2018

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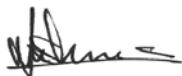
LIONTRUST UK SMALLER COMPANIES FUND

Authorised Status

The Fund is an authorised unit trust scheme ("the Scheme") under Section 243 of the Financial Services and Markets Act 2000 (authorisation orders) and the Financial Conduct Authority's Collective Investment Schemes Sourcebook and is categorised as a UCITS scheme.

Certification of Financial Statements by Directors of the Manager

We certify that this Manager's Report has been prepared in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook.



John Ions
Chief Executive



Antony Morrison
Partner, Head of Finance

Liontrust Fund Partners LLP
20 December 2018

LIONTRUST UK SMALLER COMPANIES FUND

Comparative Tables

as at 31 October 2018 (unaudited)

Net Asset Value and Ongoing Charges Figure

	31/10/18 (p)	30/04/18 (p)	30/04/17 (p)
Institutional Accumulation			
Closing net asset value (£'000)	324,874	299,576	179,176
Closing number of units	23,569,752	21,457,412	14,699,693
Closing net asset value per unit (p)	1,378.35	1,396.14	1,218.91
Operating charges	1.34%	1.34%	1.36%
	31/10/18 (p)	30/04/18 (p)	30/04/17 (p)
Institutional Income			
Closing net asset value (£'000)	426,004	442,740	388,337
Closing number of units	31,193,650	32,006,072	32,082,688
Closing net asset value per unit (p)	1,365.68	1,383.30	1,210.42
Operating charges	1.34%	1.34%	1.36%
	31/10/18 (p)	30/04/18 (p)	30/04/17 (p)
Retail Income			
Closing net asset value (£'000)	116,985	120,298	126,230
Closing number of units	8,591,870	8,711,707	10,443,605
Closing net asset value per unit (p)	1,361.57	1,380.88	1,208.68
Operating charges	1.59%	1.59%	1.61%

LIONTRUST UK SMALLER COMPANIES FUND

Portfolio Statement

as at 31 October 2018 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
EQUITIES (92.87%*)		794,505	91.55
BASIC MATERIALS (0.71%*)		7,066	0.81
<i>James Cropper</i>	560,766	7,066	0.81
CONSUMER GOODS (2.72%*)		49,415	5.69
<i>Focusrite</i>	2,720,521	10,202	1.18
<i>Hilton Food</i>	1,800,317	16,563	1.91
<i>Sumo</i>	9,379,870	15,054	1.73
<i>Team17</i>	3,452,672	7,596	0.87
CONSUMER SERVICES (7.86%*)		53,787	6.20
<i>GlobalData</i>	2,727,176	14,863	1.71
<i>Next Fifteen Communications</i>	2,975,375	13,984	1.61
<i>YouGov</i>	6,394,713	24,940	2.88
FINANCIALS (14.42%*)		121,982	14.06
<i>Arbuthnot Banking</i>	916,959	12,287	1.42
<i>Brooks Macdonald</i>	999,083	17,184	1.98
<i>Charles Stanley</i>	4,550,392	14,106	1.63
<i>Curtis Banks</i>	5,250,439	14,281	1.64
<i>IntegraFin</i>	1,062,757	2,933	0.34
<i>JTC</i>	3,491,581	11,383	1.31
<i>Mattioli Woods</i>	2,411,280	16,156	1.86
<i>Mortgage Advice Bureau</i>	3,658,771	21,075	2.43
<i>Tatton Asset Management</i>	5,030,781	12,577	1.45
HEALTHCARE (5.97%*)		69,362	7.99
<i>Animalcare</i>	4,372,059	7,432	0.85
<i>Bioquell</i>	2,211,375	9,067	1.04
<i>CareTech</i>	4,552,998	18,030	2.08
<i>Cello Health</i>	10,277,787	11,511	1.33
<i>Eco Animal Health</i>	2,357,266	8,840	1.02
<i>Medica</i>	10,479,172	14,482	1.67
INDUSTRIALS (30.01%*)		215,328	24.82
<i>AB Dynamics</i>	758,954	8,500	0.98
<i>Castings</i>	1,676,540	6,388	0.74
<i>Clipper Logistics</i>	4,415,533	11,922	1.37
<i>Cohort</i>	2,483,711	9,686	1.12
<i>FW Thorpe</i>	5,707,917	15,468	1.78
<i>Gateley</i>	9,222,484	14,295	1.65
<i>Judges Scientific</i>	561,296	13,583	1.56
<i>Keywords Studios</i>	885,543	12,256	1.41
<i>Murgitroyd</i>	875,986	5,168	0.60
<i>Oleco</i>	753,404	1,507	0.17
<i>PayPoint</i>	2,223,744	17,901	2.06
<i>Pressure Technologies</i>	769,119	808	0.09
<i>Renishaw</i>	217,772	9,103	1.05
<i>Robert Walters</i>	3,366,100	20,129	2.32

LIONTRUST UK SMALLER COMPANIES FUND

Portfolio Statement

as at 31 October 2018 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
<i>RWS</i>	5,388,454	25,568	2.95
<i>Simplybiz</i>	7,301,896	11,682	1.35
<i>Smart Metering Systems</i>	2,138,449	12,382	1.43
<i>Trifast</i>	9,684,946	18,982	2.19
OIL & GAS (0.42%*)		3,413	0.39
<i>Plexus</i>	6,825,442	3,413	0.39
TECHNOLOGY (27.89%*)		248,627	28.65
<i>accesso Technology</i>	645,777	12,916	1.49
<i>Bango</i>	5,115,672	5,883	0.68
<i>Bond International Software**</i>	3,301,972	-	-
<i>Concurrent Technologies</i>	7,013,138	5,260	0.61
<i>Craneware</i>	1,059,249	31,248	3.60
<i>dotdigital</i>	23,705,109	18,964	2.18
<i>Ideagen</i>	11,229,992	16,396	1.89
<i>IMImobile</i>	6,192,174	18,577	2.14
<i>Instem</i>	1,461,462	4,151	0.48
<i>Intercede</i>	2,353,275	541	0.06
<i>iomart</i>	6,419,207	23,976	2.76
<i>K3 Business Technology</i>	4,181,971	9,828	1.13
<i>Kainos</i>	4,354,009	16,937	1.95
<i>Learning Technologies</i>	12,369,870	13,298	1.53
<i>Nasstar</i>	56,089,611	6,506	0.75
<i>Netcall</i>	13,618,582	7,626	0.88
<i>Pennant International</i>	3,224,485	4,192	0.48
<i>PROACTIS</i>	8,585,889	10,732	1.24
<i>Quartix</i>	2,586,222	5,948	0.69
<i>Quixant</i>	4,284,865	16,282	1.88
<i>StatPro</i>	4,076,812	4,729	0.54
<i>Tracsis</i>	2,661,358	14,637	1.69
TELECOMMUNICATIONS (2.87%*)		25,525	2.94
<i>Gamma Communications</i>	3,214,749	25,525	2.94
IRELAND (4.72%*)		-	-
MONEY MARKET FUNDS (4.72%*)		-	-
Portfolio of investments		794,505	91.55
Net other assets		73,358	8.45
Total net assets		867,863	100.00

All securities are approved securities traded on eligible securities markets, as defined by the Collective Investment Scheme sourcebook, except those stocks in italics which are listed on the Alternative Investment Market.

* Comparative figures shown in brackets relate to 30 April 2018.

** Delisted securities.

LIONTRUST UK SMALLER COMPANIES FUND

Securities Financing Transactions (SFTs)

as at 31 October 2018

GLOBAL DATA

Proportion of securities and commodities on loan	£'000	%
Total lendable assets excluding cash and cash equivalents:	-	
Securities and commodities on loan	-	0.00%

Assets engaged in SFTs and total return swaps	£'000	%
Fund assets under management (AUM)	881,565	
Absolute value of assets engaged in:		
Securities lending	-	0.00%

CONCENTRATION DATA

Top 10 Collateral Issuers

Name and value of collateral and commodities received	£'000
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Top 10 Counterparties

Name and value of outstanding transactions	£'000
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Securities lending

LIONTRUST UK SMALLER COMPANIES FUND

Securities Financing Transactions (SFTs)

as at 31 October 2018

AGGREGATE TRANSACTION DATA

Type, Quality and Currency of Collateral

Type	Quality	Currencies	£'000
Securities lending			-

Maturity Tenor of Collateral (remaining period to maturity)

Type	Less than one day £'000	One day to one week £'000	One week to one month £'000	One to three months £'000	Three months to one year £'000	Above one year £'000	Open maturity £'000	Total £'000
Securities lending	-	-	-	-	-	-	-	-

Counterparty details

Type	Countries of counterparty establishment	Settlement and clearing	£'000
Total collateral held			-

LIONTRUST UK SMALLER COMPANIES FUND

Securities Financing Transactions (SFTs)

as at 31 October 2018

RE-USE OF COLLATERAL

Re-use of collateral received %

The Fund does not engage in re-use of collateral.

SAFEKEEPING OF COLLATERAL RECEIVED

Names and value of custodians safekeeping collateral £'000

Number of custodians safekeeping collateral -

SAFEKEEPING OF COLLATERAL GRANTED

The Fund does not borrow stock from counterparties; therefore, no collateral has been granted.

RETURN AND COST

	Collective Investment Undertaking £'000	Manager of Collective Investment Undertaking £'000	Third Parties (e.g. lending agent) £'000	Total £'000
Securities lending				
Gross return	26	3	9	38
% of total gross return	68.00%	8.00%	24.00%	100.00%

LIONTRUST UK SMALLER COMPANIES FUND

Statement of Total Return

for the period ended 31 October 2018 (unaudited)

	01/05/18 to 31/10/18		01/05/17 to 31/10/17	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(14,642)		64,295
Revenue	7,542		7,139	
Expenses	(6,477)		(5,277)	
Interest payable and similar charges	-		-	
Net revenue before taxation	1,065		1,862	
Taxation	-		(22)	
Net revenue after taxation		1,065		1,840
Total return before equalisation		(13,577)		66,135
Equalisation		2		18
Change in net assets attributable to unitholders from investment activities		<u>(13,575)</u>		<u>66,153</u>

Statement of Change in Net Assets Attributable to Unitholders

for the period ended 31 October 2018 (unaudited)

	01/05/18 to 31/10/18		01/05/17 to 31/10/17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		862,614		693,743
Amounts receivable on issue of units	76,789		92,702	
Amounts payable on cancellation of units	<u>(58,804)</u>		<u>(67,784)</u>	
		17,985		24,918
Dilution adjustment		839		819
Change in net assets attributable to unitholders from investment activities		<u>(13,575)</u>		<u>66,153</u>
Closing net assets attributable to unitholders		<u>867,863</u>		<u>785,633</u>

Comparative information is provided for the Statement of Change in Net Assets Attributable to Unitholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

LIONTRUST UK SMALLER COMPANIES FUND

Balance Sheet

as at 31 October 2018 (unaudited)

	31/10/2018	30/04/2018
	£'000	£'000
Assets		
Fixed assets		
Investments	794,505	841,859
Current assets		
Debtors	1,520	5,682
Cash and bank balances	73,459	18,067
Total assets	<u>869,484</u>	<u>865,608</u>
Liabilities		
Distribution payable on income units	-	992
Other creditors	1,621	2,002
Total liabilities	<u>1,621</u>	<u>2,994</u>
Net assets attributable to unitholders	<u>867,863</u>	<u>862,614</u>

Accounting Policies

The financial statements have been prepared in accordance with the Statements of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

LIONTRUST UK SMALLER COMPANIES FUND

Additional Information

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 1 May 1990.

Prospectus: Copies of the Fund's Prospectus are available free of charge from the Manager upon request, and from our website, www.liontrust.co.uk.

Unit type: The Fund issues accumulation and income units. Investors can elect at any time to have any income either paid out or automatically reinvested to purchase units at no initial charge.

Pricing and dealing: A buying price (the price at which you have bought the units in the Fund and being the higher) and a selling price (the price at which you can sell the units back to the Manager and being the lower) are always quoted for the Fund. The buying price includes the Manager's initial charge.

Dealing in all unit trusts operated by Liontrust Fund Partners LLP may be carried out between 09.00 and 17.00 hours on any business day. Professional investors and advisers may buy and sell units over the telephone; private investors are required to instruct the Manager in writing for initial purchases, but can deal over the telephone thereafter. Prices are quoted on a 'forward' basis. This means that all deals are based on a price that is calculated at the next valuation point (which is 12.00 hours on each business day) following receipt of instructions. Instructions received before 12.00 hours will be priced at 12.00 hours that day, whilst those deals taken later in the day will receive the next dealing price which is fixed at 12.00 hours on the following business day.

In the case of large deals of £15,000 and over, the Manager has the discretion to quote a special price within limits laid down under the Regulations.

The minimum initial lump sum investment in the Fund is £1,000, the minimum additional investment is £1,000 and the amount you may sell back to the Manager at any one time is £500, providing you maintain a balance of £1,000. At its absolute discretion, the Manager may accept a lower minimum amount for the purchase and sale of units.

A contract note in respect of any purchase will be issued the day following the dealing date. Unit certificates will not be issued. Instructions to sell your units may be required to be given by telephone and then confirmed in writing to Liontrust Customer Services Team, PO Box 11061, Chelmsford CM99 2YA. A contract note confirming the instruction to sell will be issued the day following the dealing day. Following receipt of a correctly completed Form of Renunciation, a cheque in settlement will be sent directly to you or your bank/building society, if proof of ownership of the account has been received by us, in four business days. Liontrust does not make or accept payments to or from third parties unauthorised by the Financial Conduct Authority.

Management charges, spreads and yields: The initial charge and annual management fees per unit class are detailed below. The difference between the bid and the offer prices is currently 6% which includes the initial charge.

		Ongoing charges		Included within the OCF is the Annual Management Charge**	
Initial Charge	%	figure*	%	Charge**	%
Institutional Accumulation	Nil	Accumulation	1.34	Institutional Accumulation	1.25
Institutional Income	Nil	Institutional Income	1.34	Institutional Income	1.25
Retail Income	up to 5%	Retail Income	1.59	Retail Income	1.50

* The OCF covers all aspects of operating a fund during the course of its financial year. These include the annual charge for managing the Fund, administration and independent oversight functions, such as trustee, custody, legal and audit fees. The OCF excludes portfolio transaction costs except for an entry/exit charge paid by the Fund when buying or selling units in another fund.

** These are the annual costs of running and managing the Fund.

The net estimated yields on the classes are shown below, these are calculated and published daily.

Yield	%		%
Institutional Accumulation	0.09	Institutional Income	0.09
Retail Income	0.00		

Certain other expenses are met by the Fund, all of which are detailed in the Prospectus.

Commission: Commission is payable to authorised intermediaries on purchases of units in the Fund at a rate of up to 3%. A discount is available when switching between Liontrust's range of unit trusts.

Publication of prices: The price of units in the Fund is quoted on our website, www.liontrust.co.uk, other industry websites such as www.trustnet.com, and the website of the Investment Association (the industry trade body), www.investmentassociation.org. Daily and historic Fund prices are available from our Dealing and Administration team on 0330 123 3822.

LIONTRUST UK SMALLER COMPANIES FUND

Additional Information

Capital Gains Tax: As an authorised unit trust, the Fund is exempt from UK Capital Gains Tax. An individual's first £11,700 of net gains on disposals in the 2018-2019 tax year are exempt from tax (2017-2018: £11,300).

Income Tax: UK tax resident individuals are now entitled to a new tax-free dividend allowance in place of the dividend tax credit. Consequently, all income from dividend distributions is now regarded as gross income.

UK resident individuals who are not liable to tax are not able to reclaim the tax credits from the HM Revenue and Customs. In the case of UK resident individuals who are liable to starting or basic rate tax only, the tax credit will match his or her liability on the distribution and there will be no further tax to pay and no right to claim repayments from the HM Revenue and Customs. In the case of a higher rate tax payer, the tax credit will be set against, but not fully match, his or her tax liability on the distribution. Such people will have an additional tax liability to pay.

Important information: It is important to remember that the price of units, and the income from them, can fall as well as rise and is not guaranteed and that investors may not get back the amount originally invested. Past performance is not a guide to future performance. The issue of units may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard unit trust investment as long term.

Registrar and Fund Accountant: The Manager has appointed Bank of New Mellon (International) Limited ("BNYM") to provide administration services for the Fund, replacing DST Financial Services Europe Limited as Registrar and State Street Bank & Trust Company as Fund Accountant.

The costs incurred in changing Registrar and Fund Accountant cover such things as contractual termination costs, legal expenses in negotiating new administration contracts, costs and expenses in relation to the operational transition of administration services, and these costs will be borne by the funds affected, via the Administration Fees collected by the Manager from the Fund, with the exception that BNYM will contribute £93,071 to the Manager in relation to these costs. It is expected that the BNYM contribution will therefore either reduce or not require an increase in the amount payable by the Fund via the Administration Fees.

The payment to the Manager will be made in two equal tranches in September 2019 and March 2020, and under certain circumstances may be repayable, in full or in part, to BNYM if the administration contracts are terminated.



Liontrust Customer Services Team
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Liontrust Fund Partners LLP is authorised and regulated by the Financial Conduct Authority.