LIONTRUST UK MICRO CAP FUND

Annual Report & Financial Statements

For the year:
1 May 2022
to
30 April 2023

Managed in accordance with
The Liontrust Economic Advantage

LIONTRUST FUND PARTNERS LLP

LIONTRUST

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

Management and Administration

Authorised Fund Manager ("Manager")
Liontrust Fund Partners LLP
2 Savoy Court
London WC2R 0EZ

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Administration and Dealing facsimile 0207 964 2562
Email Liontrustadmin@bnymellon.com
Website www.liontrust.co.uk

The Manager of Liontrust UK Micro Cap Fund (the "Fund") is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the Investment Association. The ultimate holding company of the Manager is Liontrust Asset Management PLC ("LAM", "Liontrust" or the "Group") which is incorporated in England.

Investment Adviser
Liontrust Investment Partners LLP
2 Savoy Court
London WC2R 0EZ

Authorised and regulated by the FCA.

Trustee
The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

Authorised by Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA.

Independent Auditor
KPMG LLP
11th Floor
15 Canada Square
Canary Wharf
London
E14 5GL

Administrator and Registrar
The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London
EC4V 4LA

Authorised by PRA and regulated by the FCA and the PRA.

Liontrust UK Micro Cap Fund

Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist fund management company with £31.4 billion in assets under management as at 31 March 2023 and that takes pride in having a distinct culture and approach to managing money. What makes Liontrust distinct?

- 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 Edinburgh and Luxembourg.
- 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 seven fund management teams investing in Global Equities, Global Fixed Income, Sustainable Investment and Multi-Asset portfolios and funds.
- 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 investing in companies and funds 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, Liontrust Fund Partners LLP and Liontrust Portfolio Management Limited which are authorised and regulated by the Financial Conduct Authority. Liontrust Asset Management PLC is also the parent company of Liontrust International (Luxembourg) S.A. which is regulated by the Commission de Surveillance du Secteur Financier in Luxembourg. All members of the Liontrust Group sell only Liontrust Group products.

Russia's invasion of Ukraine, the sanctions imposed on Russia as a result and retaliatory action taken by Russia against foreign investors has caused significant volatility in certain financial markets, currency markets and commodities markets worldwide. Economic sanctions and the fallout from the conflict will likely impact companies worldwide operating in a wide variety of sectors, including energy, financial services and defence, amongst others. As a result, the performance of the Fund may also be negatively impacted even if they have no direct exposure to the regions involved in the conflict.

Manager's Investment Report

Investment Objective

The Fund aims to deliver capital growth over the long term (5 years or more).

Investment Policy

The Fund will invest at least 90% in companies which are incorporated, domiciled or conduct significant business in the United Kingdom (UK).

At least 75% of the companies held by the Fund will have a market capitalisation of less than £175m at the time of purchase. Companies within the Fund that grow above a market capitalisation of £275m will be held until suitable replacement investments are found or until such time as the Manager deems it to be in Unitholders' interest to dispose of them.

The Fund will typically invest 90% (minimum 80%) in equities or equity related derivatives but may also invest in collective investment schemes (up to 10% of Fund assets), corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits.

The Fund is permitted to use derivatives for the purposes of efficient portfolio management. The Fund is also permitted to use derivatives and for investment purposes, although the Fund will only do so on providing investors with 60 days' notice. Please refer to the Derivatives sections of the Prospectus for further detail.

The Team

The award-winning Economic Advantage team have an average industry experience of 21 years. Anthony Cross joined Liontrust from Schroders in 1997 and was joined by Julian Fosh in 2008. Julian had previously managed funds at Scottish Amicable Investment Partners, Britannic Investment Managers, Scottish Friendly Assurance Society and Saracen Fund Managers. Victoria Stevens and Matt Tonge joined the team in 2015. Victoria was previously Deputy Head of Corporate Broking at FinnCap, while Matt had spent nine years on the Liontrust dealing desk, latterly winning an industry award for his work in mid and small cap stocks. Alex Wedge joined the team in March 2020 from N+1 Singer, where he had spent over seven years, latterly as a senior member of the equity sales team. Natalie Bell joined the team in August 2022, having previously been a member of the Liontrust Responsible Capitalism team where she led engagement with investee companies.

The Process

The process seeks to identify companies that possess intangible assets which produce barriers to competition and provide a durable competitive advantage that allows the companies to defy industry competition and sustain a higher than average level of profitability for longer than expected.

In the fund managers' experience, the hardest characteristics for competitors to replicate are three classes of intangible asset: intellectual property, strong distribution channels and significant recurring business.

Other less powerful but nonetheless important intangible strengths include franchises and licenses; good customer databases and relationships; effective procedures and formats; strong brands and company culture.

These intangible assets produce barriers to competition, protect margins and are capable, in the opinion of the fund managers, of reaping a financial advantage in the form of cash flow returns in excess of the cost of capital. A company that consistently generates excess cash flow returns will benefit from compounding as it reinvests this excess return into the business.

Every smaller company held in the Economic Advantage funds has at least 3% of its equity held by senior management and main board directors. Companies are also assessed for employee ownership below the senior management and board and changes in equity ownership are monitored.

Manager's Investment Report (continued)

Performance of the Fund

In the year to 30 April 2023, an investment in the Fund returned -8.4% (institutional accumulation class). The FTSE Small Cap ex-Investment Trusts Index comparator benchmark returned -8.9%, the FTSE AIM All-Share Index comparator benchmark returned -17.5% and the average return made by the funds in the IA UK Smaller Companies sector, also a comparator benchmark, was -13.3%.

Since the Fund's launch on 9 March 2016, an investment in the Fund rose by 123% (Institutional accumulation class), compared to a 52% return from the FTSE Small Cap ex-Investment Trusts Index, a 30% return from the FTSE AIM All-Share Index and a 55% return from the IA UK Smaller Companies sector comparator benchmarks.

Source: Financial Express, bid to bid basis, total return, net of fees, income reinvested, figures show performance up to 30 April 2023. Please note that total return has been calculated at midday whereas the financial statements are at close of business.

Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

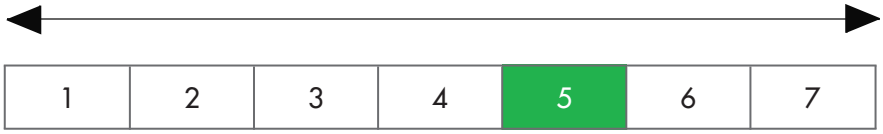
Manager's Investment Report (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.

Typically lower rewards, lower risk

Typically higher rewards, higher risk



1	2	3	4	*5*	6	7

- The Synthetic Risk Reward Indicator ("SRRI") is based upon 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 adopted by the Financial Conduct Authority. 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 5 primarily for its exposure to UK small cap equities.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Fund;
  - overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.
- The Fund may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.
- 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 the AIM may carry a greater risk than a company with a full listing.
- As the Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the Fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the Fund to defer or suspend redemptions of its units. 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 have both Hedged and Unhedged unit classes available. The Hedged unit classes use forward foreign exchange contracts to protect returns in the base currency of the Fund.

Manager's Investment Report (continued)

Risk and Reward profile (continued)

- Outside of normal conditions, the Fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.
- Counterparty risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- Environmental, Social and Governance (ESG) Risk: there may be limitations to the availability, completeness or accuracy of ESG information from third-party providers, or inconsistencies in the consideration of ESG factors across different third party data providers, given the evolving nature of ESG.

For full details of the Fund's risks, please see the prospectus which may be obtained from Liontrust (address on page 1) or online at www.liontrust.co.uk.

Manager's Investment Report (continued)

The Market

In the 12 months to 30 April 2023, the FTSE Small Cap ex-Investment Trusts Index returned -8.9%.

Following a sharp rise in interest rate expectations at the start of 2022, the review period was dominated by the aggressive central bank response to persistent inflationary pressures. As the year progressed, investors became increasingly concerned over the resilience of the global economy to these contractionary moves and the prospect of recession loomed ever larger. Russia's invasion of Ukraine earlier in the year added an unwelcome layer of geopolitical instability and further exacerbated the supply chain problems that have characterised the global economy's emergence from lockdown measures.

Markets then recovered in the final quarter of 2022 and continued rallying at the start of 2023, fuelled by hopes that the pace of monetary policy tightening might be set to slow.

Towards the end of the year, news of Silicon Valley Bank's (SVB) demise in the US prompted a market wobble. A handful of other banks failed, most notable Credit Suisse, as investors focused on vulnerable balance sheets and depositors withdrew funds. However, stock markets recovered swiftly from this banking crisis, with investors seemingly content that systemic problems had been side-stepped through the swift action of regulators in the US and Europe.

As sentiment weakened and equities fell in the first half of the review period, the losses were heaviest lower down the market-cap scale. While the large-cap FTSE 100 lost 4.3% over the six months to 30 October 2022, the mid-cap FTSE 250 dropped 12.3% and the FTSE Small Cap ex-Investment Trusts Index fell by 17.3%. Despite the market's subsequent rally, this underperformance by small caps remained; over the 12 months the FTSE 100 returned 8.2%, the FTSE 250 ex-IT -2.4% and the FTSE Small Cap ex-IT -8.9%.

The Fund

In the year to 30 April 2023, the Liontrust UK Micro Cap Fund returned -8.4% (institutional accumulation class), compared with the -8.9% and -17.5% respective returns of the FTSE Small Cap (excluding investment trusts) Index and FTSE AIM All-Share Index comparator benchmarks. The average return of funds in the IA UK Smaller Companies sector, also a comparator benchmark, was -13.3%.*

While early 2022 equity market weakness seemed to stem predominantly from ratings contracting, i.e. the 'p' in price/earnings ratios falling, as investors priced in higher interest rates (and discount rates) on future expected growth, earnings estimates then also came under pressure as recessionary forces built over the year.

The small-cap end of the UK market bore the brunt of stock market weakness and it is understandable that investors might be concerned that mid and small-caps in aggregate would be disproportionately affected by the problems faced by the UK's domestic economy.

Although the Fund includes several companies whose share prices were hit hard by a weaker demand outlook, the fund managers have so far been reassured by the trading resilience shown across the portfolio.

Starting with the portfolio's positives, **Kitwave** was one of the top performers over the year. Its full-year results outlined a year of very strong growth in revenues and profits, in-line with the upgraded guidance issued at the half-year stage. In the year to 31 October 2022, the independent wholesale delivery business grew revenue 32% to £503m while adjusted operating profit trebled to £21.5m. Much of the company's growth has been acquisitive, as it seeks to consolidate what it sees as a fragmented UK wholesale market.

Another of the portfolio's largest risers, **Netcall**, was boosted by signing a new contract which put it on track to exceed earnings expectations for the year to June 2023. The customer engagement software group's Liberty platform will be used by a S&P500 constituent over an initial three-year contract. The contract value of $19m is very significant in the context of Netcall's annual sales, which for the year to June 2022 were £30.2m.

Billing, charging and customer relationship management company **Cerillion** was another highlight, rallying significantly after an October 2022 full-year trading update. It commented on very good trading during the second half of the year, securing its largest ever contract in the final quarter.

Manager's Investment Report (continued)

The Fund (continued)

Lastly on the positives, corporate takeover activity boosted Fund performance through a jump in the share piece of insolvency, restructuring and company sales advisory group **K3 Capital**. The position was one of three to leave the Fund due to takeover during the year.

Of the detractors, **Tribal** had the biggest impact on the Fund. The software provider to the education sector fell heavily after announcing worse-than-expected losses stemming from a still unresolved contract dispute with Nanyang Technology University.

Inspiration Healthcare also fell heavily. The medical technology company blamed Covid-19 measures in China as a particularly large drag on customer orders, leading it to abandon its original sales targets for the year to 31 January 2023.

In percentage terms, the biggest faller was **YourGene Health**, which lost most of its share value over the year. The molecular diagnostics group endured a torrid 2022 trading as revenues tumbled due to Covid-19 related sales falling away. To cope with the subsequent losses, YourGene was forced to explore emergency funding options including business divestments and conducted a heavily discounted placing to raise funds. The position was sold from the portfolio.

Other poor performers included frontline healthcare services provider **Totally** and online drinks group **Virgin Wines**. Totally experienced high demand since the pandemic began, however began to face headwinds from cost inflation and staffing shortages. It then lost ground at the start of 2023 due to delays in the re-tender process for some contracts that were due to expire, leading it to eventually warn that profits would fall short of expectations in the year to 31 March. Virgin Wines also faced cost pressure and additionally experienced slowing customer acquisition over the year. This was compounded by operational difficulties with a new warehouse management system over the Christmas period which led it to incur higher costs and cut its profit forecasts.

**Source: Financial Express, bid to bid basis, total return, net of fees, income reinvested, 30.4.23. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

Portfolio Activity

A number of holdings left the portfolio during the year, for a variety of reasons.

Firstly, **FRP Advisory** was sold after exceeding the £275m market cap level at which the fund managers look to begin a managed exit.

The position in Medica was also divested, this time as a consequence of its senior management equity ownership falling below the 3% threshold level required of all smaller companies held under the Economic Advantage process.

Three holdings exited the Fund due to takeovers: **Attraqt, K3 Capital** and **Adept Technology**.

Four further holdings – **musicMagpie**, **Cakebox**, **YourGene** and **Inspired** – were sold after the fund managers reappraised these companies' possession of core Economic Advantage intangible assets.

In the case of consumer technology, books and disc media recommerce specialist **musicMagpie**, they found that a new market entrant's aggressive expansion has raised question marks over the strength of its barriers to competition, a key feature expected of all Fund holdings. Additionally, the managers had concerns over the scale of investment in musicMagpie's new rental business and its impact on the company's balance sheet.

Cakebox, the franchise business selling eggless fresh-cream celebration cakes, was bought last year on the basis of its strength in distribution via its growing network of over 175 UK stores but the revelation in 2022 this year of accounting discrepancies and the senior management overhaul that followed has adversely affected the fund managers' assessment of the investment's risk/return profile.

The business profile of molecular diagnostics group **YourGene** shifted dramatically in the aftermath of Covid-related sales falling away. The investment became heavily loss-making and high-risk, and no longer consistent with the Fund's usual profile of profitable, cash generative micro cap investments.

Similarly, the fund managers had growing concerns over the low conversion of profits into cash and the level of debt for energy procurement management company **Inspired**, which prompted its sale.

Manager's Investment Report (continued)

Portfolio Activity (continued)

Three new stocks were added to the portfolio: **IG Design**, **OnTheBeach** and **Zoo Digital**.

A position in gift wrap and greetings card manufacturer **IG Design** was added back into the Fund following a reassessment of the risk profile of the business, including the change of management and financial position.

Zoo Digital provides subtitling, dubbing, and other media localisation services to the TV and movie industry. The fund managers believe it possesses strong intellectual property (IP) in the software tools it has developed, including Zoo Studio, a vendor order management system embedded within end clients. Furthermore, it has a global distribution network through an extensive freelancer base, and an increasing physical presence in key geographies.

On The Beach was added to the portfolio after its market capitalisation dropped into the Fund's investment universe following two years of significant business disruption from the pandemic. The fund managers believe the company possesses strong intangible assets in several areas including distribution, IP and brand, while also having a strong owner manager culture.

When combined with the 11 new positions initiated during the prior 12 months, the fund managers believe the portfolio is well-stocked with dynamic, entrepreneurial micro cap companies taking share in markets experiencing disruptive change or creating new, 'greenfield' opportunities for innovative products and services.

Outlook

Clearly, many companies will be vulnerable to share price falls if economic conditions worsen considerably, but the fund managers would expect the pain to be more acutely felt amongst those more cyclical businesses with low barriers to competition, poor pricing power and weaker balance sheets.

Inevitably, markets use a very broad brush when reacting to economic developments and do not differentiate between different companies until later in the cycle when the successful ones are able to show, by their delivered results, their superiority. The fund managers believe that the Fund is invested in companies which are dependable, consistent businesses in possession of barriers to competition which given them pricing power. This pricing power is likely to prove critical in dealing with cost pressures that look set to persist for some time.

While there have inevitably been individual instances of stocks disappointing on short term earnings, the fund managers have been very encouraged overall by the trading resilience of the companies in the Fund, despite the wider macro-economic challenges. By the end of April, almost 80% of the Fund's holdings have reported either an 'in line' set of numbers or delivered upgrades so far in 2023.

The Fund's companies often have a strong owner-manager culture, a consequence of a requirement for at least 3% senior management equity ownership. This tends to be accompanied by a more conservative business ethos focused on organic growth and lower balance sheet gearing. Almost 78% of the Fund's companies are in a position of net cash. In addition, because the Economic Advantage investment process focuses on intangible asset strengths, it also has a bias towards less (physical) asset-intensive businesses. This reduces capital expenditure (capex) requirements.

While heavily indebted, capital-intensive companies are exposed to rising interest costs and inflated capex spending, the Fund's businesses should be able to prioritise capital allocation towards growth and investment. Hopefully, this should set them up to emerge from the current economic slowdown in decent shape and thrive once conditions normalise.

Manager's Investment Report (continued)

Outlook (continued)

In the meantime, the fund managers will be alert to opportunities to initiate or top-up positions in high quality, strong businesses with Economic Advantage characteristics. Any further market weakness may also lead to more interest from corporate acquirers. One of the features of the Economic Advantage investment process is the frequency with which its holdings have proven attractive to acquirers, and we have seen a number of holdings receive approaches over the last year.

Anthony Cross, Julian Fosh, Victoria Stevens, Matthew Tonge, Alex Wedge & Natalie Bell

Fund Managers

May 2023

Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

Material portfolio changes by value

Purchases	Sales
IG Design	K3 Capital
On the Beach	Cerillion
Zoo Digital	Adept Technology
EKF Diagnostics	Attraqt
Virgin Wines UK	Kitwave
Essensys	FRP Advisory
Tristel	Netcall
Gear4Music	Medica
Keystone Law	CML Microsystems
Gresham House	Fonix Mobile

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.

Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net revenue and net capital losses on the property of the Fund for the year.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

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

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Liontrust UK Micro Cap Fund (the 'Fund') for the Year Ended 30 April 2023

The Trustee in its capacity as Trustee of Liontrust UK Micro Cap Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Fund, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Fund, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

For and on behalf of

The Bank of New York Mellon (International) Limited

160 Queen Victoria Street
London EC4V 4LA

23 August 2023

Certification of Financial Statements by Partners 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.

Martin Kearney

Partner, Chief Compliance Officer

Antony Morrison

Partner, Head of Finance

Liontrust Fund Partners LLP
23 August 2023

Independent Auditor's Report to the Unitholders of Liontrust UK Micro Cap Fund (the "Fund")

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Fund for the year ended 30 April 2023 which comprise the Statement of Total Return, the Statement of Change in Unitholders' Funds, the Balance Sheet, the Related Notes and Distribution Table for the Fund and the accounting polices set out on pages 25 to 26.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Fund as at 30 April 2023 and of the net revenue and the net capital losses on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Fund will continue in operation.

Independent Auditor's Report to the Unitholders of Liontrust UK Micro Cap Fund (the "Fund") (continued)

Report on the audit of the financial statements (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser; and
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Unitholders of Liontrust UK Micro Cap Fund (the "Fund") (continued)

Report on the audit of the financial statements (continued)

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in their statement set out on page 11, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

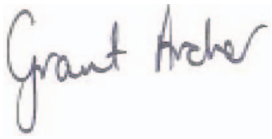
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Unitholders of Liontrust UK Micro Cap Fund (the "Fund") (continued)

Report on the audit of the financial statements (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Archer

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

23 August 2023

Comparative Tables

for the year ended 30 April 2023

Institutional Accumulation Accounting year ended	30 April 2023 per unit (p)	30 April 2022 per unit (p)	30 April 2021 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	243.42	252.50	161.87
Return before operating charges	(17.02)	(5.51)	93.29
Operating charges	(3.04)	(3.57)	(2.66)
Return after operating charges	(20.06)	(9.08)	90.63
Distributions	(1.43)	(0.01)	—
Retained distributions on accumulation units	1.43	0.01	—
Closing net asset value per unit	**223.36**	**243.42**	**252.50**
After direct transaction costs of*	(0.06)	(0.18)	(0.10)
Performance			
Return after charges	(8.24%)	(3.60%)	55.99%
Other information			
Closing net asset value (£'000)	162,625	199,906	131,796
Closing number of units	72,807,652	82,124,352	52,197,227
Operating charges**	1.35%	1.35%	1.38%
Direct transaction costs*	0.03%	0.07%	0.05%
Prices			
Highest unit price	252.70	299.10	261.50
Lowest unit price	209.39	223.86	159.64

* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and unit class returns before operating charges.

** The Operating Charges figure represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year - it does not include initial charges or performance fees. The Operating Charges figure includes the Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

Portfolio Statement

as at 30 April 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (91.18%)	**147,971**	**90.99**
	UNITED KINGDOM (91.18%)	**147,971**	**90.99**
	Advertising (1.10%)	**2,176**	**1.34**
2,072,129	Pebble	2,176	1.34
	Alternative Energy Sources (0.94%)		
	Auto Parts & Equipment (1.07%)	**1,624**	**1.00**
705,982	Quartix	1,624	1.00
	Banks (1.45%)	**3,016**	**1.85**
317,434	Arbuthnot Banking	3,016	1.85
	Beverages (1.05%)	**1,123**	**0.69**
2,955,902	Virgin Wines UK	1,123	0.69
	Biotechnology (1.85%)	**3,149**	**1.94**
83,737	Bioventix	3,149	1.94
	Commercial Services (11.41%)	**16,832**	**10.35**
2,369,419	Fintel	4,514	2.78
1,955,953	Gateley	3,325	2.04
666,378	Keystone Law	2,965	1.82
1,679,106	Mind Gym	1,007	0.62
844,712	Science	3,413	2.10
4,231,719	Tribal	1,608	0.99
	Computers (8.81%)	**17,074**	**10.50**
643,109	Cohort	2,798	1.72
623,490	D4t4 Solutions	1,247	0.77
11,849,182	Eckoh	5,214	3.21
3,740,582	Intercede	2,244	1.38
3,257,759	Netcall	3,258	2.00
385,429	Sopheon	2,313	1.42
	Diversified Financial Services (8.39%)	**12,017**	**7.40**
4,741,460	Frenkel Topping	2,987	1.84
5,206,478	Record	4,321	2.66
1,021,483	Tatton Asset Management	4,709	2.90

Portfolio Statement (continued)

as at 30 April 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Electronics (2.92%)	**4,397**	**2.70**
1,367,243	Concurrent Technologies	943	0.58
1,419,104	Croma Security Solutions	653	0.40
250,094	Solid State	2,801	1.72
	Food Producers (2.17%)	**4,681**	**2.88**
1,759,737	Kitwave	4,681	2.88
	Forest Products & Paper (1.43%)	**2,245**	**1.38**
303,422	James Cropper	2,245	1.38
	Healthcare Products (2.13%)	**3,380**	**2.07**
7,184,967	EKF Diagnostics	1,983	1.22
77,246,980	Surgical Innovations	1,390	0.85
55,375	Verici Dx	7	0.00
	Healthcare Services (2.26%)	**3,676**	**2.26**
1,148,622	Tristel	3,676	2.26
	Household Products (2.01%)	**3,969**	**2.44**
287,611	Churchill China	3,969	2.44
	Housewares (0.00%)	**2,693**	**1.66**
1,602,778	IG Design	2,693	1.66
	Internet (5.62%)	**6,832**	**4.20**
675,956	Eagle Eye Solutions	3,650	2.24
1,248,407	Gear4Music	1,124	0.69
9,572,615	Totally	2,058	1.27
	Investment Companies (3.01%)	**5,228**	**3.21**
328,364	Gresham House	2,640	1.62
10,353,337	Mercia Asset Management	2,588	1.59

Portfolio Statement (continued)

as at 30 April 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Leisure Time (0.00%)	**2,191**	**1.35**
1,664,912	On the Beach	2,191	1.35
	Media (1.67%)	**2,640**	**1.62**
5,279,671	Bigblu Broadband	2,640	1.62
	Metal & Hardware (1.86%)	**3,181**	**1.96**
775,731	Avingtrans	3,181	1.96
	Miscellaneous Manufacturing (1.82%)	**2,450**	**1.51**
1,368,708	Animalcare	2,450	1.51
	Pharmaceuticals (1.76%)	**1,842**	**1.13**
3,838,415	Inspiration Healthcare	1,842	1.13
	Real Estate Investment & Services (3.65%)	**6,737**	**4.15**
1,486,252	Belvoir	3,017	1.86
1,127,266	Property Franchise	3,720	2.29
	Retail (1.37%)	**1,916**	**1.18**
2,750,252	CMO	550	0.34
853,738	Zoo Digital	1,366	0.84
	Semiconductors (1.76%)	**3,250**	**2.00**
643,631	CML Microsystems	3,250	2.00
	Software (13.42%)	**21,841**	**13.42**
1,407,125	Bango	2,955	1.82
2,275,955	Beeks Financial Cloud	2,572	1.58
101,355	Cerillion	1,226	0.75
2,330,749	Essensys	1,142	0.70
478,822	Instem	2,945	1.81
389,257	K3 Business Technology	428	0.26
2,074,300	Microlise	2,593	1.59
3,245,341	Oxford Metrics	3,018	1.86

Portfolio Statement (continued)

as at 30 April 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Software (continued)		
1,889,934	Quixant	3,251	2.00
2,515,942	Vianet	1,711	1.05
	Telecommunications (6.25%)	**7,811**	**4.80**
1,982,510	Calnex Solutions	2,181	1.34
59,606,663	Crimson Tide	1,788	1.10
1,970,464	Fonix Mobile	3,842	2.36
	COLLECTIVE INVESTMENT SCHEMES (7.01%)	**11,368**	**6.99**
	IRELAND (3.51%)	**5,684**	**3.50**
5,678,873	HSBC Sterling Liquidity Fund	5,684	3.50
	LUXEMBOURG (3.50%)	**5,684**	**3.49**
5,678,873	JP Morgan Liquidity Fund	5,684	3.49
	Portfolio of investments	**159,339**	**97.98**
	Net other assets	**3,286**	**2.02**
	Total net assets	**162,625**	**100.00**

All securities are approved securities traded on eligible securities markets, as defined by the Collective Investment Scheme Sourcebook, unless otherwise stated.

All equity investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 30 April 2022.

Financial Statements

Statement of Total Return

for the year ended 30 April 2023

	Notes	(£'000)	1.5.2022 to 30.4.2023 (£'000)	(£'000)	1.5.2021 to 30.4.2022 (£'000)
Income					
Net capital losses	2		(18,973)		(17,631)
Revenue	3	3,503		2,565	
Expenses	4	(2,386)		(2,595)	
Interest payable and similar charges	6	–		–	
Net revenue/(expense) before taxation		1,117		(30)	
Taxation	5	–		–	
Net revenue/(expense) after taxation			1,117		(30)
Total return before distributions			**(17,856)**		**(17,661)**
Distributions	7		(1,117)		30
Change in unitholders' funds from investment activities			**(18,973)**		**(17,631)**

Statement of Change in Unitholders' Funds

for the year ended 30 April 2023

	(£'000)	1.5.2022 to 30.4.2023 (£'000)	(£'000)	1.5.2021 to 30.4.2022 (£'000)
Opening net assets		**199,906**		**131,796**
Amounts received on issue of units	43,185		136,264	
Amounts paid on cancellation of units	(62,536)		(50,529)	
		(19,351)		85,735
Change in unitholders' funds from investment activities		(18,973)		(17,631)
Retained distributions on accumulation units		1,043		6
Closing net assets		**162,625**		**199,906**

Financial Statements (continued)

Balance Sheet

as at 30 April 2023

	Notes	30.4.2023 (£'000)	30.4.2022 (£'000)
Assets			
Fixed assets			
Investments		159,339	196,284
Current assets:			
Debtors	8	493	1,336
Cash and bank balances	9	3,736	3,350
Total assets		**163,568**	**200,970**
Liabilities			
Creditors:			
Other creditors	10	(943)	(1,064)
Total liabilities		**(943)**	**(1,064)**
Net assets		**162,625**	**199,906**
Unitholders' funds		**162,625**	**199,906**

Notes to the Financial Statements

for the year ended 30 April 2023

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and the Statement of Recommended Practice "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014 (the "SORP") and updated in June 2017, the COLL and the Fund's Trust Deed. In applying UK GAAP, the financial statements have been prepared in compliance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102").

The Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied it has the resources to continue in business for at least the next twelve months after the financial statements are signed and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment considers liquidity, declines in global capital markets, known redemption levels, expense projections and key service provider's operational resilience.

b) Basis of valuation of investments

The valuation of the listed investments is based on the bid-market prices, excluding any accrued interest in the case of debt securities, at close of business on the last day of the accounting year, in accordance with the provisions of the Trust Deed. Unquoted securities are valued by the Manager on a fair value basis taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

c) Revenue

Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.

Interest on bank balances and deposits is recognised on an accruals basis.

All revenue is recognised at a gross amount that includes any withholding taxes but excludes any other taxes, such as attributable tax credits.

Revenue from securities lending is accounted for net of associated costs and is recognised on an accruals basis.

d) Expenses

Expenses are recognised on an accruals basis.

e) Taxation

Corporation tax is charged at 20% of the income liable to corporation tax, less expenses. Deferred tax is provided for at the rate at which taxation is likely to become payable in respect of all timing differences between the accounting and taxation treatment of items.

f) Foreign exchange

All transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of the transaction. Investments and other assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rates applicable at the end of the accounting period.

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

1 Accounting policies (continued)

g) Financial instruments

Where appropriate, certain permitted financial instruments such as derivative contracts or forward exchange contracts are used for the purpose of efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "Revenue" or "Expenses" in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the returns derived therefrom are included in "Net capital losses" in the Statement of Total Return. Any positions in respect of such instruments open at the year end are reflected in the portfolio statement at their market value. Where positions generate total returns, such returns are apportioned between capital and revenue to properly reflect the nature of the transaction. The amounts held at futures clearing houses in respect of these financial instruments are included in the cash and bank balances and detailed in the Notes to the Financial Statements. Transaction costs associated with derivatives are charged to revenue when incurred. All forward contracts outstanding at financial reporting dates are marked-to-market. The Fund may enter into permitted transactions such as derivative contracts or forward currency transactions as outlined in the relevant Investment Objective and Policy of the Fund.

Derivative financial instruments are initially recorded at transaction value on the date on which the derivative contract is entered into. All contracts outstanding at the financial reporting date are carried at a value provided by independent pricing providers. Any positions on such financial instruments open at the year end are reflected in the Balance Sheet at their marked-to-market value at close of business which is not materially different from IA SORP defined fair value policy.

1.1 Distribution policies

h) Basis of distribution

The net revenue available for distribution at the end of each distribution period will be paid as a dividend distribution. Should the expenses of the Fund (including taxation) exceed the revenue of the Fund, there will be no distribution and the shortfall will be set against the capital of the Fund.

The operating expenses of the Fund are paid out of the General administration charges by the Manager.

Any revenue attributable to accumulation unitholders is retained within the Fund at the end of the distribution period and represents a reinvestment of income on behalf of the accumulation Unitholders.

i) Equalisation

Equalisation on distributions from collective investment scheme is deducted from cost of investment and does not form part of the Fund's distribution.

j) Stock dividends

The ordinary element of a stock dividend is recognised as revenue to the extent that its market value is equivalent to the market value of the underlying shares on the date the shares are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash value of the dividend will be taken to capital. The ordinary element of the stock dividend is treated as revenue and forms part of the distribution.

k) Special dividends

The underlying circumstances behind special dividends are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue will form part of the distribution. Any tax treatment will follow the accounting treatment of the principal amount.

l) Functional currency

The base currency of the Fund is Sterling and is taken to be the 'functional currency' of the Fund.

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

2 Net capital losses

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
The net capital losses comprise:		
Non-derivative securities	(18,973)	(17,633)
Transaction costs	–	2
Net capital losses	**(18,973)**	**(17,631)**

3 Revenue

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Bank interest	9	–
Non-taxable overseas dividends	1	12
Stock lending income	10	10
Taxable overseas dividends	270	5
UK dividends	3,213	2,538
Total revenue	**3,503**	**2,565**

4 Expenses

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Payable to the Manager or associates of the Manager:		
Manager's charge	2,217	2,397
General administration charges*	169	213
	2,386	**2,610**
Other expenses:		
Publication costs	–	(15)
	–	**(15)**
Total expenses	**2,386**	**2,595**

* The audit fee for the year (borne out of the General administration charges), excluding VAT, was £10,300 (2022: £9,450). Where the fee exceeds the General administration charges, the shortfall will be met by the Manager .

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

5 Taxation

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)

a) Analysis of charge in year

There is no corporation tax charge in the current year or prior year [see note (b)].

b) Factors affecting tax charge for the year

The taxation assessed for the year is lower (2022: higher) than the standard rate of corporation tax in the UK for authorised Unit Trusts of 20% (2022: 20%). The differences are explained below:

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Net revenue/(expense) before taxation	1,117	(30)
Corporation tax at 20% (2022 - 20%)	224	(6)
Effects of:		
Movement in unrecognised tax losses	419	516
Revenue not subject to tax	(643)	(510)
Total tax charge [see note(a)]	**–**	**–**

Authorised Unit Trusts are exempt from UK tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c) Deferred tax

At the year end there is a potential deferred tax asset of £1,601,000 (2022: £1,182,000) due to tax losses of £8,007,000 (2022: £5,910,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or the prior year.

6 Interest payable and similar charges

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Overdraft interest	–	–
Total interest payable and similar charges	**–**	**–**

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

7 Distributions

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Final distribution	1,043	6
Amounts deducted on cancellation of units	220	8
Amounts received on issue of units	(146)	(44)
Distributions	**1,117**	**(30)**

The distributable amount has been calculated as follows:		
Net revenue/(expense) after taxation	1,117	(30)
Distributions	**1,117**	**(30)**

The distribution per unit is set out in the table on page 40.

8 Debtors

	30.4.2023 (£'000)	30.4.2022 (£'000)
Accrued revenue	166	257
Amounts receivable for issue of units	257	1,065
Sales awaiting settlement	70	14
Total debtors	**493**	**1,336**

9 Cash and bank balances

	30.4.2023 (£'000)	30.4.2022 (£'000)
Cash and bank balances	3,736	3,350
Total cash and bank balances	**3,736**	**3,350**

10 Creditors

	30.4.2023 (£'000)	30.4.2022 (£'000)
Accrued expenses	12	16
Accrued Manager's charge	170	409
Amounts payable for cancellation of units	437	404
Purchases awaiting settlement	324	235
Total other creditors	**943**	**1,064**

11 Contingent liabilities

There were no contingent liabilities or outstanding commitments at the balance sheet date (2022: £Nil).

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

12 Related party transactions

The Manager, Liontrust Fund Partners LLP is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of operation of the Fund.

By virtue of the Regulations governing authorised unit trusts, the Manager is party to every transaction in respect of units of the Fund, which are summarised in the Statement of Change in Unitholders' Funds.

The charges paid to Liontrust Fund Partners LLP and its associates are shown in note 4. Details of units issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Unitholders' Funds and balances due to/from the Manager at the year end are included within Notes 8 and 10.

The balance due to Liontrust Fund Partners LLP and its associates in respect of expenses at the year end was £182,000 (2022: £425,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £2,386,000 (2022: £2,610,000).

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

13 Securities lending

The Fund engages in security lending activities which expose the Fund to counterparty credit risk. The maximum exposure to the Fund is equal to the value of the securities loaned.

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Stock Lending Agent, The Bank of New York Mellon (London Branch), and separately between the Stock Lending Agent and the approved borrowing counterparty. Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of the Trustee on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee or the Stock Lending Agent. All operational costs are borne out of the Stock Lending Agent's share of income earned.

The total income earned from securities lending transactions is split between the relevant Fund and the Stock Lending Agent. The Fund receives 70% while the Stock Lending Agent receives 30% of such income, with all operational costs borne out of the Stock Lending Agent's share.

Return and cost

The table below shows the net income earned by the Fund from securities lending activity during the year to 30 April 2023.

	Collective Investment Undertaking (£'000)	Manager of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Securities lending				
Gross return	10	–	4	14
% of total	70%	0%	30%	100%
Cost	–	–	–	–

The table below shows the net income earned by the Fund from securities lending activity during the year to 30 April 2022.

	Collective Investment Undertaking (£'000)	Manager of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Securities lending				
Gross return	10	–	4	14
% of total	70%	0%	30%	100%
Cost	–	–	–	–

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

13 Securities lending (continued)

Securities on loan and collateral received

The following table details the value of securities on loan and associated collateral received, analysed by borrowing counterparty as at the Balance Sheet date.

		30 April 2023		30 April 2022	
Counterparty	Counterparty's country of establishment	Securities on loan (£'000)	Collateral received (£'000)	Securities on loan (£'000)	Collateral received (£'000)
Citigroup Global Markets Limited	UK	122	132	—	—
HSBC Bank	UK	157	173	241	270
J.P. Morgan Securities Plc	UK	95	107	87	96
Merrill Lynch International	UK	280	299	19	21
The Bank of Nova Scotia	Canada	—	—	1	1
Total		**654**	**711**	**348**	**388**

Collateral accepted is non-cash in the form of sovereign debt rated AA or better from approved governments only, supranational debt obligations rated AAA or better, equity securities and exchange traded funds listed on a recognised exchange.

Management of counterparty credit risk related to securities lending

To mitigate this risk, the Fund receives either cash or securities as collateral equal to a certain percentage in excess of the fair value of the securities loaned. The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary. At the year end all non-cash collateral received consists of securities admitted to or dealt on a recognised exchange.

The Fund also benefits from a borrower default indemnity provided by The Bank of New York Mellon (London Branch). The indemnity allows for full replacement of securities lent. The Bank of New York Mellon (London Branch) bears the cost of indemnification against borrower default.

14 Risk management policies

In accordance with the investment objectives and policies the Fund can hold certain financial instruments as detailed in the Fund's prospectus. These can comprise of:

- equity, equity related and non-equity shares;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- short-term borrowings used to finance operational cash flows;
- units and shares in collective investment schemes;
- unitholders' funds, which represent investors' monies which are invested on their behalf from overseas investments held;
- derivative transactions for investment purposes as well as efficient portfolio management in accordance with the Fund's investment policies.

In accordance with the requirements of the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Fund is not permitted to trade in other financial instruments. The Fund's use of financial instruments during the year satisfies these regulatory requirements.

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

14 Risk management policies (continued)

The main risks arising from the Fund's financial instruments are market price (including "emerging markets price risk"), currency, interest rate, liquidity and counterparty credit risk. The Manager's policies for managing these risks are summarised below. The Fund, alongside an independent risk function, has used a combination of risk measurements and limits to measure and monitor portfolio risk. This is in line with the Liontrust Group's Risk Management Process.

These policies have remained unchanged since the beginning of the year to which these financial statements relate and during the prior year.

Market price risk

Market price risk is the risk that the Fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. The Manager reviews the portfolio in order to consider the asset allocation implications and to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the Fund's investment objective. An individual Fund Manager has responsibility for monitoring the existing portfolio, in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk reward profile. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

Furthermore, because a significant proportion of the companies in which the Fund invests is traded on the Alternative Investment Market (AIM) and in smaller companies, their liquidity cannot be guaranteed. The nature of these investments is such that prices can be volatile and realisations may not achieve current book value, especially when such sales represent a significant proportion of the company's market capital. Nevertheless, on the ground that the investments are not intended for immediate realisation, bid market price is regarded as the most objective and appropriate method of valuation.

The Fund's investment portfolio is monitored by the Manager in pursuance of its investment objective and policy as set out in the prospectus.

As at 30 April 2023 and 30 April 2022 the overall market exposure for the Fund was as shown in the Portfolio Statement, other than for derivatives where the exposure could be greater. The Fund is exposed to market price risk as the assets and liabilities of the Fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Fund to market price risk is estimated below which shows the expected change in the market value of the Fund when a representative market index changes by 10%. These percentage movements are based on the Manager's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Fund has previously changed when that corresponding market index has moved taking into account the Fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 30 April 2023, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 6.6%.

As at 30 April 2022, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 8.1%.

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

14 Risk management policies (continued)

Market price risk (continued)

The Fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR).

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statement for the notional values of any forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Fund uses a combination of other risk measurements and limits. This is in line with the Liontrust Group's Risk Management Process.

The Fund did not materially use derivatives in the current or prior year and the level of leverage employed by the Fund during the current or prior year is not considered to be significant.

Currency risk

Currency risk is the risk that the revenue and net asset value of the Fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Fund's investments may be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than Sterling, which is the Fund's functional and reporting currency.

The Manager has identified three principal areas where foreign currency risk could impact the Fund:

- Movements in exchange rates affecting the value of investments;
- Movements in exchange rates affecting short-term timing differences; and
- Movements in exchange rates affecting the income received.

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific unwanted currency risk being identified.

The Fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The Manager believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Fund may receive income in currencies other than Sterling, and the Sterling values of this income can be affected by movements in exchange rates. The Fund converts all receipts of income into Sterling on or near the date of receipt; it does not, however, hedge or otherwise seek to avoid exchange rate risk on income accrued but not received.

However, in line with the Sub-fund's objectives of investing primarily in the UK and Ireland, the Sub-fund is expected to have only minimal foreign currency exposures.

The majority of the Fund's financial assets and liabilities are denominated in the Fund's functional currency. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of currency exchange rates. Therefore, no exchange rate sensitivity analysis has been prepared for these.

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

14 Risk management policies (continued)

Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate in line with overnight bank rates.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements.

If a Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the Fund may not be able to sell a position for full value or at all in the short-term. This may affect performance and could cause the Fund to defer or suspend redemptions of its units. In addition, the spread between the price you buy and sell units will reflect the less liquid nature of the underlying holdings. Any unquoted investments held by a Fund are by their nature much less liquid than those listed on an exchange. A Fund may not be able to sell a position for full value or at all in the short term.

The main liquidity risk of the Fund is the redemption of any units that investors wish to sell, which are redeemable on demand under the Trust Deed. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

In accordance with the Manager's policy, the Manager monitors the Fund's liquidity on a daily basis.

Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Fund are downgraded.

The Fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. This list is reviewed at least annually.

The Fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Fund has fulfilled its obligations. The Fund will only enter into stock lending activities with parties that have been approved as acceptable by the Manager and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts. At the year end collateral of £Nil (prior year: £Nil) was received; collateral pledged was £Nil (prior year: £Nil) and none (prior year: none) of the Fund's financial assets were past due or impaired.

The Trustee is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation, as at 30 April 2023 was A (Standard & Poor's rating).

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

14 Risk management policies (continued)

Counterparty credit risk (continued)

BNYMSA, in the discharge of its delegated Trustee duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Fund's rights with respect to its assets to be delayed or may result in the Fund not receiving the full value of its assets.

Maturity profile of financial liabilities

All financial liabilities of the Fund at the current and prior year-end are due to settle in one year or less, or on demand.

Fair value of financial assets and liabilities

Securities held by the Fund are valued at bid-price. The difference between this value and the fair value of the securities is immaterial. There is also no material difference between the value of other financial assets and liabilities of the Fund included in the balance sheet and their fair value.

Valuation of financial investments

30.4.2023	Assets (£'000)	Liabilities (£'000)
Level 1: Quoted prices	147,971	–
Level 2: Observable market data	11,368	–
	159,339	**–**

30.4.2022	Assets (£'000)	Liabilities (£'000)
Level 1: Quoted prices	182,280	–
Level 2: Observable market data	14,004	–
	196,284	**–**

Level 1: Unadjusted quoted price in an active market for an identical instrument;
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;
Level 3: Valuation techniques using unobservable inputs.

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

15 Portfolio transaction costs

for the year ending 30 April 2023

Purchases (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	17,742	15	0.08	10	0.06
Total purchases	**17,742**	**15**		**10**	
Total purchases including transaction costs	**17,767**				

Sales (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	33,128	23	0.07	–	–
Total sales	**33,128**	**23**		**–**	
Total sales net of transaction costs	**33,105**				
Total transaction costs		**38**		**10**	
Total transaction costs as a % of average net assets		**0.02%**		**0.01%**	

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

15 Portfolio transaction costs (continued)

for the year ending 30 April 2022

Purchases (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	111,348	88	0.08	26	0.02
Total purchases	**111,348**	**88**		**26**	
Total purchases including transaction costs	**111,462**				

Sales (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	29,989	16	0.05	–	–
Total sales	**29,989**	**16**		**–**	
Total sales net of transaction costs	**29,973**				

Total transaction costs		**104**		**26**	
Total transaction costs as a % of average net assets		**0.05%**		**0.01%**	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instrument types.

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally, for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 3.19% (2022: 3.68%).

Notes to the Financial Statements (continued)

for the year ended 30 April 2023

16 Unit classes

For the year ending 30 April 2023

	Opening units	Units issued	Units redeemed	Units converted	Closing units
Institutional Accumulation	82,124,352	18,578,042	(27,894,742)	—	72,807,652

17 Post balance sheet events

The Fund invests in a portfolio of assets, whose values have changed since the year-end, primarily due to market volatility. Since the year-end, the NAV per unit of the Institutional Accumulation unit class has decreased by 3.06% to 16 August 2023.

Distribution Table

for the year ended 30 April 2023

Final distribution

Group 1 - Units purchased prior to 1 May 2022

Group 2 - Units purchased 1 May 2022 to 30 April 2023

	Net Revenue Pence per unit	Equalisation* Pence per unit	Distribution paid 30.6.2023 Pence per unit	Distribution paid 30.6.2022 Pence per unit
Institutional Accumulation - Group 1	1.4320	—	1.4320	0.0077
Institutional Accumulation - Group 2	0.6504	0.7816	1.4320	0.0077

* Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Securities Financing Transactions (unaudited)

as at 30 April 2023

Securities Lending

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Stock Lending Agent, The Bank of New York Mellon (London Branch), a related party to the Fund, and separately between the Stock Lending Agent and the approved borrowing counterparty. Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of The Bank of New York Mellon (International) Limited ("the Trustee") on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee or the Stock Lending Agent.

The total income earned from securities lending transactions is split between the relevant Fund and the Stock Lending Agent. The Fund receives 70% while the Stock Lending Agent receives 30% of such income, with all operational costs borne out of the Stock Lending Agent's share.

The following table details the value of securities on loan as a proportion of the Funds' total lendable assets and Net Asset Value (NAV) as at 30 April 2023. The income earned from securities lending are also shown for the period ended 30 April 2023. Total lendable assets represents the aggregate value of assets forming part of the Funds' securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan		
% of lendable assets	% of NAV	Income earned (£'000)
0.53	0.40	10

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 April 2023.

		Securities Lending	
Counterparty	Counterparty's country of establishment	Amount on loan (£'000)	Collateral received (£'000)
Citigroup Global Markets Limited	UK	122	132
HSBC Bank	UK	157	173
J.P. Morgan Securities Plc	UK	95	107
Merrill Lynch International	UK	280	299
Total		**654**	**711**

All securities on loan have an open maturity tenor as they are recallable or terminable on a daily basis.

Collateral

The Fund engages in activities which may require collateral to be provided to a counterparty ("collateral posted") or may hold collateral received ("collateral received") from a counterparty.

Securities Financing Transactions (unaudited)(continued)

as at 30 April 2023

Collateral (continued)

The following table provides an analysis by currency of the underlying cash and non-cash collateral received / posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions, as at 30 April 2023.

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Securities lending transactions				
AUD	-	-	36	-
CAD	-	-	5	-
CHF	-	-	1	-
EUR	-	-	95	-
GBP	-	-	58	-
HKD	-	-	208	-
JPY	-	-	7	-
NZD	-	-	1	-
USD	-	-	300	-
Total	**-**	**-**	**711**	**-**

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received / posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions, as at 30 April 2023.

	Maturity Tenor						
Collateral type and quality	1 - 7 days (£'000)	8 - 30 days (£'000)	31 - 90 days (£'000)	91 - 365 days (£'000)	More than 365 days (£'000)	Open transactions (£'000)	Total (£'000)
Collateral received - securities lending							
Fixed income							
Investment grade	–	7	1	34	208	–	**250**
Equities							
Recognised equity index	–	–	–	–	–	461	**461**
Total	**–**	**7**	**1**	**34**	**208**	**461**	**711**

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency; Standard & Poor's, Moody's or Fitch.

A recognised equity index contains at least 20 equities where no single equity represents more than 20% of the total index and no five equities combined represent more than 60% of the total index.

The maturity tenor analysis for fixed income securities received as collateral is based on the respective contractual maturity date, while for equity securities and exchange traded funds (ETFs) received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

Securities Financing Transactions (unaudited)(continued)

as at 30 April 2023

Collateral (continued)

As at 30 April 2023, all non-cash collateral received by the Fund in respect of securities lending transactions is held by the Funds' Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions as at 30 April 2023.

Issuer	Value (£'000)	% of the Sub-fund's NAV
Merrill Lynch International	299	0.18
HSBC Bank PLC	173	0.11
Citigroup Global Markets Limited	132	0.08
JP Morgan Securities Plc.	107	0.07
Morgan Stanley & Co. LLC	0	0.00
Total	**711**	**0.44**

Additional Information (unaudited)

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 11 February 2016.

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 units only.

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.

The minimum initial lump sum investment in the Fund is £5m, the minimum additional investment is £100,000 and the amount you may sell back to the Manager at any one time is £50,000. Please refer to the Prospectus for more details.

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 Fund Partners LLP at PO Box 373, Darlington, DL1 9RQ. 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 or other financial regulator.

Management charges and spreads: The initial charge and annual management fees per unit class are detailed below.

Initial charge	%	Ongoing charges figure*	%	Included within the OCF is the Annual Management Charge**	%
Institutional Accumulation	Up to 2	Institutional Accumulation	1.34	Institutional Accumulation	1.25

* 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.

Publication of prices: The price of units in the Fund is quoted on our website, www.liontrust.co.uk and other industry websites such as www.trustnet.com. Daily and historic Fund prices are available from our Dealing and Administration team on 0344 892 0349.

Capital Gains Tax: As an authorised unit trust, any capital gains made within the Fund is exempt from UK Capital Gains Tax. An individual investor is subject to capital gains tax on gains made on their investment, however an individual's first £12,300 of net gains on disposals in the 2022-2023 tax year are exempt from tax (2021-2022: £12,300).

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 taxpayer, 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.

Additional Information (unaudited) (continued)

Remuneration: Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive (2014/91/EU), the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year. The table below provides an overview of the following as at year ended 31 March 2023:

- Aggregate total remuneration paid by the Manager to its staff (employees and members)
- Aggregate total remuneration paid by the Manager to all relevant UCITS code staff

	Headcount	Total Remuneration (£'000)
Manager UK Staff[1]	102	15,629
of which		
Fixed remuneration	102	9,728
Variable remuneration	102	5,901
UCITS Remuneration Code Staff[1, 2]	9	18
of which		
Senior Management	2	11
Other control functions:		
Other code staff/risk takers	7	7

[1] The Manager's UK staff costs have been incurred by another Group entity and allocated to the Manager. The most appropriate measure of staff costs are those staff who are members of Liontrust Investment Partners LLP or Group staff who are employed by LAM but have their costs apportioned to the LLP. The information has been disclosed on an annualised basis.

[2] UCITS Aggregate Remuneration Code Staff applies only in respect of the provision of services to UCITS funds rather than their total remuneration in the year. For senior management and control function staff, remuneration is apportioned on the basis of assets under management for UCITS funds versus the total Group assets under management. For portfolio management staff remuneration is apportioned directly to the Fund.

Remuneration is made up of fixed pay (i.e. salary and benefits such as pension contributions) and variable pay (annual performance based or linked directly to investment management revenues). Annual incentives are designed to reward performance in line with the business strategy, objectives, values and long term interests of the Manager and LAM PLC Group. The annual incentive earned by an individual is dependent on the achievement of financial and non-financial objectives, including adherence to effective risk management practices. The Manager provides long-term incentives which are designed to link reward with long-term success and recognise the responsibility participants have in driving future success and delivering value. Long-term incentive awards are conditional on the satisfaction of corporate performance measures. The structure of remuneration packages is such that the fixed element is sufficiently large to enable a flexible incentive policy to be operated.

Staff are eligible for an annual incentive based on their individual performance, and depending on their role, the performance of their business unit and/or the group. These incentives are managed within a strict risk framework, and the Directors of LAM retain ultimate discretion to reduce annual incentive outcomes where appropriate.

The Manager actively manages risks associated with delivering and measuring performance. All our activities are carefully managed within our risk appetite, and individual incentive outcomes are reviewed and may be reduced in light of any associated risk management issues.

The Liontrust Group operates a Remuneration Committee (the "Committee"). The Committee reports to the Board. The Committee reviews risk and compliance issues in relation to the vesting of deferred awards for all employees and members. Compliance is monitored throughout the vesting period by the Committee.

These remuneration policies apply also to other entities in the Liontrust Group to which investment management of the Company has been delegated, and those delegates are subject to contractual arrangements to ensure that policies which are regarded as equivalent are applied.

Additional Information (unaudited) (continued)

The Board adopts, and reviews annually, the general principles of the applicable remuneration policies, and the implementation of the remuneration policies is, at least annually, subject to central and independent internal review by the Committee for compliance with policies and procedures.

Assessment of Value: The regulator - the FCA - has asked every asset manager to assess the value of the funds they run. Assessing value goes beyond performance and costs and encompasses a minimum of seven criteria mandated by the FCA. Please note we are changing the reference and publication date of our annual Assessment of Value. Previously, the reference date was the end of August, with a publication date of December. Going forward, from 30 June 2023, the reference date will be 30 June, with a publication deadline of end of October. The assessment of value report can be viewed on the Liontrust website www.liontrust.co.uk/learning/assessment-of-value.

Important information: Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested. 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.

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