LIONTRUST

LIONTRUST UK GROWTH FUND

Manager's Long Final Report and Financial Statements for the year ended 31 December 2013

Managed by Anthony Cross &
Julian Fosh in accordance with
The Liontrust Economic Advantage

LIONTRUST FUND PARTNERS LLP

LIONTRUST UK GROWTH FUND

Manager

Liontrust Fund Partners LLP
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London
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Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

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Trustee

State Street Trustees Limited
20 Churchill Place
London
E14 5HJ

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Registrar

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Independent Auditors

PricewaterhouseCoopers LLP
PO Box 90
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68-73 Queen Street
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EH2 4NH

LIONTRUST UK GROWTH FUND

Investment Profile

This unit trust is managed to produce long-term capital growth using a disciplined investment approach which aims to identify UK companies whose competitive strengths ("Economic Advantage") allow them to sustain a higher than average level of profitability for longer than expected. Economic Advantage is the collection of distinctive characteristics of a company that competitors struggle to reproduce. These assets deliver pricing power, protect margins, and thus drive sustained profitability. The market rewards excess profitability, particularly when it is higher than consensus expectations. The Fund invests in a portfolio of competitive UK companies which we believe will surprise the market with the profits growth.

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Investment Objective

The investment objective of the Fund is to provide long-term capital growth through a portfolio of mainly United Kingdom ("UK") equities but with the option of investing part of the portfolio overseas.

Although the Fund may invest in all economic sectors in all parts of the world, it is intended that it will currently invest primarily in securities in companies listed on the International Stock Exchange of the UK and Ireland. The Fund may also invest in shares issued by companies incorporated in any European Economic Area ("EEA") Member State other than the UK which are listed on a recognised stock exchange of an EEA Member State. The Fund may also invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Liontrust Asset Management PLC

Liontrust, which was founded in 1994, is an independent fund management group whose shares are quoted on the London Stock Exchange. Liontrust manages £3.6 billion (as of 31 December 2013) in UK, European and Asian equities and Global Credit. We take pride in having a distinct culture and approach to asset management. This comes through the following factors:

- Liontrust is an independent business with no corporate parent.
- Liontrust specialises in those asset classes where it believes it has particular expertise and fund managers have strong long-term track records rather than try to be all things to all people.
- Liontrust uses rigorous investment processes that are robust and scaleable to ensure they are capable of delivering superior long-term performance. Using these investment processes ensures the way we manage money is predictable and repeatable.
- We aim to provide a culture that gives all fund managers the freedom to manage their portfolios according to their own investment processes and market views
- We have created an environment in which fund managers can focus on running money and not get distracted by other day-to-day aspects of running a fund management business, particularly administration.
- We aim to treat clients, investors, members, employees and suppliers fairly and with respect. Therefore, 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 Fund Partners LLP, Liontrust Investment Partners LLP and North Investment Partners Limited which are authorised and regulated by the Financial Conduct Authority.

Performance of the Fund

In the year to 31 December 2013 an investment in the Fund rose by 18.9%. This compares with a return of 20.8% in the FTSE All-Share Index, the benchmark index and an average return of 26.2% in the IMA UK All Companies sector.

Since Anthony Cross and Julian Fosh took over management of the Fund on 25 March 2009, the Fund has risen 141.9%. This compares with a rise of 115.9% in the Fund's benchmark, the FTSE All-Share Index and an average return of 124.2% in the IMA UK All Companies sector.

Source: *Financial Express, bid to bid basis, total return retail class.*

At the end of February 2014, the Fund paid a retail class dividend distribution for the year ended 31 December 2013 of 4.05 pence per unit (31 December 2012: 3.44 pence per unit). The Fund paid an institutional class dividend distribution of 6.29 pence per unit (31st December 2011: 5.41 pence per unit) and the Fund paid an Advised class dividend distribution of 5.49 pence per unit.

Source: *Liontrust Fund Partners LLP.*

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

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MANAGER'S INVESTMENT REPORT

Risk Rating

The Risk disclosures are in accordance with CESR guidelines and are consistent with rating disclosed in the KIID.

Lower Risk **Typically lower rewards**				**Higher Risk** **Typically higher rewards**		
1	**2**	**3**	**4**	**5**	**6**	**7**

- The indicator is based upon historical data and may not be relied upon to gauge the future risk profile of the Fund.
- The risk and reward indicator shown is not guaranteed and may shift over time.
- The lowest category (1) does not mean 'risk free'.
- The Fund's risk and reward category has been calculated using the methodology set by the European Commission. It is based upon the rate by which the Fund's value has moved up and down in the past.
- The Fund is categorised 6 primarily for its exposure to securities (equity) of larger and smaller UK companies.

The risk and reward indicator does not take into account the following Fund risks:

- That a company may fail thus reducing its value within the Fund.
- Any company which has high overseas earnings may carry a higher currency risk as for valuation purposes, local receipts may require conversion into the currency of the Fund, which is pounds sterling.
- The Fund will comprise both growth and value companies as appropriate.
- The Fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.

Market Commentary

Equity markets started 2013 in bullish mood following the agreement of a deal to postpone 'fiscal cliff' automatic budget cuts in the US which had been causing increasing concern. A benign environment for equities persisted until eurozone fears re-emerged in March as the Cypriot banking sector faltered. A bailout agreement was eventually reached, but the final terms created fears that the losses incurred by bondholders and some depositors could represent a template for any future eurozone bailouts. Despite this, equity markets continued to push upwards and in May 2013 the FTSE All-Share index recorded its 12th consecutive month in positive territory.

However, global equity markets then suffered a correction as Ben Bernanke – chairman of the US Federal Reserve – indicated that quantitative easing (QE) could be reduced before the end of 2013. The FTSE All-Share fell 5% in June and the following months were marked by uncertainty regarding the path of monetary policy, with investors scrutinising the statements of the Fed, BoE and ECB. At its September meeting the Fed sprung a surprise when, contrary to the newly-formed consensus expectation, it chose not to cut back its QE operations.

Tapering of QE was finally announced in December in a Fed statement which seemed to successfully strike a balance between giving sufficient details of the phasing out of the programme and maintaining enough stimulus in the meantime to support positive sentiment. Starting in January 2014, monthly asset purchases under the programme will be reduced by $10bn to $75bn.

As well as the maintenance of monetary stimulus in 2013, a positive return for global equity markets was aided by the easing of tensions over the prospect of a Western military response to events in Syria as well as the agreements reached by US politicians, firstly to end a federal government shutdown in October and secondly to extend the country's debt limit to avoid a technical debt default. The UK economy showed signs of recovery prompting the IMF in October to increase its 2014 UK growth forecast from 1.5% to 1.9% while downgrading its global growth forecast from 3.8% to 3.6%. UK GDP grew 0.8% in the third quarter of 2013, the fastest rate since 2010 and employment data improved at a rate which surprised many.

The FTSE All-Share index returned 20.8% over the year. Of the FTSE350 'supersectors', only basic resources registered a negative return (-15.6%). Other laggards included utilities (+7.0%), oil & gas (+7.5%) and banks (+7.8%). The best performing areas included the relatively small auto & parts (+63.2%) and travel & leisure (+38.1%) sectors. More significant in the market's rise, due to its high weighting, was the telecom sector's 54.6% gain.

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MANAGER’S INVESTMENT REPORT

The Fund Review

The Fund returned 18.9% in the year to 31 December 2013.

The ‘quality’ bias of the Economic Advantage process has presented a relative performance headwind during a period where ‘value’ companies were in favour. For much of the year the prevailing market environment was one where companies with low-quality balance sheets were the biggest beneficiaries of improving sentiment. When supportive policy is provided by governments and central banks, it is those companies that would struggle in its absence who stand to gain the most, and who therefore rally from their previously depressed levels.

We try to invest in high quality companies whose prospects for growth and strong financial performance, while boosted by supportive economic conditions, are not reliant on them. These companies tend to have strong balance sheets and good cash-flow return on capital. Equally, we do not take sector views based on macroeconomic expectations. The economic advantage characteristics that our process seeks to identify in companies are, however, more commonly found in certain sectors of the stockmarket than others.

Our Economic Advantage investment process is designed around investing in companies which we believe have assets which create strong barriers to competition, allowing them to consistently earn excess financial returns. Intangible assets are, in our opinion, the most effective barriers to competition as they are the hardest to replicate. Specifically we look for companies that possess either one, or a combination, of intellectual property, strong distribution channels or a high level of recurring business (above 70%). We also require evidence that these intangible assets are translating into strong financial returns for the company either through high margins or good returns on capital employed (ROCE).

From a sector perspective, the Fund’s underweight position in basic resources, banks and utilities in 2013 had a positive effect on relative performance but was more than offset by the drag of a higher than target cash position in a rising market, the lack of participation in a strong telecoms sector rally and the aforementioned value bias in the market. We estimate that the absence from the Fund of Vodafone – a UK market bellwether whose shares returned +61.8% over the year as it the agreed sale of its 45% stake in Verizon Mobile for $130bn – alone had a negative impact on relative performance of over 100bp.

The Fund’s holdings show a 38:9 split between positive and negative share price performance in 2013.

The non-banks financial sector holdings performed particularly well. Hargreaves Lansdown (+104.8%) is a natural beneficiary of rising equity markets as management fees increase in line with assets, and the company reported that activity between July and October – its first quarter – was ‘exceptional’ with assets under management increasing £2.9bn to a record £39.3bn. It also saw ‘immense’ demand from new and existing customers for participation in Royal Mail’s public offering, which contributed to the strong trading for the company. Inter-dealer brokers ICAP (+59.1%) and Tullet Prebon (+59.2%) both benefited from increased investor activity, as did Fidessa (+55.6%), a provider of software to the asset management industry.

The housing market was buoyant in 2013, as reflected in the share price returns of both Rightmove (+93.1%) and Savills (+42.3%). Rightmove continued to make impressive progress; interim results at the end of July revealed a 16% rise in revenues year-on-year as page impressions on its website rose 22% while the number of advertisers rose 3.5% to 18,916 over the six months and average revenue per advertiser increased 14%. The company also announced that it had renewed its membership agreement with Countrywide – the UK’s largest estate agency – through to the end of 2018.

The worst performers in the portfolio in 2013 were Spirent (-30.1%), Emis Group (-27.4%) and Petrofac (-22.1%). Spirent, which makes telecoms testing equipment, had a tough year: it referred to trading conditions as ‘mixed’ at the interim stage, before announcing the departure of its CEO. A subsequent Q3 trading update stated that – although order intake was in-line with its expectations – trading conditions had been volatile and revenues would be lower than expected due to contract delays. Trading at EMIS was reasonably solid with 11% revenue growth in the first six months of 2013, although operating profit was flat. Shares in the company weakened however as £27m was raised through a placing of shares at 615p – about 40p below the previous market price – to partially fund the acquisition of Ascribe, a business which boosts the portfolio of software services EMIS can offer GP practices. Petrofac, a provider of services to the oil and gas industry, saw its shares fall on a combination of a weaker energy demand outlook, growing political risks in the regions in which it operates, and a higher-than-expected level of capital investment in its offshore business.

We are comfortable with the operational progress made during the year by all holdings within the Fund, including those facing tough market conditions or weak share prices. In general we will continue to hold companies through such periods, so long as the economic advantage characteristics we have identified – intellectual property, a strong distribution network or recurring revenue - remain intact. Short term periods of share price weakness per se give no cause for us to consider selling an investment, nor would we necessarily seek to ‘lock in’ substantial share price gains.

In keeping with our long term investment approach, turnover was low over the year, with Aegis the only holding sold from the Fund following a takeover by Dentsu, Asia’s biggest advertising agency. Only one new position was initiated – Advanced Computer Software.

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MANAGER'S INVESTMENT REPORT

Outlook

The scale of the equity market rally seems to have exceeded the level of improvement in trading conditions which companies have so far pointed towards when releasing their financial results. As ever, we are happy to leave predictions over the future direction of the economy to others, and concentrate on investing in companies that can perform well over the cycle, and in tough market conditions as well as benign environments. To this end, we are very comfortable with the prospects for the Fund's portfolio of companies.

As the structural support of accommodative monetary policy is removed, we think that those companies that benefited the most from the investment environment created may be those that now struggle. However, we believe that our emphasis on companies capable of delivering high-quality growth will be beneficial as it is likely that valuations will increasingly revert to fundamentals. We believe that the focus of our process on quality gives it positive asymmetry of risk; the scale of downside protection it affords during market falls has historically, and should continue to, exceed any low-beta episodes in market rallies. If the sentiment-driven market rally fades, and the economy moves into a steady state of economic growth, we would expect our companies to perform relatively well in this environment; equally, if equities struggle as policy support is withdrawn, we believe our companies may prove more dependable than the wider market.

Anthony Cross & Julian Fosh
Fund Managers

February 2014

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

Manager's Report

The manager's investment report, together with information on the authorised status of the Fund, the objectives and policy of the Fund, the information on page 1 and the portfolio statement, comprise the Manager's Report.

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Performance Record

Net Asset Value and Ongoing Charges Figure

The table below shows the number of units in issue, the total net asset value of the property of the Fund, the net asset value per unit and the ongoing charges figure for each class of unit:

	Units in issue	Net asset value of unit class (£)	Net asset value per unit (p)	*Ongoing charges figure (%)
Advised				
Income 31/12/12	5,000	13,254	265.07	1.17
Income 31/12/13	89,769	279,462	311.31	1.15
Institutional				
Income 31/12/10	35,450	79,680	224.77	-
Income 31/12/11	657,517	1,544,455	234.89	-
Income 31/12/12	2,946,694	7,768,160	263.62	0.92
Income 31/12/13	24,013,605	74,397,918	309.82	0.90
Retail				
Income 31/12/10	70,962,510	159,493,093	224.76	-
Income 31/12/11	60,968,265	141,740,314	232.48	-
Income 31/12/12	76,073,680	198,513,316	260.95	1.68
Income 31/12/13	53,707,702	164,365,831	306.04	1.65

The calculation of the net asset value for the current year uses bid prices in line with the requirements of the Statement of Recommended Practice (SORP) for Authorised Funds issued by the IMA in October 2010.

To comply with the requirements of the UCITS IV Directive the Total Expense Ratio has been replaced with an Ongoing Charges Figure.

* The Ongoing Charges Figure ('OCF') is the total expenses paid by the Fund in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

Unit price history and revenue record

The table below shows the highest buying price, the lowest selling price of units and the net income distributions made by the Fund for the last five years.

Advised

Year	Highest offer (buying) price (p)	Lowest bid (selling) price (p)	Net income per unit (p)	Net income per £1,000 invested at 17/12/12 (£)
Income 2012	280.69	264.12	-	-
Income 2013	325.66	267.77	5.49	19.56

Institutional

Year	Highest offer (buying) price (p)	Lowest bid (selling) price (p)	Net income per unit (p)	Net income per £1,000 invested at 01/11/10 (£)
Income 2010	230.78	214.20	2.86	12.98
Income 2011	254.29	214.10	4.27	19.37
Income 2012	275.29	236.87	5.41	24.55
Income 2013	318.56	266.45	6.29	28.54

Retail

Year	Highest offer (buying) price (p)	Lowest bid (selling) price (p)	Net income per unit (p)	Net income per £1,000 invested at 02/01/08 (£)
Income 2009	194.65	127.99	3.18	14.75
Income 2010	242.09	174.40	2.64	12.25
Income 2011	265.14*	212.46	3.56	16.52
Income 2012	284.77*	234.99	3.44	15.96
Income 2013	329.22	264.26	4.05	18.79

The Fund distributes income once per annum, on 28 February. The ex-dividend date is 1 January each year.

The institutional unit class was launched 1 November 2010.

The advised unit class was launched 17 December 2012.

Income can be reinvested to purchase units at no initial charge.

* The highest offer (buying) price (p) has been restated.

LIONTRUST UK GROWTH FUND

Authorised Status

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

Statement of the Manager's Responsibilities

in respect of the Report and Financial Statements of the Scheme:

The Financial Conduct Authority's Collective Investment Scheme Sourcebook ('the Regulations') 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 Scheme and of its net income/expenses and the net gains/losses on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation.

The Manager is responsible for the management of the Scheme in accordance with its Trust Deed, Prospectus and the Regulations, and has taken all reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Trustee's Responsibilities

The Trustee is under a duty of care to take into its custody or under its control all of the property of the Scheme and to hold it in trust for the holders of units. Under the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook relating to Reports, it is also the duty of the Trustee to enquire into the conduct of the Manager in the management of the Scheme in each annual accounting period and report thereon to unitholders in a report which shall contain the matters prescribed by the rules.

The Trustee's report is included below.

Trustee's Report

to the unitholders of the Liontrust UK Growth Fund ("the Fund")

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustees of the Scheme it is our opinion, based on the information available to us and the explanations provided, that the Manager has in all material respects managed the Scheme during the year in accordance with the investment and borrowing powers and restrictions applicable to the Scheme, and otherwise in accordance with the provisions of the Trust Deed and the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

State Street Trustees Limited
20 Churchill Place
London E14 5HJ

6 March 2014

LIONTRUST UK GROWTH FUND

Certification of Financial Statements by Directors of the Manager

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

John Ions
Chief Executive

Antony Morrison
Partner, Head of Finance

Liontrust Fund Partners LLP

6 March 2014

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the financial position of the Trust as at 31 December 2013 and of the net revenue and the net capital gains of the scheme property of the Trust for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

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

What we have audited

The financial statements, which are prepared by Liontrust UK Growth Fund (the "Trust"), comprise:

- the balance sheet of the Trust as at 31 December 2013;
- the statement of total return of the Trust for the year then ended;
- the statement of change in net assets attributable to unitholders of the Trust for the year then ended;
- the notes to the Trust's financial statements, which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds"), the Collective Investment Schemes sourcebook and the Trust Deed.

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

What an audit of financial statements involves

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

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

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

Opinions on matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Collective Investment Schemes sourcebook we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Authorised Fund Manager

As explained more fully in the Authorised Fund Manager's Responsibilities Statement set out on page 8, the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
6 March 2014

LIONTRUST UK GROWTH FUND

Portfolio Statement

as at 31 December 2013 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
UNITED KINGDOM - EQUITIES (91.83%*)		**233,724**	**97.78**
Consumer Goods (13.58%*)		**32,097**	**13.42**
British American Tobacco	279,277	9,018	3.77
Diageo	448,739	8,959	3.75
Reckitt Benckiser	137,852	6,603	2.76
Unilever	303,122	7,517	3.14
Consumer Services (12.20%*)		**37,305**	**15.62**
Carpetright	278,463	1,375	0.58
Compass	767,296	7,408	3.10
Domino's Pizza	513,719	2,646	1.11
Next Fifteen Communications	3,202,302	2,722	1.14
Pearson	271,914	3,654	1.53
Reed Elsevier	693,786	6,213	2.60
Rightmove	215,432	5,834	2.44
WH Smith	538,008	5,375	2.25
Wm Morrison Supermarkets	792,131	2,078	0.87
Financials (6.74%*)		**19,774**	**8.28**
Brooks Macdonald	321,462	4,677	1.96
Hargreaves Lansdown	264,041	3,588	1.50
ICAP	856,562	3,842	1.61
Savills	526,247	3,350	1.40
Tullett Prebon	1,151,096	4,317	1.81
Health Care (9.26%*)		**24,346**	**10.18**
AstraZeneca	227,093	8,138	3.40
GlaxoSmithKline	646,504	10,418	4.36
Shire	203,515	5,790	2.42
Industrials (27.06%*)		**63,282**	**26.46**
Aggreko	199,412	3,426	1.43
BAE Systems	1,250,858	5,429	2.27
Domino Printing Sciences	273,285	2,099	0.88
Halma	921,968	5,541	2.32
Intertek	111,951	3,536	1.48
Michael Page International	808,512	3,952	1.65
PayPoint	595,017	6,010	2.51
Renishaw	153,553	2,994	1.25
Rotork	177,970	5,095	2.13
RWS	662,344	6,097	2.55
Smiths	127,852	1,888	0.79
Spectris	224,900	5,742	2.40
Spirax-Sarco Engineering	174,834	5,203	2.18
Ultra Electronics	142,606	2,755	1.15
Weir	164,537	3,515	1.47

LIONTRUST UK GROWTH FUND

Portfolio Statement

as at 31 December 2013 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
Oil & Gas (15.73%*)		**39,820**	**16.66**
AMEC	381,670	4,149	1.74
BG	686,243	8,897	3.72
BP	2,268,286	11,117	4.65
John Wood	189,827	1,296	0.54
Petrofac	264,747	3,238	1.36
Royal Dutch Shell 'B' Shares	488,151	11,123	4.65
Technology (7.26%*)		**15,100**	**6.32**
Advanced Computer Software	3,845,530	4,009	1.68
EMIS	483,530	3,070	1.28
Fidessa	146,546	3,308	1.38
Spirent Communications	2,622,444	2,693	1.13
StatPro	2,405,107	2,020	0.85
FIXED INCOME (0.00%*)		**2,000**	**0.84**
British Government Bonds (0.00%*)		**2,000**	0.84
UK Treasury 0% 06/01/2014	2,000,000	2,000	0.84
IRELAND (4.81%*)		**8,393**	**3.51**
Cash Deposits (4.81%*)		**8,393**	**3.51**
SSgA Cash Management Fund**		8,393	3.51
Portfolio of investments		**242,117**	**101.29**
Net other assets/(liabilities)		**(3,074)**	**(1.29)**
Total net assets		**239,043**	**100.00**

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

* Comparative figures shown in brackets relate to 31 December 2012.

** In order to maintain appropriate levels of interest received on any large cash balances held by the Fund, cash balances are reviewed on a daily basis and any excess cash is transferred into the SSgA Cash Management Fund. The units in the SSgA Cash Management Fund are readily transferable back into cash at any time as required for the operation of the Fund. This investment is a related party, as disclosed in note 14.

Efficient Portfolio Management techniques as at 31 December 2013	
Gross revenues arising from Efficient Portfolio Management techniques	£34,273
Direct operational costs and fees incurred	£12,558
Indirect operational costs and fees incurred	£805
Counterparties to Efficient Portfolio Management techniques as at 31 December 2013	
Deutsche Bank	£8,266,752
Goldman Sachs International	£2,193,924
JP Morgan	£7,515
Merrill Lynch	£1,252,123
UBS	£825,573
Exposure obtained through efficient portfolio management techniques	£12,545,887
Collateral as at 31 December 2013	£13,497,453

The type and amount of collateral received to reduce counterparty exposure is in the form of equities (£9,840,629) and bonds (£3,656,824).

LIONTRUST UK GROWTH FUND

Statement of Total Return

for the year ended 31 December 2013

	Notes	01/01/13 to 31/12/13		01/01/12 to 31/12/12	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	**4**		36,229		18,619
Revenue	**5**	7,160		5,288	
Expenses	**6**	(3,572)		(2,970)	
Finance costs: Interest	**8**	-		-	
Net revenue before taxation		3,588		2,318	
Taxation	**7**	-		-	
Net revenue after taxation			3,588		2,318
Total return before distribution			39,817		20,937
Finance costs: Distribution	**8**		(3,786)		(2,323)
Change in net assets attributable to unitholders from investment activities			36,031		18,614

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 December 2013

	01/01/13 to 31/12/13		01/01/12 to 31/12/12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		206,295		143,285
Amounts receivable on issue of units	36,286		49,339	
Amounts payable on cancellation of units	(39,277)		(4,792)	
		(2,991)		44,547
Stamp duty reserve tax		(292)		(151)
Change in net assets attributable to unitholders from investment activities		36,031		18,614
Closing net assets attributable to unitholders		239,043		206,295

LIONTRUST UK GROWTH FUND

Balance Sheet

as at 31 December 2013

	Notes	31/12/2013		31/12/2012	
		£'000	£'000	£'000	£'000
Assets					
Investment assets			242,117		199,362
Debtors	9	779		723	
Cash and bank balances		192		9,596	
Total other assets			971		10,319
Total assets			243,088		209,681
Liabilities					
Creditors	10	(349)		(608)	
Distribution payable on income units		(3,696)		(2,778)	
Total liabilities			(4,045)		(3,386)
Net assets attributable to unitholders			239,043		206,295

LIONTRUST UK GROWTH FUND

Notes to the Financial Statements

1. Accounting and distribution policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the IMA in October 2010.

(b) Recognition of revenue

(i) UK dividends classified as franked investment income are shown net of attributable tax credits when the securities are quoted ex-dividend.

(ii) Special dividends are treated as income or capital according to the nature of the event giving rise to the payment.

(iii) Bank interest is recognised on an accruals basis.

(iv) Overseas revenue that is received after the deduction of withholding tax is shown gross of taxation.

(v) Stock lending revenue is recognised on an accruals basis.

(vi) Nominal interest on interest-bearing securities is recognised on an accruals basis.

(vii) Stock dividends received in lieu of cash dividends are recognised as income of the Fund and form part of the distribution. Any enhancement above the cash dividend is treated as capital and is not distributable.

(c) Expenses

Transaction charges and stamp duty reserve tax are deducted from capital. All other expenses are charged against income. All expenses are accounted for on an accruals basis.

(d) Distribution

Income produced by the Fund's investments accumulates during each accounting period. If at the end of the accounting period income exceeds expenses, the net income of the Fund is available to be distributed to unitholders. The Manager will seek to distribute this income in a manner that will maximise the total returns to holders of the majority of units.

(e) Basis of valuation of investments

All investments have been valued at 12 midday, on 31 December 2013. Listed investments have been valued at bid-market value, net of any accrued income.

(f) Taxation

Provision is made for taxation at current rates on the excess of investment income over expenses, with relief taken for overseas taxation where appropriate.

(g) Deferred taxation

Deferred tax is provided for in respect of all timing differences that have originated but not reversed by the Balance Sheet date. Deferred tax is not recognised on permanent differences.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

(h) Foreign exchange

All transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of such transactions. Foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates applicable at the end of the accounting period at the appropriate valuation point, 12 midday.

(i) Equalisation

Equalisation is the accrued income included in the price of units purchased during the distribution period (Group 2 Units) which is refunded as a part of a unitholder's first distribution, so as to provide the same distribution for all units of the same type. As a repayment of capital it is not liable to Income Tax and should be deducted from the cost of units for Capital Gains Tax purposes.

LIONTRUST UK GROWTH FUND

Notes to the Financial Statements

2. Risk Management Policies

In accordance with the investment objectives and policies the Fund holds certain financial instruments. These comprise:

- equity shares;
- cash and short-term debtors and creditors that arise directly from its operations;
- units in SSgA Management Fund; and
- unitholders' funds which represent investors' monies which are invested on their behalf.

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.

The main risks arising from the Fund's financial instruments are market price risk, interest rate risk, foreign currency risk, liquidity risk and credit and counterparty risk. The Manager's policies for managing these risks are summarised below. 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 arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. 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.

Interest rate risk

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 linked to LIBOR.

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. The floating rate financial assets and liabilities comprise sterling denominated bank balances and overdrafts that bear interest based on LIBOR.

The floating rate financial assets and liabilities comprise bank balances and overdrafts that bear interest based on LIBOR (sterling denominated).

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

Foreign currency risk

The Manager has identified three principle areas where foreign currency risk could impact the Fund;

- Movements in exchange rates affect short term timing differences; and,
- Movements in exchange rates affect the income received.

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 Fund's objectives of investing primarily in the UK and Ireland, the Fund is expected to have only minimal foreign currency exposures.

Liquidity risk

The Fund's assets mainly comprise securities that can be readily sold. The main liability of the Fund is the redemption of any units that investors wish to sell.

In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. 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.

Credit and counter-party risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities.

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

3. Unit classes

The Trust has three unit classes in issue.

The total net asset value, net asset value per unit and number of units in issue for each class are given in the Performance Record on page 7.

LIONTRUST UK GROWTH FUND

Notes to the Financial Statements

4. Net capital gains

	01/01/13 to 31/12/13 £'000	01/01/12 to 31/12/12 £'000
Non-derivative securities	36,230	18,624
Transaction charges	(1)	(5)
Net capital gains	36,229	18,619

5. Revenue

	01/01/13 to 31/12/13 £'000	01/01/12 to 31/12/12 £'000
Overseas non-taxable revenue	117	72
UK dividends	6,967	5,135
Distributions from Regulated Collective Investment Schemes:		
Offshore investment revenue*	28	44
Interest on debt securities	8	-
Bank interest	19	16
Stocklending income	21	21
	7,160	5,288

*This is revenue received from investment in the SSgA Cash Management Fund as disclosed in note 14.

6. Expenses

	01/01/13 to 31/12/13 £'000	01/01/12 to 31/12/12 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	3,213	2,664
Registration fees	189	160
	3,402	2,824
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	69	55
Wire charges	4	1
Safe custody fees	33	25
	106	81
Other expenses		
Performance measurement fee	5	5
Printing and publishing fee	1	1
Other fees	2	-
Audit fee	10	12
Administration fee	46	47
	64	65
Total expenses	3,572	2,970

LIONTRUST UK GROWTH FUND

Notes to the Financial Statements

7. Taxation

	01/01/13 to 31/12/13 £'000	01/01/12 to 31/12/12 £'000

(i) Analysis of charge for the year:
There is no corporation tax charge in the current year or prior year.

(ii) Factors affecting current tax charge for the year:
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for authorised unit trusts of 20% (2012: 20%). The differences are explained below:

	01/01/13 to 31/12/13 £'000	01/01/12 to 31/12/12 £'000
Net revenue before taxation	3,588	2,318
Corporation tax at 20%	718	464
Effects of:		
UK dividends*	(1,393)	(1,028)
Non taxable overseas dividends	(23)	(14)
Movement in excess management expenses	698	578
	(718)	(464)
Current tax charge for the year (see note 7(i))	-	-

* As an authorised Unit Trust, these items are not subject to corporation tax.

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

(iii) Deferred tax

At the year end, there is a potential deferred tax asset of £10,849,090 (31/12/12: £10,150,035) in relation to excess management expenses. 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.

8. Finance costs

Distributions and interest

The takes account of income received on the creation of units and income deducted on the cancellation of units, and comprises:

	01/01/13 to 31/12/13 £'000	01/01/12 to 31/12/12 £'000
Final	3,696	2,778
Amounts deducted on cancellation of units	455	48
Amounts received on issue of units	(365)	(503)
Net distribution for the year	3,786	2,323
Finance costs: Interest	-	-
Total finance costs	3,786	2,323
Reconciliation of net revenue after taxation to :		
Net revenue after taxation	3,588	2,318
Fees paid from capital	37	-
Movement in net income as a result of conversions	160	-
Add: Income brought forward from previous year	1	5
Net distribution for the year	3,786	2,323

Details of the distribution per unit are set out in the table on page 22.

LIONTRUST UK GROWTH FUND

Notes to the Financial Statements

9. Debtors

	31/12/13 £'000	31/12/12 £'000
Accrued revenue	273	166
Amounts receivable on creation of units	506	557
	779	723

10. Creditors

	31/12/13 £'000	31/12/12 £'000
Accrued expenses	349	336
Amounts payable on cancellation of units	-	272
	349	608

11. Capital commitments and contingent liabilities

On 31 December 2013, the Fund had no capital commitments (31/12/12: £nil) and no contingent liabilities (31/12/12: £nil).

12. Securities on loan

The aggregate value of securities on loan at 31 December 2013 is £12,545,888 (31/12/12: £12,429,017). Securities on loan are included in the Portfolio Statement and no account is taken of any collateral held. The aggregate value of collateral held at 31 December 2013 is £13,497,453 (31/12/12: £13,218,722). This collateral is in the form of cash, equities and bonds.

The gross earnings and fees paid for the year are £34,273 (31/12/12: £34,959) and £20,909 (31/12/12 : £20,975).

The stock lending is done by SSgA which is a related party.

13. Post balance sheet events

There are no post balance sheet events which have a bearing on the interpretation of the financial statements.

14. Related parties

The Fund Manager and Trustee are related to the Fund as defined by Financial Reporting Standard 8, Related Party Disclosures, and are named on page 1.

SSgA (State Street Global Advisors) are the investment management arm of State Street Corporation. The SSgA Cash Management Fund, an investment company with variable capital incorporated with limited liability in Ireland, listed on the Dublin stock exchange, invests in at least A-rated rated sterling denominated securities. The investment strategy of the fund is primarily capital preservation and liquidity while maximising current income.

The income outstanding at 31 December 2013 on the SSgA Cash Fund Deposit was £nil (31/12/12: £3,154).

The Fund received interest on deposits held with the Trustee during the as disclosed in note 5 on page 18 of which £2,116 was outstanding at 31 December 2013 (31/12/12: £2,086). At 31 December 2013 the Fund held cash balances with the Trustee as disclosed in the Balance Sheet on page 15.

The charges made by the Manager, Trustee and the Registrar during the year are disclosed in note 6. At 31 December 2013 £255,052, £5,854 and £16,114 were due to the Manager, Trustee and Registrar respectively (31/12/12: £262,928, £5,301 & £20,267). These amounts are included under 'Accrued expenses' in note 10.

At 31 December 2013 there were creation monies due from the Manager of £505,394 (31/12/12: £557,217). There were cancellation monies due to the Manager of £nil at 31 December 2013 (31/12/12: £271,832).

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 Net Assets Attributable to Unitholders.

15. Risk disclosures

The policies applied in the management of financial instruments are set out in note 2.

Interest rate risk

The Fund receives revenue from holdings in equities. The cashflow from these investments may fluctuate depending on the particular decisions made by each company. Given that the Fund's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £191,994 (31/12/12: £9,596,223) whose rates are determined by reference to rates supplied by the Depositary

Foreign currency risk

The Fund's financial assets and liabilities are all denominated in sterling. As a result, the Fund does not have any exposure to currency movements.

LIONTRUST UK GROWTH FUND

Notes to the Financial Statements

Maturity profile of financial liabilities

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

Short-term debtors and creditors

Other short-term debtors and creditors have been excluded from disclosures of financial instruments.

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.

Securities are valued at bid and offer prices for calculating the cancellation and creation prices at the Fund's daily valuation point.

16. Purchases, sales and transaction costs

	01/01/13 to 31/12/13		01/01/12 to 31/12/12	
	£'000	£'000	£'000	£'000
Purchases excluding transaction costs		23,677		39,515
Commissions	17		49	
Taxes	51		181	
Total purchase transaction costs		68		230
Purchases including transaction costs		23,745		39,745

	01/01/13 to 31/12/13		01/01/12 to 31/12/12	
	£'000	£'000	£'000	£'000
Sales excluding transaction costs		15,701		5,018
Commissions	(3)		(5)	
Total sales transaction costs		(3)		(5)
Sales net of transaction costs		15,698		5,013

LIONTRUST UK GROWTH FUND

Distribution Tables

for the year ended 31 December 2013:

Group 1	Units purchased prior to 1 January 2013
Group 2	Units purchased prior to 31 March 2013

Income units - Advised		**Net revenue** Pence per unit	**Equalisation** Pence per unit	**Distribution payable 28/02/14** Pence per unit	**Distribution paid 28/02/13** Pence per unit
Group 1	Final	5.49	-	5.49	-
Group 2	Final	2.13	3.36	5.49	-

Income units - Institutional		**Net revenue** Pence per unit	**Equalisation** Pence per unit	**Distribution payable 28/02/14** Pence per unit	**Distribution paid 28/02/13** Pence per unit
Group 1	Final	6.29	-	6.29	5.41
Group 2	Final	2.09	4.20	6.29	5.41

Income units - Retail		**Net revenue** Pence per unit	**Equalisation** Pence per unit	**Distribution payable 28/02/14** Pence per unit	**Distribution paid 28/02/13** Pence per unit
Group 1	Final	4.05	-	4.05	3.44
Group 2	Final	1.89	2.16	4.05	3.44

Information for Corporate Unitholders (unaudited) - applies to all classes
For corporate unitholders, of the distribution payable on 28 February 2014:

100.00% of the total income distribution together with the tax credit is received as franked investment.

0.00% of the income distribution is received as an annual payment (non-foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is unfranked investment income.

0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor, who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue and Customs.
The Fund’s net liability to corporation tax is £nil.

LIONTRUST UK GROWTH FUND

Additional Information

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 6 July 1995.

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 income units only. Investors can elect at any time to have any income either paid out or automatically reinvested to purchase units at no initial charge.

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

Dealing in all unit trusts operated by Liontrust Fund Partners LLP may be carried out between 08.30 and 17.00 hours on any business day. Professional investors and advisers may buy and sell units over the telephone; private investors are required to instruct the Manager in writing for initial purchases, but can deal over the telephone thereafter. Prices are quoted on a 'forward' basis. This means that all deals are based on a price that is calculated at the next valuation point (which is 12.00 hours on each business day) following receipt of instructions. Instructions received before 12.00 hours will be priced at 12.00 hours that day, whilst those deals taken later in the day will receive the next dealing price which is fixed at 12.00 hours on the following business day.

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

The minimum initial lump sum investment in the Fund is £1,000, the minimum additional investment is £1,000 and the amount you may sell back to the Manager at any one time is £500, providing you maintain a balance of £2,500. At its absolute discretion, the Manager may accept a lower minimum amount for the purchase and sale of units.

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

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

Initial Charge	**%**	**Annual Management Charge**	**%**
Advised class	2.00	Advised class	1.00
Institutional class	0.00	Institutional class	0.75
Retail class	5.00	Retail class	1.50

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

Yield	**%**		**%**
Advised class	1.73	Institutional class	1.99
Retail class	1.30		

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

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

Publication of prices: The price of units in the Fund is quoted on our website, www.liontrust.co.uk, other industry websites such as www.trustnet.com, and the website of the Investment Management Association (the industry trade body), www.investmentuk.org. Daily and historic Fund prices are available from our Dealing and Administration team on 0844 892 1007.

Stamp Duty Reserve Tax: Stamp Duty Reserve Tax ("SDRT") is a 0.5% tax that is payable by the Trustee of a unit trust when unitholders sell their units in that unit trust. This may have an effect on you as the unitholder depending on how the unit trust manager treats this particular charge. Any SDRT liability incurred by the Trustee on Liontrust UK Growth Fund is charged to the Fund, which could mean that less of your money will be invested for potential capital and income growth.

Capital Gains Tax: As an authorised unit trust, the Fund is exempt from UK Capital Gains Tax. An individual's first £10,900 of net gains on disposals in the 2013-2014 tax year are exempt from tax.

Income Tax: UK tax resident individuals are entitled to tax credits in respect of dividend distributions received and are subject to income tax on the aggregate of the distribution and the tax credit. In the case of a distribution the current value of the tax credit is equal to one ninth of the net dividend received and the distribution plus tax credits are treated as the top slice of an individual's income.

LIONTRUST UK GROWTH FUND

Additional Information

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 to the HM Revenue and Customs. In the case of a higher rate tax payer, the tax credit will be set against, but not fully match, his or her tax liability on the distribution. Such people will have an additional tax liability to pay.

Corporate Unitholders: Ordinary dividends distributed by the Fund to corporate unitholders will be treated as part-franked investment income and part unfranked investment income, in the corporate unitholders' hands. The precise split will be calculated by the Manager and will be detailed on the distribution vouchers accompanying the distribution.

For unitholders chargeable to UK corporation tax, income allocations representing the UK dividends received by the Fund will not be subject to corporation tax in the unitholders' hands. Income allocations representing other types of income received by the Fund will be taxable as if they were annual payments received after the deduction of tax at the rate of 20 per cent of the gross distribution.

Important information: It is important to remember that the price of units, and the income from them, can fall as well as rise and is not guaranteed and that investors may not get back the amount originally invested. Past performance is not a guide to future performance. The issue of units may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard unit trust investment as long term. The annual management fee of the Fund is deducted from capital. Whilst this results in the dividend paid to investors being higher than would be the case were the annual management fee charged to income, the potential for capital growth may be reduced.

LIONTRUST

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