




LIONTRUST UK SMALLER COMPANIES FUND

**Manager's Long Final Report and Financial Statements
for the year ended 30 April 2013**



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

LIONTRUST FUND PARTNERS LLP

LIONTRUST UK SMALLER COMPANIES FUND

Manager

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

Investment Adviser

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London
WC2R 0EZ

Authorised and regulated by the Financial Conduct Authority.

Trustee

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20 Churchill Place
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Registrar

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Auditors

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

LIONTRUST UK SMALLER COMPANIES FUND

Investment Profile

This unit trust aims to produce long term capital growth. With over 2,000 smaller companies quoted on the London Stock Exchange, investing in smaller companies requires a disciplined investment approach to identify companies with good long-term potential and avoid the remainder. The Fund's investment approach is to invest exclusively in companies demonstrating two criteria which we believe are the key to what makes some companies successful and others less so. These are: the strength, sustainability and exploitation of a company's Economic Advantage (its intangible strengths), and how key employees (who create this Intellectual Capital) are motivated and retained, preferably through direct ownership of the company's equity. The Fund will only invest in those smaller companies that can demonstrate that they have met these two criteria.

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LIONTRUST UK SMALLER COMPANIES FUND

Manager's Investment Report

Investment Objective and Policy

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

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

Liontrust Asset Management PLC

Liontrust, which was founded in 1994, is an independent fund management group whose shares are quoted on the London Stock Exchange. Liontrust manages £3.3 billion (as of 17 June 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 scalable 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 and Liontrust Investment Partners LLP, which are authorised and regulated by the Financial Conduct Authority. All members of the Liontrust Group sell only Liontrust Group products.

Performance of the Fund

In the year to 30th April 2013 an investment in the Fund rose by 21.7%. This compares with a return of 28.2% in the FTSE Small Cap. (excluding investment trusts) Total Return Index, the benchmark index.

Since 8th January 1998, the launch date of the Fund, an investment in the Fund has risen by 435.1% compared to a rise of 109.6% in the FTSE Small Cap. (excluding investment trusts) Total Return Index.

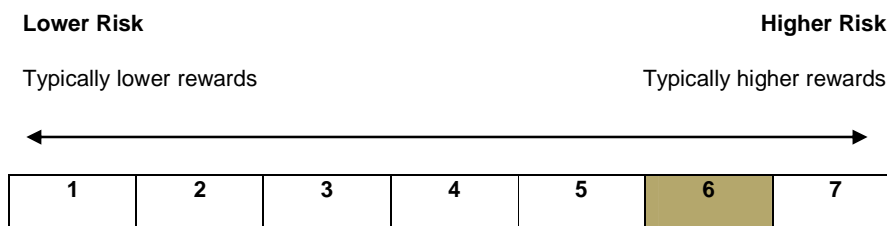
Source: Financial Express, bid-to-bid basis, total return retail class. Past performance is not a guide to the future.

LIONTRUST UK SMALLER COMPANIES FUND

Manager's Investment Report

Risk Rating

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



- 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 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.
- Because the Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time.
- The Fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.

MANAGER'S INVESTMENT REPORT

The Market Review

The summer months of 2012 were notable for oscillations between fear and relief as investors focused on events relating to the eurozone sovereign debt crisis. The avoidance of a Greek exit from the euro helped buoy investor confidence, which was further boosted in September following the introduction of the European Central Bank's programme of monetary expansion (OMT – Outright Monetary Transactions). As the year progressed, attention shifted to the impending US 'fiscal cliff'; as the deadline for these automatic budget cuts was postponed at the start of 2013, global equity markets rallied. Despite the re-emergence of eurozone fears as the Cypriot banking sector faltered in March, equity markets continued to push upwards. The FTSE Small Cap (excluding Investment Trusts) index returned 28.2% in the 12 months to 30 April 2013, while the IMA UK Smaller Companies sector returned 17.6% and the FTSE All-Share index rose by 17.8%.

The Process

Since launch in 1998, the Fund has been managed in accordance with *The Liontrust Economic Advantage* investment process. We aim to find businesses which are either international and have built a 'world-beating' position, or that have a strong domestic position which is frequently backed by high recurring income. All of our companies have motivated management who own equity in their businesses; the required threshold Board ownership is 3%, but the average in the portfolio is much higher. We believe that equity ownership is important for motivation as well as the attention it brings to financial discipline and long-term shareholder returns.

A strong market position requires barriers to competition. Our process is built upon the premise that today's barriers are built through intangible assets. Three in particular are very powerful, and companies can only enter the Fund if they have at least of one these.

LIONTRUST UK SMALLER COMPANIES FUND

Manager's Investment Report

The first is intellectual property (patents, copyrights, trade secrets and know-how). Intellectual property is usually legally protected and is built from accumulated spending on research and development.

The second is distribution networks. These can be either physical, such as the international distribution network built up by an engineer, or electronically embedded, which is typical of many software companies. Physical distribution networks have often been built over a number of years and cannot be replicated overnight. Embedded distribution networks form a very powerful barrier to competition because it is difficult for competitors to force out the embedded incumbent.

The third asset is repeat business. We look for companies with 70% contracted recurring income. Such an income stream is not threatened by persistent price changes and it provides management with a certainty of income, and therefore the ability to plan for the long term. Fee-based fund management companies enjoy high recurring income, as do software companies and some outsourcing businesses.

If a company has passed our test of having one, or more of these key barriers to competition, we will then evaluate other important intangible assets such as customer relationships, databases, licenses and franchises, procedures and formats, culture and brand.

We expect our businesses to demonstrate strong financial returns either through high margins or returns on capital employed (ROCE). Strong financial returns show that our required barriers to competition are working. In immature businesses the focus tends to be on gross margin, whereas with more mature businesses the focus switches to operating margins and ROCE. With cyclical businesses, operating returns will obviously move around but during a downturn we would hope that our businesses will be gaining market share before seeing returns rise again into a recovery.

Risk plays an important part in our decision of how much of a company to buy. We grade our companies accordingly, taking into account such factors as customer spread, product spread, financial gearing and market maturity. New holdings have to be profitable companies, headquartered in the UK and with directors that are subject to UK law.

The Fund Review

Over the 12 months to 30 April 2013 the Fund returned 21.7%, ahead of the FTSE All-Share index performance, but behind that of the FTSE Small-cap ex-ITs index.

Short-term periods of relative performance divergence from the index are consistent with the manner in which the Fund is managed; we do not weight holdings to match the stock or sector exposure of the FTSE Small Cap index. We concentrate on absolute performance, which has been strong over both the short and long term. Since launch the Fund has returned 435%, compared with 110% for the FTSE Small-cap ex-ITs index and 125% for the FTSE All-Share index.

For much of the period under review, we have seen a 'value rally' in which shares in lower-quality companies that are more susceptible to economic conditions have risen as investor sentiment has improved. Our investment process tends to identify higher-quality companies with long-term growth potential but less sensitivity to swings in short-term sentiment. The small cap index performance was also boosted by technical factors resulting from the timing of constituent changes. For example, Thomas Cook Group, a former FTSE100 company which has experienced significant operational and funding difficulties, dropped into the FTSE Small Cap index following the December 2011 FTSE index review. The company subsequently agreed a debt refinancing and restructured its operations, and saw its shares rise by over 600%, making a strong contribution to the small-cap index's gain, before being promoted back to the FTSE350 index in the March 2013 review.

Fund holdings performed well over the 12 months to 30 April 2013, with the majority finishing the year in positive territory.

Among the best performers were: *Smart Metering Systems*, *UK Mail*, *Iomart*, *Wilmington Group*, *Dechra Pharmaceuticals* and *Advanced Computer Software*, all of which experienced share price gains of over 50%. On the downside, trading at *Animalcare*, *Instem Life Sciences*, *NCC* and *Brainjuicer* was below expectations.

LIONTRUST UK SMALLER COMPANIES FUND

Manager's Investment Report

Two companies - *Tikit* and *Ffastfill* – exited the Fund in the second half of the review period, following the receipt of takeover offers. Takeovers have been a feature of the Fund and we are always looking for new ideas to replace them. During the second half of the year we initiated a number of new positions, using the cash proceeds from these takeovers, as well as inflows to the Fund. *1Spatial* is a software business rich in intellectual property. It is involved in precise digital mapping and has won contracts, against established competition, with the UK and Irish Ordnance Survey and the US Census. *Dotdigital* runs email and social networking campaigns for companies. There is strong growth in internet marketing and the company has been successful in transitioning its contracts to a recurring income structure. *Mattioli Woods* is an adviser and administrator of pensions and self administered pensions (SIPPs). It has good recurring income within a SIPP market that is growing. *Sepura* supplies TETRA digital radios to customers including the military and emergency services and is increasingly expanding into commercial sectors which are not reliant on public sector budgets. *Ideagen* provides compliance management software and solutions to a wide spread of industries including pharma, aerospace and defence, construction and the public sector. In the Fund's interim report we detailed new holdings added in the first half of the year: *Arbuthnot* (private banking), *Indigovision* (CCTV) and *Judges Scientific* (engineering).

All companies added to the portfolio, in line with our investment process, have high levels of directors share ownership. *Cupid*, the provider of online dating services, and *Panmure Gordon*, a stockbroking and corporate finance business, were both sold out of the Fund during the period following reassessments of their possession of the economic advantage characteristics we require from Fund holdings.

Outlook

Although the FTSE All-Share index fell in May 2012, it then posted a positive return in each of the following eleven months of the review period. For much of this period, we observed a growing disconnect between an uncertain economic picture being painted by many corporates in their outlook statements and the robust gains made by the stockmarket. The rise in the stockmarket at the end of 2012 and start of this year appears to suggest that some investors think the problems the economy faces have somehow disappeared.

While we are optimistic regarding investment prospects in the UK market, particularly for those companies with the intangible assets we seek, we would exercise some caution due to the challenging economic environment. We aim to invest in companies whose strengths allow them to prosper in a low growth environment and who we believe are capable of delivering superior returns across the cycle. Specifically, we look for companies with barriers to competition (in the form of recurring income, intellectual property and strong distribution networks), pricing power, and often a focus on faster growing emerging markets. In our opinion, there are currently substantial opportunities for investment in UK companies that have these desirable business characteristics. We believe that the economic advantages we seek in the companies that we invest in are key in driving long-term performance. In the shorter-term however, market rotation and investor sentiment can lead to short, sharp rallies in specific sectors and shares. We have few holdings in these very market-sensitive shares as they tend to possess few of the 'economic advantage' characteristics that our investment process seeks to identify. We will not, however, alter the Fund's holdings, or our investment criteria, in an attempt to profit from short-term fluctuations.

Anthony Cross & Julian Fosh

Partners, Liontrust Investment Partners LLP

5 July 2013

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 and the information on page 1, comprise the Manager's Report.

LIONTRUST UK SMALLER COMPANIES FUND

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:

	Units in issue	Net asset value of unit class (£)	Net asset value per unit (p)	*Ongoing charges figure (%)
Institutional				
Income 30/04/13	537,042	3,163,395	589.04	1.44
Retail				
Income 30/04/11	18,926,825	81,219,264	429.12	-
Income 30/04/12	20,312,724	98,494,929	484.89	-
Income 30/04/13	27,570,832	162,022,740	587.66	1.67

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. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

The institutional share class was launched 28 January 2013.

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.

Institutional

Year	Highest offer (buying) price (p)	Lowest bid (selling) price (p)	Net income per unit (p)	Net income per £1,000 invested at 28/01/13 (£)
Income 2013 (to 30.04)	623.15	575.00	2.57	4.29

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 2008	349.47	216.52	1.92	5.49
Income 2009	361.38	219.81	2.92	8.36
Income 2010	444.89	320.87	3.16	9.04
Income 2011	494.17	401.94	1.40	4.01
Income 2012	615.31	422.97	2.02	5.78
Income 2013 (to 30.04)	653.79	566.18	2.05	5.87

The Fund distributes income once per annum, on 30 June. The ex-dividend date is 1 May each year.

The institutional share class was launched 28 January 2013.

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

LIONTRUST UK SMALLER COMPANIES FUND

Authorised Status

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

Statement of the Manager's Responsibilities

in respect of the Report and Accounts 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 revenue/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 Smaller Companies 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 period 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.

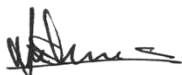
State Street Trustees Limited
20 Churchill Place
London E14 5HJ

5 July 2013

LIONTRUST UK SMALLER COMPANIES FUND

Certification of Accounts 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

5 July 2013

LIONTRUST UK SMALLER COMPANIES FUND

Independent Auditors' Report

to the unitholders of the Liontrust UK Smaller Companies Fund ("the Fund")

We have audited the financial statements of the Liontrust UK Smaller Companies Fund for the year ended 30 April 2013 which comprise the Statement Of Total Return, the Statement Of Change In Net Assets Attributable To Unitholders, the Balance Sheet, the related notes and the Distribution Table. 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) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of the Manager and Auditors

As explained more fully in the Authorised Fund Manager's Responsibilities Statement, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the 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.

Scope of the audit and the financial statements

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 Liontrust UK Smaller Companies Fund Long Final Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust at 30 April 2013 and of the net revenue and the net gains of the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

Opinion on other 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.

LIONTRUST UK SMALLER COMPANIES FUND

Independent Auditors' Report

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

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

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

5 July 2013

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

LIONTRUST UK SMALLER COMPANIES FUND

Portfolio Statement

as at 30 April 2013 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
EQUITIES (89.97%*)		152,694	92.43
CONSUMER SERVICES (12.56%*)		15,908	9.63
<i>Animalcare</i>	2,059,051	2,574	1.56
<i>BrainJuicer</i>	524,154	1,295	0.78
<i>Next Fifteen Communications</i>	3,310,286	3,178	1.92
<i>Progressive Digital Media</i>	893,233	2,010	1.22
<i>Quarto</i>	1,039,832	1,477	0.89
<i>UBC Media</i>	15,523,756	310	0.19
<i>Wilmington</i>	3,398,502	5,064	3.07
FINANCIALS (10.71%*)		21,334	12.92
<i>Abbey Protection</i>	4,432,188	4,809	2.91
<i>Arbuthnot Banking Group</i>	141,432	1,266	0.77
<i>Brooks MacDonald</i>	388,079	5,569	3.37
<i>Charles Stanley</i>	1,726,297	6,888	4.17
<i>Mattioli Woods</i>	809,261	2,331	1.41
<i>Walkers Crips Weddle Beck</i>	1,426,104	471	0.29
HEALTHCARE (5.67%*)		11,596	7.02
<i>Bioquell</i>	2,263,655	3,169	1.92
<i>Dechra Pharmaceuticals</i>	858,509	6,147	3.72
<i>IS Pharma</i>	1,486,574	416	0.25
<i>LiDCO</i>	16,207,779	1,864	1.13
INDUSTRIALS (26.25%*)		40,221	24.33
<i>Dialight</i>	365,471	4,729	2.86
<i>Empresaria</i>	3,573,468	929	0.56
<i>Judges Scientific</i>	121,322	1,359	0.82
<i>Murgitroyd</i>	845,254	3,804	2.30
<i>PayPoint</i>	714,881	5,898	3.57
<i>Penna Consulting</i>	2,563,555	1,589	0.96
<i>Pressure Technologies</i>	1,019,012	1,630	0.99
<i>Renishaw</i>	267,597	4,180	2.53
<i>RWS</i>	778,784	4,945	2.99
<i>Smart Metering Systems</i>	1,446,854	3,617	2.19
<i>UK Mail</i>	1,218,052	5,146	3.11
<i>Waterman</i>	2,199,163	1,056	0.64
<i>World Careers Network</i>	733,404	1,339	0.81
OIL & GAS (1.32%*)		2,723	1.65
<i>Plexus</i>	1,296,501	2,723	1.65

LIONTRUST UK SMALLER COMPANIES FUND

Portfolio Statement

as at 30 April 2013 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
TECHNOLOGY (33.46%*)		55,912	33.85
<i>1Spatial</i>	31,278,092	2,189	1.33
Advanced Computer Software	5,666,323	4,802	2.91
<i>Bango</i>	1,768,149	3,589	2.17
<i>Bond International Software</i>	2,509,416	1,581	0.96
<i>Concurrent Technologies</i>	7,013,138	3,366	2.04
<i>Craneware</i>	1,268,125	5,326	3.22
<i>Croma</i>	1,433,565	265	0.16
<i>Dotdigital Group</i>	15,951,527	2,472	1.50
EMIS	353,690	2,557	1.55
<i>Ideagen</i>	11,111,496	2,278	1.38
<i>IDOX</i>	8,479,512	4,091	2.48
<i>Indigovision Group</i>	752,973	2,673	1.62
<i>Instem Life Science Systems</i>	1,176,462	1,235	0.75
<i>Intercede</i>	3,474,166	2,119	1.28
<i>Iomart</i>	2,658,257	6,194	3.75
NCC Group	4,087,190	4,598	2.78
Sepura	2,837,729	3,079	1.86
<i>Statpro</i>	4,076,812	3,425	2.07
Triad	1,455,489	73	0.04
SHORT TERM DEPOSITS (0.00%*)			
FIXED INCOME (0.00%*)		5,000	3.03
UK Treasury 0% 07/05/2013	5,000,000	5,000	3.03
IRELAND (4.72%*)			
CASH DEPOSITS (4.72%*)		7,855	4.76
SSgA Cash Management Fund**	7,855,024	7,855	4.76
Portfolio of investments		160,549	97.19
Net other assets		4,637	2.81
Total net assets		165,186	100.00

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

* Comparative figures shown in brackets relate to 30 April 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.

LIONTRUST UK SMALLER COMPANIES FUND

Statement of Total Return

for the year ended 30 April 2013

	Notes	01/05/12 to 30/04/13		01/05/11 to 30/04/12	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	4		22,564		9,637
Revenue	5	2,670		1,797	
Expenses	6	(2,179)		(1,411)	
Finance costs: Interest	8	-		-	
Net revenue before taxation		491		386	
Taxation	7	(12)		(11)	
Net revenue after taxation			479		375
Total return before distribution			23,043		10,012
Finance costs: Distribution	8		(479)		(375)
Change in net assets attributable to unitholders from investment activities			22,564		9,637

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 30 April 2013

	01/05/12 to 30/04/13		01/05/11 to 30/04/12	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		98,495		81,219
Amounts receivable on issue of units	49,477		17,894	
Amounts payable on cancellation of units	(5,202)		(10,193)	
		44,275		7,701
Stamp duty reserve tax		(148)		(62)
Change in net assets attributable to unitholders from investment activities		22,564		9,637
Closing net assets attributable to unitholders		165,186		98,495

LIONTRUST UK SMALLER COMPANIES FUND

Balance Sheet

as at 30 April 2013

	Notes	30/04/2013		30/04/2012	
		£'000	£'000	£'000	£'000
Assets					
Investment assets			160,549		93,265
Debtors	9	724		785	
Cash and bank balances		<u>4,887</u>		<u>5,037</u>	
Total other assets			<u>5,611</u>		<u>5,822</u>
Total assets			166,160		99,087
Liabilities					
Creditors	10	(395)		(182)	
Distribution payable on income units		<u>(579)</u>		<u>(410)</u>	
Total liabilities			<u>(974)</u>		<u>(592)</u>
Net assets attributable to unitholders			<u>165,186</u>		<u>98,495</u>

LIONTRUST UK SMALLER COMPANIES 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) Nominal interest on interest-bearing securities is recognised on an accruals basis.

(c) Expenses

Dealing 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 30 April 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.

(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 SMALLER COMPANIES 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.

Furthermore, because a significant proportion of the companies in which the Fund invests is traded on the Alternative Investment Market (AIM) their liquidity cannot be guaranteed. The nature of the AIM 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.

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 and overseas bank balances and overdrafts that bear interest based on LIBOR.

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 two 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.

LIONTRUST UK SMALLER COMPANIES FUND

Notes to the Financial Statements

3. Unit classes

The Trust has two unit classes in issue.

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

4. Net capital gains

	01/05/12 to 30/04/13 £'000	01/05/11 to 30/04/12 £'000
Non-derivative securities	22,575	9,644
Transaction charges	(11)	(7)
Net capital gains	22,564	9,637

5. Revenue

	01/05/12 to 30/04/13 £'000	01/05/11 to 30/04/12 £'000
Overseas dividends	82	73
UK dividends	2,523	1,681
Distributions from Regulated Collective Investment Schemes:		
Offshore distribution taxable*	25	26
Bank interest	16	13
Stocklending income	24	4
	2,670	1,797

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

6. Expenses

	01/05/12 to 30/04/13 £'000	01/05/11 to 30/04/12 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	1,959	1,240
Registration fees	105	79
	2,064	1,319

Payable to the Trustee, associates of the Trustee and agents of either of them:

Trustee's fees	43	30
Wire charges	1	1
Safe custody fees	18	11
	62	42

Other expenses

Performance measurement fee	6	5
Printing fee	4	-
Other expenses	5	3
Audit fee	9	9
Administration fee	29	33
	53	50
Total expenses	2,179	1,411

LIONTRUST UK SMALLER COMPANIES FUND

Notes to the Financial Statements

7. Taxation

	01/05/12 to 30/04/13 £'000	01/05/11 to 30/04/12 £'000
(i) Analysis of charge for the year:		
Irrecoverable overseas tax	12	11
(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:		
Net revenue before taxation	491	386
Corporation tax at 20%	98	77
Effects of:		
UK dividends*	(505)	(336)
Other non taxable income	(16)	(15)
Movement in excess management expenses	423	274
Irrecoverable overseas tax	12	11
	(86)	(66)
Current tax charge for the year (see note 7(i))	12	11

* 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 £3,154,157 (30/04/12: £2,731,466) 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.

LIONTRUST UK SMALLER COMPANIES FUND

Notes to the Financial Statements

8. Finance costs

Distribution and interest

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

	01/05/12 to 30/04/13 £'000	01/05/11 to 30/04/12 £'000
Final	579	410
Amounts deducted on cancellation of units	6	20
Amounts received on issue of units	(106)	(55)
Net distribution for the year	479	375
Finance costs: Interest	-	-
Total finance costs	479	375
Reconciliation of net revenue after taxation to distribution:		
Net revenue after taxation	479	375
Add: Income brought forward from previous year	2	2
Less: Income carried forward	(2)	(2)
Net distribution for the year	479	375

Details of the distribution per unit are set out in the table on page 23.

9. Debtors

	30/04/13 £'000	30/04/12 £'000
Accrued revenue	205	138
Amounts receivable on creation of units	519	647
	724	785

10. Creditors

	30/04/13 £'000	30/04/12 £'000
Accrued expenses	262	166
Accrued stamp duty reserve tax	3	3
Purchases awaiting settlement	128	13
Amounts payable on cancellation of units	2	-
	395	182

11. Capital commitments and contingent liabilities

On 30 April 2013, the Fund had no capital commitments (30/04/12: £nil) and no contingent liabilities (30/04/12: £436,965).

12. Securities on loan

The aggregate value of securities on loan at 30 April 2013 is £1,412,366 (30/04/12: £2,173,850). 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 30 April 2013 is £1,482,715 (30/04/12: £2,275,136). This collateral is in the form of cash, equities and bonds. The counterparties to this efficient portfolio management are JP Morgan Securities, Merrill Lynch International and UBS.

The gross earnings and fees paid for the year are £40,638 (30/04/12: £6,299) and £16,255 (30/04/12 : £2,519).

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.

LIONTRUST UK SMALLER COMPANIES FUND

Notes to 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 sterling denominated securities. The investment strategy of the fund is primarily capital preservation and liquidity while maximising current income.

The income outstanding at 30 April 2013 on the SSgA Cash Fund Deposit was £2,189 (30/04/12: £2,320).

The Fund received interest on deposits held with the Trustee during the year as disclosed in note 5 on page 18 of which £854 was outstanding at 30 April 2013 (30/04/12: £1,210). At 30 April 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 period are disclosed in note 6. At 30 April 2013 £207,103, £4,297 and £14,138 were due to the Manager, Trustee and Registrar respectively (30/04/12: £119,012, £2,846 & £20,124). These amounts are included under 'Accrued expenses' in note 10.

At 30 April 2013 there were creation monies due from the Manager of £519,186 (30/04/12: £646,949). There were cancellation monies due to the Manager of £2,476 at 30 April 2013 (30/04/12: £nil).

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.

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.

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.

LIONTRUST UK SMALLER COMPANIES FUND

Notes to the Financial Statements

16. Purchases, sales and transaction costs

	01/05/12 to 30/04/13		01/05/11 to 30/04/12	
	£'000	£'000	£'000	£'000
Purchases excluding transaction costs		49,336		20,802
Short term deposits		4,997		
Commissions	61		28	
Taxes	226		89	
	<hr/>		<hr/>	
Total purchase transaction costs		287		117
	<hr/>		<hr/>	
Purchases including transaction costs		54,620		20,919
	<hr/>		<hr/>	
	01/05/12 to 30/04/13		01/05/11 to 30/04/12	
	£'000	£'000	£'000	£'000
Sales excluding transaction costs		12,622		16,128
Commissions	(3)		(11)	
	<hr/>		<hr/>	
Total sales transaction costs		(3)		(11)
	<hr/>		<hr/>	
Sales net of transaction costs		12,619		16,117
	<hr/>		<hr/>	

LIONTRUST UK SMALLER COMPANIES FUND

Distribution Tables

for the year ended 30 April 2013:

Group 1: Units purchased prior to 1 May 2012

Group 2: Units purchased between 1 May 2012 and 30 April 2013

	Net revenue	Equalisation	Distribution payable 30/06/13
Income units - Institutional	Pence per unit	Pence per unit	Pence per unit
Group 1	2.57	-	2.57
Group 2	0.82	1.75	2.57

Information for Corporate Unitholders

For corporate unitholders, of the distribution payable on 30 June 2013:

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.

	Net revenue	Equalisation	Distribution payable 30/06/13	Distribution paid 30/06/12
Income units - Retail	Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	2.05	-	2.05	2.02
Group 2	0.84	1.21	2.05	2.02

Information for Corporate Unitholders

For corporate unitholders, of the distribution payable on 30 June 2013:

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 SMALLER COMPANIES FUND

Additional Information

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 1 May 1990 and amended by Supplemental Trust deeds dated 30 November 1995, 1 July 1999, 9 July 1999, 19 July 2002, 14 February 2003 and 19 August 2005.

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	%
Institutional class	nil	Institutional class	1.25
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	%		%
Institutional class	0.44	Retail class	0.35

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 affect 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 Smaller Companies 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.

LIONTRUST UK SMALLER COMPANIES FUND

Additional Information

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.

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.



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