LIONTRUST FTSE 100 TRACKER FUND

MANAGER'S SHORT FINAL REPORT
FOR THE YEAR ENDED 31ST MAY 2013

INVESTMENT APPROACH

The Liontrust FTSE 100 Tracker Fund tracks the performance of the FTSE 100 index, which comprises the one hundred largest companies by market capitalisation listed on the London Stock Exchange. The index was created in 1984. Its constituent companies account for around 80% of the capitalisation of companies traded on the London Stock Exchange.

FUND REVIEW

Performance of the FTSE 100 Index

The FTSE 100 Index total return in the 12 months to 31 May 2013 was 28.4%. The index rose 1262 points to finish at a level of 6,583, having recorded a gain for each of the 12 months in the period under review. The FTSE 100 Tracker Fund returned 27.1%.

The eurozone debt crisis was the dominant factor over the summer of 2012, with concerns regarding the finances of Greece and Spain to the fore. The European Central Bank (ECB) launched its 'Outright Monetary Transactions' programme in September, designed to purchase government bonds of any eurozone country requiring assistance. As the end of 2012 approached, investors increasingly focused on November's US elections and the subsequent need to tackle the impending 'fiscal cliff' of scheduled US tax rises and spending cuts.

The agreement of a deal to postpone these automatic budget measures gave equity markets impetus at the start of 2013. The FTSE 100 made gains in the first five months of 2013 despite macroeconomic developments including the Cypriot banking crisis, jitters over Chinese growth data and US Federal Reserve Chairman Ben Bernanke's suggestion that the Fed's quantitative easing may be reduced.

Over the 12 months, the banking sector was one of the top contributors to the rise in the index, having been a drag on performance for much of the previous year. The sector was boosted by stimulatory measures from central banks globally. In contrast, the poor performance of many companies in the mining sector reflected concerns over growth prospects for the major economies, with the pace of growth in the Chinese economy under particular scrutiny.

In capitalisation-weighted terms, banking groups HSBC (+50.8%), Barclays (+81.8%) and Lloyds Banking Group (144.7%) were the top three positive contributors. On the same basis, the miner Anglo American (-22.6%), oil and gas exploration and production company Tullow Oil (-26.5%) and temporary power provider Aggreko (-18.7%) detracted.

The largest index risers in percentage terms were Lloyds, International Consolidated Airlines (+101.6%) – the owner of British Airways and Iberia – and asset management company Hargreaves Lansdown (+100.7%). The biggest fallers were Evraz (-54.2%), a miner and steel producer, Eurasian Natural Resources (ENRC)(-43.2%), a mining company based in Kazakhstan, and Tullow Oil.

The highlights of each month follow:

June:

The FTSE 100 made a strong start to the review period, rallying by 250 points, or 4.7%, in June to finish at a level of 5,571. This gain was made despite both Glencore (-13.2%)

and Xstrata (-13.4%) falling on fears that the companies' agreed combination would require a higher offer from Glencore to entice other Xstrata shareholders.

Markets were buoyed by Greek election results, the extension of the ECB's refinancing programme, and news that a Spanish bank bailout would be financed by the European Stability Mechanism. The reduced stress on the financial system led to stocks within this sector leading the market higher with Lloyds (+22.5%), Legal & General (+15.3%) and Standard Life (+14.0%) among the largest risers. Proportionally smaller gains at index heavyweights such as HSBC (+10.1%), BP (+6.9%) and Royal Dutch Shell (7.1%) also supported the index gain.

Barclays (-7.6%) bucked the trend of strong performance in the financial sector; towards the end of the month the company was fined £290m for submitting false interbank offer rates.

Following the quarterly review of FTSE 100 constituents, asset manager Man Group dropped out of the index and was replaced by engineering company Babcock International.

July:

The FTSE 100 rose 64 points, or 1.2%, to 5,635 in July. The index dipped late in the month due to intensifying fears regarding the state of Spain's finances, before rallying strongly following comments from ECB President Mario Draghi stating that he would do 'whatever it takes' to preserve the euro.

Industrial and engineering stocks performed well in July with GKN (+16.5%), AMEC (+11.6%) and Weir Group (+8.2%) among the largest risers; GKN rose on news it was to acquire Volvo's aero-engines division for almost $1bn.

HSBC grabbed unwanted headlines for its failure to implement anti-money laundering controls but the share price impact was limited to a monthly fall of 4.8%. G4S, the provider of security services, lost over 11% after admitting that it would not be capable of fulfilling its contract to provide guards for the London Olympics, leading the government to call in the armed forces to make up the shortfall.

August:

The index rose 76 points (+1.4%) in August. Sectoral trends were weak as reflected by the mining sector's representation among both the biggest gainers and losers over the month. Two mining stocks (Glencore and Xstrata) were among the top five, while there were four (ENRC, Kazakhmys, Vedanta and Anglo American) in the bottom five.

Shares in Aggreko (+15.6%) – the provider of temporary power – and clothes retailer Next (+11.1%) both rose after releasing interim results which were positively received. ENRC's 23.2%

share price fall followed interim results in which the company commented that it expected the market to remain volatile and was uncertain over future commodity pricing. Kazakhmys fell 15.9%, partly due to some disappointment over its own interim results, and also due to its exposure to ENRC through a 26% stake in the company.

September:

The ECB launched its 'Outright Monetary Transactions' programme of potentially open-ended purchases of European periphery countries' sovereign debt. The month also saw liquidity initiatives in the US and Japan; the Federal Reserve announced 'QE3' – the next tranche of bond buying labelled as quantitative easing – and the Bank of Japan announced an increase in its own asset purchasing programme. The FTSE gained 31 points over the month to 5,742.

September was a strong month for banks and miners, with Randgold Resource's 20.5% rise the highlight, but the overall index level was held back by falls in Vodafone (-3.2%), British American Tobacco (-3.7%) and the oil majors: Royal Dutch Shell (-3.2%), BP (-1.1%) and BG Group (-3.0%). Burberry was the largest faller, down 26.0% after reducing profit guidance and warning that a tough retail environment had led to slowing sales growth.

In the FTSE 100 quarterly review, fund manager Ashmore Group and interdealer broker ICAP were replaced by Melrose (engineering) and John Wood Group (oil & gas industry support services).

October:

Much of October was characterised by a preference for cyclical stocks, a trend which faded towards the end of the month as investor sentiment waned and the market came under some pressure. The index finished the month at 5,782 with a gain of 40 points.

October saw the release of Spanish banks' stress test results (estimating a EUR60bn capital deficit), as well as the downgrade of five Spanish regions by Moody's, but stocks in the financial sector continued to rally.

Interim results from Tesco (-1.9%) – in which the company reported its first drop in trading profit in over a decade – disappointed and Aggreko (-7.1%) warned that factors including increased bad debts would negatively affect 2012 profits.

Burberry (+16.5%) shares recovered some of the ground lost in September as a trading update revealed that comparable store sales had since picked up modestly to an overall growth level of 1% for the quarter to the end of September. Hargreaves Lansdown (+17.4%) and microchip designer ARM Holdings (+15.7%) were the other stand-out performers after releasing an upbeat trading update and Q3 results respectively.

November:

The FTSE 100 made gains in November despite weak share price performance from a number of oil & gas and other resource stocks providing a headwind. The index rose 84 points to finish at a level of 5,866. Uncertainty surrounding the US election was resolved early in the month as Barack Obama recorded an election victory which was more comfortable than many had expected, and from mid-month the index picked up as hopes increased that a budget agreement would be reached to tackle the US 'fiscal cliff'.

ITV was a large riser, up 14.3%, as a trading update pointed towards robust revenue growth despite a lacklustre TV advertising market. ARM Holdings (+16.4%) was again in positive territory as bid speculation supplemented the previous month's strong Q3 results. Shares in oil & gas operator BG Group continued to suffer in November, sliding 6.8% over the month following a 13.6% fall on the final day of October after it released Q3 results which flagged gas production delays. Pennon Group, the operator of South West Water, warned that profits in its waste recycling division were being restricted by falling prices. Shares in the company fell 13.7% over the month.

December:

The index gained 31 points to finish the month at 5897, about 50 points lower than its intra-month highs as the impasse over the US 'fiscal cliff' persisted heading into the holiday period. Italian Prime Minister Mario Monti announced his intention to resign once the country's Parliament had approved a new budget.

The mining sector dominated the FTSE 100 risers, boosted by better global growth data, particularly from China where November industrial production growth of 10.1% year-on-year was announced. Rio Tinto (+13.5%), Polymetal International (+10.6%) and Evraz (10.6%) were the three largest index risers in percentage terms. Aggreko was the biggest faller, down 22.0% after releasing another profit warning. The company stated that the 2013 year, in addition to lacking the one-off benefit of the Olympics, was shaping up to be characterised by a particularly uncertain economic environment which made forecasting trading conditions difficult.

The quarterly review of index constituents saw water utility Pennon Group drop out, to be replaced by TUI Travel, owner of a number of travel companies including Thomson and First Choice.

January:

The index rallied by over 2% on the first trading day of 2013, after US policymakers reached a deal to postpone the automatic 'fiscal cliff' budget measures. The market continued to climb over the course of the month, with the FTSE 100 gaining 379 points, or 6.4%, to reach 6276, marking the strongest January since

1989. Eurozone sovereign debt fears receded and Basel III banking liquidity requirements were relaxed to allow more qualifying assets and an extension of the deadline for compliance, leading to gains for banks including HSBC (+10.8%) and Barclays (+14.7%). The market rise was broad-based with 82 of the index constituents posting a share price gain in the month.

The basic resources sector again delivered a mixed performance, with ENRC the largest index riser, up 16.1%, but Antofagasta (-13.8%) and Fresnillo (-10.2%) the biggest fallers in percentage terms. Supermarket operators WM Morrison (-4.6%) and J Sainsbury (-4.2%) both delivered trading statements covering the Christmas period. WM Morrison referred to a challenging trading environment with like-for-like sales down 2.5% in a six week period. Trading at J Sainsbury was stronger, up 0.9% in the third quarter of its financial year, but shares in both companies fell over the month.

February:

The UK market made further gains in February, despite some hawkish comments released in US FOMC (Federal Open Market Committee) meeting minutes and an inconclusive Italian election result. The FTSE 100 rose 84 points to 6,360. The FOMC minutes made reference to the costs and risks associated with further asset purchases, hinting that there may be an earlier-than-expected conclusion to quantitative easing. This was offset to some extent by the tone of the Bank of England's Monetary Policy Committee meeting minutes, in which it was revealed that three of the nine members – including Governor Mervyn King – voted for an increase in quantitative easing. Late in the month, rating agency Moody's cut the UK's credit rating by one notch from AAA in a move that was widely expected. Sterling, which had been weak in January, lost further ground. The FTSE 100's gain was held back to some extent by moderate falls in index heavyweights including BP (-4.4%), Royal Dutch Shell (-2.2%) and Vodafone (-4.6%).

Hargreaves Lansdown rose 25.5% after it released interim results showing a 30% year-on-year rise in assets under administration to over £30bn. Two engineering companies – Weir Group and GKN – were also among the top performers, up 18.2% and 13.4% respectively after both released full-year results.

RSA (-8.9%) shares fell as it cut its final dividend to reflect its expectation of a prolonged environment of low bond yields. The worst monthly performer was Kazakhmys, down 15.2%; the price of copper, the primary commodity it mines, fell by about 9% in February.

March

A crisis in the Cypriot banking sector developed in March and a bail-out was only agreed towards the end of the month after political wrangling and the rejection by the Cypriot parliament of an initial package of measures. The deal that was eventually reached, which was necessary to ensure further ECB funding, involved both bank bondholders and large depositors incurring losses. The uncertainty that surrounded the negotiation process, and subsequent fears that the deal may act as a template for future eurozone bailouts, led to equity market weakness. Shares in the banking sector suffered as a result: RBS (-14.9%), HSBC (-1.9%), Lloyds (-8.6%) and Barclays (-4.1%) all fell.

The mining sector was also weak as cyclical stocks were also affected – ENRC was the largest faller, down 27.3%, followed by Evraz, which was 18.7% lower. Defensive companies led the gainers and pushed the index to a monthly gain of 51 points – the 10th rise in succession. Vodafone (+12.7%) was the top contributor to the rise in capitalisation-weighted terms. Shares in the company rose on speculation that a deal would be reached with Verizon with regard to the two companies' mobile phone joint venture in the US. AstraZeneca (+10.2%), Rolls Royce (+9.9%) and J Sainsbury (+9.5%) were other defensive companies to feature among the biggest risers. John Wood Group shares gained 12.8% following the release of 2012 results containing upbeat comments regarding market conditions and growth in energy demand from developing economies.

The quarterly constituent review saw Easyjet and London Stock Exchange Group promoted at the expense of Kazakhmys and Intu Properties.

April

Chinese Q1 GDP data showed 7.7% year-on-year growth, below the consensus expectation for closer to 8.0%. Global growth concerns led to many commodity prices weakening during the month, with precious metals in particular suffering a sharp sell-off: gold dropped 8% while silver fell 14%. However, global equity markets were boosted by the Bank of Japan's announcement of a huge quantitative easing programme. UK GDP growth for the first quarter came in at 0.3%, ahead of the 0.1% consensus expectation, avoiding a 'triple-dip' recession. Italy belatedly appointed a President after the incumbent Giorgio Napolitano succumbed to appeals to run for a further term.

Defensive stocks were again among the best performing with heavyweights GlaxoSmithKline (+7.9%) and Vodafone (+5.1%) leading the index higher. Vedanta was the top riser despite the mining sector overall being one of the worst performers in the month. The shares were boosted by vague bid speculation. Mining stocks including Evraz (-30.2%), Polymetal International (-19.7%), Fresnillo (-15.0%) and Glencore (-11.0%) traded lower.

May

The index made strong gains in the first half of the month, before giving up some ground on a combination of weakness in a Chinese manufacturing indicator (the HSBC Flash PMI) and Ben Bernanke's suggestion that Fed ‘tapering’ of its asset purchase programme may be imminent. Nevertheless the FTSE 100 finished May in positive territory, up 153 points, to complete 12 consecutive months of gains. The ECB cut interest rates by 25bps to 0.5% in the first week of May, contributing to gains made by European and UK equity indices early in the month.

Marks & Spencer (+15.3%) released full year results showing 1.3% sales growth in the year to 30 March 2013, and saw in-line trading in the first seven weeks of its new financial year.

TUI Travel (+14.1%) interim results revealed a reduced loss in the period relating to its winter season and good summer 2013 holiday bookings. The biggest faller was G4S (-21.2%), the security outsourcing group. It revealed in a trading statement that profit margins in 2013 had fallen 0.6% and the adverse trend was expected to continue due to tough macroeconomic conditions. The shares regained some of the lost ground later in the month after announcing that CEO Nick Buckles would step down.

Liontrust Fund Partners LLP
July 2013

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

FUND PROFILE

Investment Objective and Policy

The investment objective of the Liontrust FTSE 100 Tracker Fund is to match the capital performance of the FTSE 100 Index, which comprises the UK's one hundred largest companies. It will be achieved principally by replicating the constituents of the FTSE 100 Index. However, in managing the short-term liquidity of the Fund and it's income, the Manager may, from time to time, invest in FTSE 100 Index futures in accordance with the rules of the COLL Sourcebook regarding hedging.

Investment Approach

The Liontrust FTSE 100 Tracker Fund tracks the performance of the FTSE 100 index, which comprises the one hundred largest companies by market capitalisation listed on the London Stock Exchange. The index was created in 1984. Its constituent companies account for around 80% of the capitalisation of companies traded on the London Stock Exchange.

Risk Profile

The Fund is invested exclusively in UK securities. It is an index tracking unit trust. As such, it will remain fully invested at all times. Unlike actively managed unit trusts there is no fund manager exercising discretion over individual shares held within the portfolio. This could mean, for example, that even if the prospects for a particular share are perceived to be poor, if that particular share is a constituent of the FTSE 100 Index, it will be included within the Fund's portfolio.

Index Tracking

The Fund aims to achieve its objective by investing in an optimised portfolio of constituents of the FTSE 100 Index to provide broad exposure to the benchmark whilst minimising costs. The tracking difference (the difference between the performance of the Fund and the performance of the index tracked) for the year to 31 May 2013 is -1.01%. The tracking difference is based on actual portfolio returns calculated at the valuation point (12pm) and the actual benchmark returns calculated at close of business (4.30pm) and also incorporates the effects of Fund expenses, trading activity, using futures for efficient portfolio management and holding cash in the fund over the course of the year.

The historic tracking error (the volatility of the difference between the performance of the Fund and the performance of the index tracked based on the previous 12 months actual portfolio and benchmark returns) is 0.64% using weekly returns.

The predictive annual tracking error (the expected volatility of the difference between the performance of the Fund and the performance of the index tracked based on an independent risk model) for the Fund at the start of the year was 0.07%. The predictive annual tracking error at the end of the year was 0.05%.

The historic annual tracking error differs from the forward looking predicted annual tracking error at the start of the year as the historic annual tracking error is based on actual portfolio returns calculated at the valuation point (12pm) and the actual benchmark returns calculated at close of business (4.30pm) whereas the predictive annual tracking error is based on both the Fund and the Index having a 4.30pm pricing point. The historic annual tracking error also incorporates the effects of Fund expenses, trading activity, using futures for efficient portfolio management and holding cash on the daily fund returns over the course of the year.

For information on other risks, please see the long report or prospectus.

Risk and Reward Profile

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 UK companies which comprise the FTSE 100 index.

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.
- As exchange rates fluctuate the valuation of overseas earnings may have positive and negative effects on the value of the Fund.
- The Fund may, from time to time, invest in FTSE 100 index futures in order to manage investment flows efficiently.

FUND PROFILE CONTINUED

Ongoing Charges Figure*	31st May 2013	31st May 2012
Liontrust FTSE 100 Tracker Fund	0.47%	n/a

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

Fund Calendar	
Ex-dividend date	1st June
Income payment date	31st July
Accounting period ends	30th November (interim) 31st May (final)

PERFORMANCE

Net Asset Values *pence per unit*	31st May 2013	31st May 2012	% Change
Liontrust FTSE 100 Tracker Fund	190.77	154.77	23.26%

Distributions:

The Fund distributes income once per annum, on 31st July. The ex-dividend date is 1st June each year. Income can be reinvested to purchase units at no initial charge.

Distributions *pence per unit*	31st May 2013	31st May 2012
Liontrust FTSE 100 Tracker Fund	5.87	5.62

Total Return as at 31.05.2013 (%)	6 months	1 year	3 years	5 years	Since launch*
Liontrust FTSE 100 Tracker Fund	13.6	27.1	38.2	28.6	218.7
FTSE 100 Index	14.3	28.4	41.2	31.3	251.1

Discrete Years' Performance (%) To previous quarter, 12 months ending:	Jun 09	Jun 10	Jun 11	Jun 12	Jun 13
Liontrust FTSE 100 Tracker Fund	-19.5	18.7	22.4	-2.0	15.4
FTSE 100 Index	-20.9	19.8	24.9	-2.7	15.8

* Launched 14th July 1995.

Up-to-date past performance information may be obtained by calling our Administration and Dealing team on **0844 892 1007**.

Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally subscribed. The issue of units in the Fund may be subject to an initial charge, which is likely to have an impact on the realisable value of the investment, particularly in the short term. Equity investment should always be considered as long term.

Performance data source: Financial Express, bid-to-bid basis, total return.

PORTFOLIO

Top Ten Holdings

As at 31st May 2013	%	As at 31st May 2012	%
HSBC	7.94	HSBC	6.64
Vodafone	5.51	Vodafone	6.24
BP	5.28	BP	5.44
GlaxoSmithKline	4.91	Royal Dutch Shell 'A' Shares	5.28
Royal Dutch Shell 'A' Shares	4.80	GlaxoSmithKline	5.23
British American Tobacco	4.14	British American Tobacco	4.33
Royal Dutch Shell 'B' Shares	3.54	Royal Dutch Shell 'B' Shares	4.03
Diageo	2.86	BG	3.02
AstraZeneca	2.47	Rio Tinto	2.87
Barclays	2.43	Diageo	2.78
Total	**43.88**	**Total**	**45.86**

Sector Weightings

	Liontrust FTSE 100 Tracker Fund	
	31st May 2013 %	31st May 2012 %
Basic Materials	8.73	11.20
Consumer Goods	15.44	15.74
Consumer Services	8.77	8.45
Financials	20.40	17.03
Healthcare	8.50	8.74
Industrials	7.37	6.34
Oil & Gas	17.14	19.27
Technology	1.06	0.70
Telecommunications	6.91	7.40
Utilities	4.32	4.75
Derivative instruments	-0.01	-0.01
	98.63	**99.61**
Cash (including SSgA* cash deposits)	**1.37**	**0.39**
	100.00	**100.00**

*State Street Global Advisors

FURTHER INFORMATION

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 30 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 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.

Further Information, Report & Financial Statements

Further information on the Fund and its portfolio, the Manager's Long Final and Interim Reports & Financial Statements and the Prospectus and Key Investor Information Documents (KIIDs) are available free of charge from the Manager upon request, and from www.liontrust.co.uk.

The Manager

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Authorised and regulated by the Financial Conduct Authority.

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