LIONTRUST UK GROWTH FUND

Annual Report & Financial Statements

For the year:
1 January 2022
to
31 December 2022

Managed in accordance with
The Liontrust Economic Advantage

LIONTRUST FUND PARTNERS LLP

LIONTRUST

Contents

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

Management and Administration

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

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Email Liontrustadmin@bnymellon.com
Website www.liontrust.co.uk

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

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

Authorised and regulated by the FCA.

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

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

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

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

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

Liontrust UK Growth Fund

Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist fund management company with £32.6 billion in assets under management as at 31 December 2022 and that takes pride in having a distinct culture and approach to managing money. What makes Liontrust distinct?

- The Company launched in 1995 and was listed on the London Stock Exchange in 1999.
- We are an independent business with no corporate parent, our head office is on the Strand in London and we have offices in Edinburgh and Luxembourg.
- We believe in the benefits of active fund management over the long term and all our fund managers are truly active.
- We focus only on those areas of investment in which we have particular expertise. As of 8 February 2023, we have seven fund management teams investing in Global Equities, Global Fixed Income, Sustainable Investment and Multi-Asset portfolios and funds.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.
- Our fund managers have the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management company.
- Each fund management team applies distinct and rigorous investment processes to the management of funds and portfolios that ensure the way we manage money is predictable and repeatable.
- Staying true to their documented investment processes helps to create an in-built risk control for our fund managers, especially in more challenging environments, by preventing them from investing in companies and funds for the wrong reasons.
- We aim to treat investors, clients, members, employees, suppliers and other stakeholders fairly and with respect. We are committed to the Principles of Treating Customers Fairly (TCF) and they are central to how we conduct business across all our functions.

Liontrust Asset Management PLC is the parent company of Liontrust Investment Partners LLP, Liontrust Fund Partners LLP and Liontrust Portfolio Management Limited which are authorised and regulated by the Financial Conduct Authority. Liontrust Asset Management PLC is also the parent company of Liontrust International (Luxembourg) S.A. which is regulated by the Commission de Surveillance du Secteur Financier in Luxembourg. All members of the Liontrust Group sell only Liontrust Group products.

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

Manager's Investment Report

Investment Objective

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

Investment Policy

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

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

The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes. Please refer to the Derivatives sections of the Prospectus for further detail.

The Team

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

The Process

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

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

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

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

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

Manager's Investment Report (continued)

Performance of the Fund

In the year to 31 December 2022 an investment in the Fund returned -1.8% (retail class) and -1.1% (institutional class). This compares with a return of 0.3% from the FTSE All-Share Index comparator benchmark index and a return of -9.1% in the IA UK All Companies sector, also a comparator benchmark.

Since Anthony Cross and Julian Fosh took over management of the Fund on 25 March 2009, the Fund has risen 320% (retail class) and 362% (institutional class). This compares with a rise of 236% in the Fund's comparator benchmark, the FTSE All-Share Index and a return of 225% in the IA UK All Companies sector, also a comparator benchmark.

Source: Financial Express, bid-to-bid basis, total return net of fees, income reinvested, figures for performance up to 31 December 2022. The primary class post-Retail Distribution Review is the institutional class, whereas pre-Retail Distribution Review the bundled Retail class performance history is used, unadjusted for the lower fees of the post Retail Distribution Review classes. Please note that total return has been calculated at midday whereas the financial statements are at close of business.

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

Manager's Investment Report (continued)

Risk and Reward profile

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

Typically lower rewards, lower risk — Typically higher rewards, higher risk

1	2	3	4	**5**	6	7

- The Synthetic Risk and Reward Indicator ("SRRI") is based upon historical data and may not be relied upon to gauge the future risk profile of the Fund.
- The SRRI shown is not guaranteed to remain the same and may shift over time.
- The lowest category (1) does not mean 'risk free'.
- The Fund's risk and reward category has been calculated using the methodology adopted by the Financial Conduct Authority. It is based upon the rate by which the Fund or a representative fund or Index's value has moved up and down in the past.
- The Fund is categorised 5 primarily for its exposure to UK equities.
- The SRRI may not fully take into account the following risks:
  - That a company may fail thus reducing its value within the Fund;
  - overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.
- The Fund may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.
- The Fund may encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.
- The Fund may invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.
- The Fund may have both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Fund.
- Outside of normal conditions, the Fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

Manager's Investment Report (continued)

Risk and Reward profile (continued)

- Environmental, Social and Governance (ESG) Risk: there may be limitations to the availability, completeness or accuracy of ESG information from third-party providers, or inconsistencies in the consideration of ESG factors across different third party data providers, given the evolving nature of ESG.

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

Manager's Investment Report (continued)

The Market

The FTSE All-Share Index returned 0.3% in the 12 months to 31 December 2022.

The index lost ground in capital terms, dropping 3.2% to 4,075 points, but dividend income lifted its total return marginally into positive territory.

The year was defined by macroeconomic uncertainties centred on rampant inflation, the central bank monetary policy response, and the impact on the economic recovery from Covid-19. Russia's invasion of Ukraine earlier in the year added an unwelcome layer of geopolitical instability and further exacerbated the supply chain problems that have characterised the global economy's emergence from lockdown measures.

With inflation rising rapidly towards double-digit percentage rates, central banks acted aggressively to tighten monetary policy. The US Federal Reserve (Fed), European Central Bank and Bank of England hiked rates by 4.25 percentage points (ppt), 2.5ppt and 3.25ppt respectively through the year.

Concerns over inflationary pressures and the monetary policy response had been a feature of 2021, but central banks were largely happy to take a wait-and-see approach, with some labelling the forces as transitory. As it became clear that 2022 would see more decisive action, interest rate expectations moved sharply higher with asset prices also adjusting swiftly.

As the year progressed, investors became increasingly concerned over the resilience of the global economy to these contractionary moves, and the prospect of recession loomed ever larger. In the UK, falling equity markets and rising bond yields were accentuated by the UK government's fiscal actions in September, when short-lived UK chancellor Kwasi Kwarteng's 'mini-budget' took a stimulative stance that was at odds with the Bank of England's economic assessment.

Global equities then recovered from mid-October, fuelled by hopes that the pace of monetary policy tightening may be set to slow. While central banker rhetoric was still fairly hawkish – with the Fed, for example, in December forecasting a rates peak at 5.1%, with no cuts projected until 2024 – decelerating inflation offered some hope that more stimulative conditions could be on the way. Most recently, the pace of US consumer price inflation slowed to 7.1% in November, the lowest level in a year and below the 7.3% forecast.

The overall FTSE All-Share Index return hides some significant disparity in returns to different size segments; the FTSE 100 large-cap index returned 4.7% while the FTSE 250 mid-cap index and FTSE Small Cap index lost 17% and 14% respectively.

Fund Review

The Fund (institutional unit class) returned -1.1% in the 12 months to 31 December 2022, slightly behind the 0.3% return of the FTSE All-Share Index comparator benchmark but ahead of the -9.1% average return of the IA UK All Companies sector, also a comparator benchmark.*

The macroeconomic backdrop at the start of 2022 combined to create a largely risk-off investment environment in which 'value' style equities outperformed their 'growth' and 'quality' counterparts. When interest rates expectations rise, growth stocks – those with high expected earnings growth rates – suffer from higher discount rates applied to their future forecast earnings. Value stocks, by contrast, are viewed as short-duration assets and are less affected by discount rates.

The Portfolio had some exposure to strength in companies with at least one foot in the value camp, including **BP, Shell, BAE Systems** and **British American Tobacco.** Pharmaceutical sector holdings **AstraZeneca** and **Indivior** were also among the portfolio's risers as investors rotated towards defensive areas. Indivior benefited from reporting very strong growth of its *Sublocade* opioid addiction treatment, which is compensating for the sales decline of its generic-threatened *Suboxone* film. In October, Indivior upgraded its 2022 revenue guidance for the drug from $840m - $900m to $890m - $915m, and in December it forecast that annual revenues for *Sublocade* will hit $1bn by the end of 2025. It also raised its peak revenue target from $1bn to over $1.5bn. As a result, it expects to achieve double-digit percentage annual growth in net revenue over the medium term.

Overall, however, the strength in value was a small headwind to the Fund. Because the investment process seeks out dependable, consistent businesses with barriers to competition, high financial returns and strong balance sheets, there is an observable style tilt towards quality and away from value.

While equity market weakness in the early part of 2022 stemmed predominantly from ratings contracting – i.e. the 'p' in p/e (price / earnings) levels falling – as investors priced in higher interest rates (and discount rates) on future expected growth, earnings estimates also came under pressure later in the year as recessionary forces built.

Manager's Investment Report (continued)

Fund Review (continued)

Halma, the provider of health and safety-focused technology, was one of the Fund's larger detractors as it seemed to suffer from its quality growth credentials during a period when investors de-rated such stocks. Its shares have typically traded at high valuation multiples to reflect its strong expected growth profile; despite a significant de-rating this year, they still trade on almost 30x this year's (ending 30 March 2023) expected earnings per share.

Spirax-Sarco Engineering also slid heavily early in the year as a deteriorating economic outlook weighed on sentiment. The company is an international engineer which has a dominant market position in products for regulating steam and electrical thermal energy. It noted that 2022 global industrial production forecasts fell from 4.2% growth at the start of the year to 2.9% by the time of its November trading update, with only 1.0% growth expected in 2023. In the first half of the year, Spirax-Sarco recorded 15% organic adjusted revenue growth as it raised prices to cope with input cost inflation. This helped restrict margin compression to 1.5 percentage points (to 23.8%) and allowed 9% organic growth in adjusted operating profit.

The fall in **Domino's Pizza's** share price reflected a tough consumer environment. A May AGM statement acknowledged that pressures on consumer spending were combining with cost inflation to create significant headwinds. However, its trading performance proved fairly resilient during the year; like-for-like systems sales (excluding the impact of VAT changes) grew 2.4% in Q3 for example and accelerated to 10.4% in the first six weeks of Q4.

Synthomer also fell heavily after issuing a profit warning in September. Full-year earnings guidance was lowered to 10% to 15% below the levels it communicated at the time of its interim results only a month earlier. It commented that the macroeconomic conditions have deteriorated more than expected, while demand in its nitrile butadiene rubber division is set to be impacted by post-pandemic medical glove destocking for longer than previously anticipated.

Returning to the Fund's positive contributors for the year, two risers can be attributed to takeover activity. In February, **Clipper Logistics** recommended an offer from New York-listed logistics provider GXO comprising 690p cash and GXO shares worth around 230p for every Clipper share. In June, **EMIS** then recommended a £1.24bn takeover offer from US-based healthcare and insurance provider UnitedHealth.

**Source: Financial Express, bid to bid basis, total return, net of fees, income reinvested, 31.12.2022. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

Portfolio Changes

Ultra Electronics left the Fund upon completion of its acquisition by Cobham, in a deal announced in 2021. The holding in **Clipper Logistics** was also sold ahead of its acquisition by GXO.

Petrofac shares dropped heavily on the surprise resignation of its CEO Sami Iskander, who has only been in the position since 2021. As a result, we reviewed our holding in Petrofac, ultimately concluding that the strategic risks associated with it had become too great relative to the business's positive Economic Advantage characteristics, prompting the sale of the position.

The only new Fund holding during 2022 was **Haleon**, the consumer healthcare business which was spun out of existing fund holding **GSK.**

Outlook

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

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

Manager's Investment Report (continued)

Outlook (continued)

We have been trying to view bouts of equity market weakness as periods of disruption which could present investment opportunities. We will be alert to opportunities to initiate or top-up positions in high-quality, strong businesses with Economic Advantage characteristics at attractive valuations. Furthermore, market weakness may also lead to further interest from corporate acquirers. One of the features of the Economic Advantage investment process is the frequency with which its holdings have proven attractive to acquirers.

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

Fund Managers

January 2023

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

Material portfolio changes by value

Purchases	Sales
Shell	Ultra Electronics
AstraZeneca	Petrofac
BP	Clipper Logistics
GSK	Indivior
Diageo	AstraZeneca
Unilever	Shell
Moonpig	Diageo
British American Tobacco	Unilever
BAE Systems	BP
Gamma Communications	British American Tobacco

Authorised Status

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

Statement of the Manager's Responsibilities

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

In preparing the financial statements the Manager is responsible for:

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

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

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

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Liontrust UK Growth Fund (the 'Fund') for the Year Ended 31 December 2022

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

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

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

The Trustee must ensure that:

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

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

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

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

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

For and on behalf of

The Bank of New York Mellon (International) Limited

160 Queen Victoria Street
London EC4V 4LA

27 April 2023

Certification of Financial Statements by Partners of the Manager

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

Martin Kearney

Partner, Chief Compliance Officer

Antony Morrison

Partner, Head of Finance

Liontrust Fund Partners LLP
27 April 2023

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Fund for the year ended 31 December 2022 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Table for the Fund and the accounting polices set out on pages 30 to 31.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Fund as at 31 December 2022 and of the net revenue and the net capital losses on the property of the Fund for the year than ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

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

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

Going Concern

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

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

Our conclusions based on this work:

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

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

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

Report on the audit of the financial statements (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on the audit of the financial statements (continued)

Other information

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

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

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

Matters on which we are required to report by exception

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

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

Manager's responsibilities

As explained more fully in their statement set out on page 10, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

Report on the audit of the financial statements (continued)

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

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

Grant Archer

Grant Archer

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
St Vincent Plaza
319 St Vincent Street
Glasgow
G2 5AS

27 April 2023

Comparative Tables

for the year ended 31 December 2022

B Income+ Accounting year ended	31 December 2022 per unit (p)	31 December 2021 per unit (p)	31 December 2020 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	491.88	413.13	458.12
Return before operating charges	(2.91)	90.76	(34.16)
Operating charges	(5.18)	(5.11)	(4.61)
Return after operating charges	(8.09)	85.65	(38.77)
Distributions	(8.30)	(6.90)	(6.22)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**475.49**	**491.88**	**413.13**
After direct transaction costs of*	(0.85)	(0.22)	(0.61)
Performance			
Return after charges	(1.64%)	20.73%	(8.46%)
Other information			
Closing net asset value (£'000)	18,664	20,458	2,365
Closing number of units	3,925,259	4,159,112	572,499
Operating charges**	1.09%	1.11%	1.14%
Direct transaction costs*	0.18%	0.05%	0.15%
Prices			
Highest unit price	499.76	505.83	467.55
Lowest unit price	434.02	416.80	316.23

\+ previously Advised Income until 5 May 2021.

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

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

Comparative Tables (continued)

for the year ended 31 December 2022

Institutional Income Accounting year ended	31 December 2022 per unit (p)	31 December 2021 per unit (p)	31 December 2020 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	489.96	411.25	456.08
Return before operating charges	(2.90)	90.77	(34.03)
Operating charges	(3.98)	(3.94)	(3.59)
Return after operating charges	(6.88)	86.83	(37.62)
Distributions	(9.47)	(8.12)	(7.21)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**473.61**	**489.96**	**411.25**
After direct transaction costs of*	(0.85)	(0.22)	(0.61)
Performance			
Return after charges	(1.40%)	21.11%	(8.25%)
Other information			
Closing net asset value (£'000)	581,281	469,920	387,592
Closing number of units	122,733,701	95,910,637	94,248,281
Operating charges**	0.84%	0.86%	0.89%
Direct transaction costs*	0.18%	0.05%	0.15%
Prices			
Highest unit price	497.59	504.86	465.51
Lowest unit price	432.31	415.13	314.98

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

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Comparative Tables (continued)

for the year ended 31 December 2022

Mandate Accumulation Accounting year ended	31 December 2022 per unit (p)	31 December 2021 per unit (p)	31 December 2020 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	124.17	102.35	111.35
Return before operating charges	(0.75)	22.57	(8.32)
Operating charges	(0.77)	(0.75)	(0.68)
Return after operating charges	(1.52)	21.82	(9.00)
Distributions	(2.65)	(2.26)	(1.95)
Retained distributions on accumulation units	2.65	2.26	1.95
Closing net asset value per unit	**122.65**	**124.17**	**102.35**
After direct transaction costs of*	(0.22)	(0.05)	(0.15)
Performance			
Return after charges	(1.22%)	21.32%	(8.08%)
Other information			
Closing net asset value (£'000)	127,853	24,437	13,599
Closing number of units	104,240,733	19,680,716	13,286,376
Operating charges**	0.64%	0.66%	0.69%
Direct transaction costs*	0.18%	0.05%	0.15%
Prices			
Highest unit price	126.13	125.89	113.68
Lowest unit price	109.61	103.35	76.93

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

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

Comparative Tables (continued)

for the year ended 31 December 2022

Mandate Income Accounting year ended	31 December 2022 per unit (p)	31 December 2021 per unit (p)	31 December 2020 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	107.52	90.12	100.00
Return before operating charges	(0.61)	20.06	(7.51)
Operating charges	(0.67)	(0.66)	(0.61)
Return after operating charges	(1.28)	19.40	(8.12)
Distributions	(2.31)	(2.00)	(1.76)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**103.93**	**107.52**	**90.12**
After direct transaction costs of*	(0.19)	(0.05)	(0.13)
Performance			
Return after charges	(1.19%)	21.53%	(8.12%)
Other information			
Closing net asset value (£'000)	123,444	133,930	111,270
Closing number of units	118,777,244	124,561,691	123,469,602
Operating charges**	0.64%	0.66%	0.69%
Direct transaction costs*	0.18%	0.05%	0.15%
Prices			
Highest unit price	109.22	111.03	102.10
Lowest unit price	94.85	91.03	68.91

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

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

Comparative Tables (continued)

for the year ended 31 December 2022

Retail Income Accounting year ended	31 December 2022 per unit (p)	31 December 2021 per unit (p)	31 December 2020 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	484.89	407.17	451.64
Return before operating charges	(2.92)	89.59	(33.83)
Operating charges	(7.42)	(7.28)	(6.52)
Return after operating charges	(10.34)	82.31	(40.35)
Distributions	(5.81)	(4.59)	(4.12)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**468.74**	**484.89**	**407.17**
After direct transaction costs of*	(0.84)	(0.22)	(0.60)
Performance			
Return after charges	(2.13%)	20.22%	(8.93%)
Other information			
Closing net asset value (£'000)	66,636	75,081	84,748
Closing number of units	14,215,861	15,484,309	20,813,889
Operating charges**	1.59%	1.61%	1.64%
Direct transaction costs*	0.18%	0.05%	0.15%
Prices			
Highest unit price	492.15	495.97	460.76
Lowest unit price	427.07	410.41	311.38

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

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Comparative Tables (continued)

for the year ended 31 December 2022

S Accumulation Accounting year ended	31 December 2022 per unit (p)	31 December 2021 per unit (p)	31 December 2020† per unit (p)
Change in net assets per unit			
Opening net asset value per unit	119.88	98.90	100.00
Return before operating charges	(0.72)	21.81	(1.05)
Operating charges	(0.83)	(0.83)	(0.05)
Return after operating charges	(1.55)	20.98	(1.10)
Distributions	(2.46)	(2.07)	(0.06)
Retained distributions on accumulation units	2.46	2.07	0.06
Closing net asset value per unit	**118.33**	**119.88**	**98.90**
After direct transaction costs of*	(0.21)	(0.05)	(0.01)
Performance			
Return after charges	(1.29%)	21.21%	(1.10%)
Other information			
Closing net asset value (£'000)	6	6	5
Closing number of units	5,000	5,000	5,000
Operating charges**	0.72%	0.76%	0.78%
Direct transaction costs*	0.18%	0.05%	2.30%
Prices			
Highest unit price	121.04	120.82	101.59
Lowest unit price	105.09	99.13	96.47

† Launched 7 December 2020.

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

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

Comparative Tables (continued)

for the year ended 31 December 2022

S Income Accounting year ended	31 December 2022 per unit (p)	31 December 2021 per unit (p)	31 December 2020† per unit (p)
Change in net assets per unit			
Opening net asset value per unit	117.74	98.84	100.00
Return before operating charges	(0.69)	21.80	(1.05)
Operating charges	(0.81)	(0.83)	(0.05)
Return after operating charges	(1.50)	20.97	(1.10)
Distributions	(2.42)	(2.07)	(0.06)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**113.82**	**117.74**	**98.84**
After direct transaction costs of*	(0.20)	(0.05)	(0.01)
Performance			
Return after charges	(1.27%)	21.22%	(1.10%)
Other information			
Closing net asset value (£'000)	6	6	5
Closing number of units	5,000	5,000	5,000
Operating charges**	0.72%	0.76%	0.78%
Direct transaction costs*	0.18%	0.05%	2.30%
Prices			
Highest unit price	118.88	120.75	101.59
Lowest unit price	103.21	99.07	96.47

† Launched 7 December 2020.

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

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

Portfolio Statement

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (99.88%)	**895,342**	**97.54**
	UNITED KINGDOM (95.10%)	**895,342**	**97.54**
	Advertising (2.68%)	**15,758**	**1.72**
1,591,726	Next Fifteen Communications	15,758	1.72
	Aerospace & Defence (4.94%)	**30,708**	**3.35**
3,587,405	BAE Systems	30,708	3.35
	Agriculture (3.69%)	**41,232**	**4.49**
1,256,502	British American Tobacco	41,232	4.49
	Auto Parts & Equipment (1.71%)	**8,352**	**0.91**
6,251,271	TI Fluid Systems	8,352	0.91
	Beverages (5.35%)	**45,005**	**4.90**
1,233,016	Diageo	45,005	4.90
	Chemicals (1.74%)	**5,835**	**0.64**
4,049,202	Synthomer	5,835	0.64
	Commercial Services (10.06%)	**67,074**	**7.31**
224,181	Intertek	9,041	0.98
2,779,845	Pagegroup	12,815	1.40
1,045,338	RELX	23,917	2.61
2,937,869	RWS	11,017	1.20
1,245,800	Savills	10,284	1.12
	Cosmetics & Personal Care (5.03%)	**61,339**	**6.68**
3,592,297	Haleon	11,758	1.28
1,185,577	Unilever	49,581	5.40
	Distribution & Wholesale (1.36%)	**12,127**	**1.32**
439,546	Bunzl	12,127	1.32
	Diversified Financial Services (5.44%)	**42,382**	**4.62**
336,041	Brooks Macdonald	7,057	0.77
1,544,972	Hargreaves Lansdown	13,228	1.44

Portfolio Statement (continued)

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Diversified Financial Services (continued)		
1,146,649	PayPoint	5,836	0.64
9,345,314	TP ICAP	16,261	1.77
	Electronics (7.96%)	**55,378**	**6.02**
815,172	Halma	16,092	1.75
258,374	Renishaw	9,477	1.03
4,348,850	Rotork	13,334	1.45
548,795	Spectris	16,475	1.79
	Engineering & Construction (1.78%)	**12,254**	**1.34**
951,387	IMI	12,254	1.34
	Food Services (1.88%)	**20,300**	**2.21**
1,058,684	Compass	20,300	2.21
	Household Products (2.59%)	**21,884**	**2.38**
380,323	Reckitt Benckiser	21,884	2.38
	Internet (2.03%)	**18,203**	**1.98**
6,749,748	Moonpig	7,445	0.81
2,103,703	Rightmove	10,758	1.17
	Machinery Construction & Mining (1.51%)	**13,665**	**1.49**
819,494	Weir	13,665	1.49
	Machinery Diversified (3.45%)	**21,228**	**2.31**
199,980	Spirax-Sarco Engineering	21,228	2.31
	Media (2.13%)	**24,408**	**2.66**
510,082	Future	6,463	0.70
1,910,698	Pearson	17,945	1.96
	Miscellaneous Manufacturing (1.46%)	**13,773**	**1.50**
861,647	Smiths	13,773	1.50

Portfolio Statement (continued)

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Oil & Gas Producers (4.64%)	**138,959**	**15.14**
11,791,976	BP	56,000	6.10
3,566,615	Shell	82,959	9.04
	Oil & Gas Services (0.87%)	**5,731**	**0.62**
4,241,818	John Wood	5,731	0.62
	Pharmaceuticals (13.62%)	**139,589**	**15.21**
709,144	AstraZeneca	79,552	8.67
2,206,537	GSK	31,721	3.46
1,538,067	Indivior	28,316	3.08
	Retail (3.66%)	**25,873**	**2.82**
4,992,475	Domino's Pizza	14,648	1.60
756,379	WH Smith	11,225	1.22
	Software (3.32%)	**29,979**	**3.27**
670,616	EMIS	12,541	1.37
2,338,843	Sage	17,438	1.90
	Telecommunications (0.63%)	**8,967**	**0.98**
828,743	Gamma Communications	8,967	0.98
	Textiles (1.57%)	**15,339**	**1.67**
23,170,960	Coats	15,339	1.67
	NETHERLANDS (4.78%)	**0**	**0.00**
	Oil & Gas Producers (4.78%)	**0**	**0.00**
	COLLECTIVE INVESTMENT SCHEMES (1.37%)	**35,806**	**3.90**
	IRELAND (0.68%)	**17,903**	**1.95**
17,903,076	HSBC Sterling Liquidity Fund	17,903	1.95

Portfolio Statement (continued)

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	COLLECTIVE INVESTMENT SCHEMES (continued)		
	LUXEMBOURG (0.69%)	**17,903**	**1.95**
17,903,076	JP Morgan Liquidity Fund	17,903	1.95
	Portfolio of investments	**931,148**	**101.44**
	Net other liabilities	**(13,258)**	**(1.44)**
	Total net assets	**917,890**	**100.00**

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

All equity investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 December 2021.

Financial Statements

Statement of Total Return
for the year ended 31 December 2022

	Notes	(£'000)	1.1.2022 to 31.12.2022 (£'000)	(£'000)	1.1.2021 to 31.12.2021 (£'000)
Income					
Net capital (losses)/gains	2		(24,725)		121,024
Revenue	3	22,466		18,793	
Expenses	4	(6,933)		(6,420)	
Interest payable and similar charges	6	(1)		–	
Net revenue before taxation		15,532		12,373	
Taxation	5	35		–	
Net revenue after taxation			15,567		12,373
Total return before distributions			**(9,158)**		**133,397**
Distributions	7		(15,625)		(12,411)
Change in net assets attributable to unitholders from investment activities			**(24,783)**		**120,986**

Statement of Change in Net Assets Attributable to Unitholders
for the year ended 31 December 2022

	(£'000)	1.1.2022 to 31.12.2022 (£'000)	(£'000)	1.1.2021 to 31.12.2021 (£'000)
Opening net assets attributable to unitholders		**723,838**		**599,584**
Amounts received on issue of units	501,952		175,517	
In-specie transfer+	–		25,469	
Amounts paid on cancellation of units	(285,874)		(198,162)	
		216,078		2,824
Change in net assets attributable to unitholders from investment activities		(24,783)		120,986
Retained distributions on accumulation units		2,757		444
Closing net assets attributable to unitholders		**917,890**		**723,838**

+ The Liontrust Macro UK Growth Fund merged into the Liontrust UK Growth Fund on 19 March 2021.

Financial Statements (continued)

Balance Sheet
as at 31 December 2022

	Notes	31.12.2022 (£'000)	31.12.2021 (£'000)
Assets			
Fixed assets			
Investments		931,148	732,901
Current assets:			
Debtors	8	3,414	3,419
Cash and bank balances	9	1,012	1,007
Total assets		**935,574**	**737,327**
Liabilities			
Creditors:			
Distribution payable		(15,519)	(11,285)
Other creditors	10	(2,165)	(2,204)
Total liabilities		**(17,684)**	**(13,489)**
Net assets attributable to unitholders		**917,890**	**723,838**

Notes to the Financial Statements

for the year ended 31 December 2022

1 Accounting policies

a) Basis of accounting

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

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

b) Basis of valuation of investments

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

c) Revenue

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

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

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

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

d) Expenses

Expenses are recognised on an accruals basis.

e) Allocation of income and expenses to multiple unit classes

The allocation of income and expenses to each unit class is based on the proportion of the Fund's assets attributable to each unit class on the day the income is earned or the expense is incurred. The Manager's periodic charge is allocated at a fixed rate based on the net asset value of the respective unit class.

f) Taxation

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

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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

1 Accounting policies (continued)

h) Foreign exchange

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

1.1 Distribution policies

i) Basis of distribution

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

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

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

j) Stock dividends

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

k) Special dividends

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

l) Functional currency

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

2 Net capital (losses)/gains

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
The net capital (losses)/gains comprise:		
Non-derivative securities	(24,725)	121,023
Transaction costs	–	1
Net capital (losses)/gains	**(24,725)**	**121,024**

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

3 Revenue

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Bank interest	9	2
Non-taxable overseas dividends	673	324
Stock lending income	13	28
Taxable overseas dividends	549	–
UK dividends	21,222	18,439
Total revenue	**22,466**	**18,793**

4 Expenses

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Payable to the Manager or associates of the Manager:		
Manager's charge	6,229	5,634
General administration charges*	704	796
	6,933	**6,430**
Other expenses:		
Publication costs	–	(10)
	–	**(10)**
Total expenses	**6,933**	**6,420**

* The audit fee for the year (borne out of the General administration charges), excluding VAT, was £10,300 (2021: £9,450). Where the fee exceeds the General administration charges, the shortfall will be met by the Manager.

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

5 Taxation

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
a) Analysis of charge in year		
Overseas tax	(35)	–
Total tax credit [see note(b)]	**(35)**	**–**

b) Factors affecting tax charge for the year

The taxation assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for authorised Unit Trusts of 20% (2021: 20%). The differences are explained below:

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Net revenue before taxation	15,532	12,373
Corporation tax at 20% (2021 - 20%)	3,106	2,475
Effects of:		
Movement in unrecognised tax losses	1,273	1,278
Overseas tax	(35)	–
Revenue not subject to tax	(4,379)	(3,753)
Total tax credit [see note(a)]	**(35)**	**–**

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

c) Deferred tax

At the year end there is a potential deferred tax asset of £18,064,000 (2021: £16,791,000) due to tax losses of £90,319,000 (2021: £83,956,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or the prior year.

6 Interest payable and similar charges

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Overdraft interest	1	–
Total interest payable and similar charges	**1**	**–**

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

7 Distributions

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Final distribution	18,276	11,729
Amounts deducted on cancellation of units	3,414	1,918
Amounts received on issue of units	(6,065)	(1,236)
Distributions	**15,625**	**12,411**

The distributable amount has been calculated as follows:		
Net revenue after taxation	15,567	12,373
Add: Equalisation on conversions	58	38
Distributions	**15,625**	**12,411**

The distribution per unit is set out in the table on page 45.

8 Debtors

	31.12.2022 (£'000)	31.12.2021 (£'000)
Accrued revenue	1,215	1,015
Amounts receivable for issue of units	2,199	2,323
Overseas withholding tax	–	12
Sales awaiting settlement	–	69
Total debtors	**3,414**	**3,419**

9 Cash and bank balances

	31.12.2022 (£'000)	31.12.2021 (£'000)
Cash and bank balances	1,012	1,007
Total cash and bank balances	**1,012**	**1,007**

10 Creditors

	31.12.2022 (£'000)	31.12.2021 (£'000)
Accrued expenses	66	57
Accrued Manager's charge	612	500
Amounts payable for cancellation of units	1,371	1,647
Purchases awaiting settlement	116	–
Total other creditors	**2,165**	**2,204**

11 Contingent liabilities

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: £Nil).

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

12 Related party transactions

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

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

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

The balance due to Liontrust Fund Partners LLP and its associates in respect of expenses at the year end was £678,000 (2021: £557,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £6,933,000 (2021: £6,430,000).

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

13 Securities lending

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

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

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

Return and cost

The table below shows the net income earned by the Fund from securities lending activity during the year to 31 December 2022.

	Collective Investment Undertaking (£'000)	Manager of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Securities lending				
Gross return	13	–	6	19
% of total	70%	0%	30%	100%
Cost	–	–	–	–

The table below shows the net income earned by the Fund from securities lending activity during the year to 31 December 2021.

	Collective Investment Undertaking (£'000)	Manager of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Securities lending				
Gross return	28	–	12	40
% of total	70%	0%	30%	100%
Cost	–	–	–	–

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

13 Securities lending (continued)

Securities on loan and collateral received

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

		31 December 2022		31 December 2021	
Counterparty	Counterparty's country of establishment	Securities on loan (£'000)	Collateral received (£'000)	Securities on loan (£'000)	Collateral received (£'000)
BNP Paribas	France	1,365	1,551	–	–
Citigroup Global Markets Limited	UK	1,228	1,347	4,122	4,511
J.P. Morgan Securities Plc	UK	426	469	858	950
Merrill Lynch International	UK	373	402	–	–
The Bank of Nova Scotia	Canada	577	635	14,886	16,386
UBS AG	Switzerland	157	166	–	–
Total		**4,126**	**4,570**	**19,866**	**21,847**

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

Management of counterparty credit risk related to securities lending

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

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

14 Risk management policies

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

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

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

14 Risk management policies (continued)

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

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

Market price risk

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

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

As at 31 December 2022 and 31 December 2021 the overall market exposure for the Fund was as shown in the Portfolio Statement, other than for derivatives where the exposure could be greater. The Fund is exposed to market price risk as the assets and liabilities of the Fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Fund to market price risk is estimated below which shows the expected change in the market value of the Fund when a representative market index changes by 10%. These percentage movements are based on the Manager's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Fund has previously changed when that corresponding market index has moved taking into account the Fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 December 2022, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 8.7%.

As at 31 December 2021, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 8.7%.

Some limitations of sensitivity analysis are;

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

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

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

14 Risk management policies (continued)

Market price risk (continued)

conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statement for the notional values of any forwards and futures contracts.

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

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

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

Currency risk

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

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

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

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

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

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

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

Interest rate risk

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

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

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

14 Risk management policies (continued)

Liquidity risk

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

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

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

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

Counterparty credit risk

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

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

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

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

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

The Trustee is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation, as at 31 December 2022 was A (Standard & Poor's rating).

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

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

14 Risk management policies (continued)

Counterparty credit risk (continued)

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

Maturity profile of financial liabilities

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

Fair value of financial assets and liabilities

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

Valuation of financial investments

31.12.2022	Assets (£'000)	Liabilities (£'000)
Level 1: Quoted prices	895,342	–
Level 2: Observable market data	35,806	–
	931,148	**–**

31.12.2021	Assets (£'000)	Liabilities (£'000)
Level 1: Quoted prices	722,982	–
Level 2: Observable market data	9,919	–
	732,901	**–**

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

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

15 Portfolio transaction costs

for the year ending 31 December 2022

Purchases (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	281,810	119	0.04	1,287	0.46
Total purchases	**281,810**	**119**		**1,287**	
Total purchases including transaction costs	**283,216**				

Sales (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	86,159	33	0.04	–	–
Total sales	**86,159**	**33**		**–**	
Total sales net of transaction costs	**86,126**				
Total transaction costs		**152**		**1,287**	
Total transaction costs as a % of average net assets		**0.02%**		**0.16%**	

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

15 Portfolio transaction costs (continued)

for the year ending 31 December 2021

Purchases (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	90,607	29	0.03	283	0.31
Collective investment schemes	10,565	–	–	–	–
Total purchases	**101,172**	**29**		**283**	
Total purchases including transaction costs	**101,484**				

Sales (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	71,349	26	0.04	–	–
Collective investment schemes	575	–	–	–	–
Total sales	**71,924**	**26**		**–**	
Total sales net of transaction costs	**71,898**				
Total transaction costs		**55**		**283**	
Total transaction costs as a % of average net assets		**0.01%**		**0.04%**	

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

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

For the Fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However, additionally there are indirect transaction costs suffered in those underlying funds, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.23% (2021: 0.17%).

Notes to the Financial Statements (continued)

for the year ended 31 December 2022

16 Unit classes

For the year ending 31 December 2022

	Opening units	Units issued	Units redeemed	Units converted	Closing units
B Income	4,159,112	144,390	(344,202)	(34,041)	3,925,259
Institutional Income	95,910,637	64,435,808	(39,280,478)	1,667,734	122,733,701
Mandate Accumulation	19,680,716	138,532,870	(53,972,694)	(159)	104,240,733
Mandate Income	124,561,691	15,792,349	(22,152,638)	575,842	118,777,244
Retail Income	15,484,309	3,268,397	(2,745,120)	(1,791,725)	14,215,861
S Accumulation	5,000	–	–	–	5,000
S Income	5,000	–	–	–	5,000

17 Post balance sheet events

The Fund invests in a portfolio of assets, whose values have changed since the year-end, primarily due to market volatility. Since the year-end, the NAV per unit of the Institutional Income unit class has increased by 4.22% to 19 April 2023. The other unit classes in the Fund have moved by a similar magnitude.

Distribution Table

for the year ended 31 December 2022

Final distribution

Group 1 - Units purchased prior to 1 January 2022

Group 2 - Units purchased 1 January 2022 to 31 December 2022

	Net Revenue Pence per unit	Equalisation* Pence per unit	Distribution paid 28.2.2023 Pence per unit	Distribution paid 28.2.2022 Pence per unit
B Income - Group 1	8.3034	–	8.3034	6.8986
B Income - Group 2	5.5789	2.7245	8.3034	6.8986
Institutional Income - Group 1	9.4734	–	9.4734	8.1244
Institutional Income - Group 2	3.8962	5.5772	9.4734	8.1244
Mandate Accumulation - Group 1	2.6450	–	2.6450	2.2553
Mandate Accumulation - Group 2	0.8045	1.8405	2.6450	2.2553
Mandate Income - Group 1	2.3065	–	2.3065	2.0030
Mandate Income - Group 2	1.0466	1.2599	2.3065	2.0030
Retail Income - Group 1	5.8140	–	5.8140	4.5919
Retail Income - Group 2	2.6390	3.1750	5.8140	4.5919
S Accumulation - Group 1	2.4586	–	2.4586	2.0724
S Accumulation - Group 2	2.4586	–	2.4586	2.0724
S Income - Group 1	2.4170	–	2.4170	2.0706
S Income - Group 2	2.4170	–	2.4170	2.0706

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

Securities Financing Transactions (unaudited)

as at 31 December 2022

Securities Lending

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

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

The following table details the value of securities on loan as a proportion of the Fund's total lendable assets and Net Asset Value (NAV) as at 31 December 2022. The income earned from securities lending are also shown for the period ended 31 December 2022. Total lendable assets represents the aggregate value of assets forming part of the Fund's securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan		
% of lendable assets	% of NAV	Income earned (£'000)
0.49	0.45	13

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 31 December 2022.

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
BNP Paribas	France	1,365	1,551
Citigroup Global Markets Limited	UK	1,228	1,347
J.P. Morgan Securities Plc	UK	426	469
Merrill Lynch International	UK	373	402
The Bank of Nova Scotia	Canada	577	635
UBS	Switzerland	157	166
Total		**4,126**	**4,570**

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

Collateral

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

Securities Financing Transactions (unaudited)(continued)

as at 31 December 2022

Collateral (continued)

The following table provides an analysis by currency of the underlying cash and non-cash collateral received / posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions, as at 31 December 2022.

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Securities lending transactions				
AUD	-	-	104	-
CHF	-	-	156	-
EUR	-	-	719	-
GBP	-	-	482	-
HKD	-	-	250	-
JPY	-	-	832	-
NOK	-	-	5	-
SEK	-	-	1	-
USD	-	-	2,021	-
Total	**-**	**-**	**4,570**	**-**

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

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received / posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions, as at 31 December 2022.

				Maturity Tenor			
Collateral type and quality	**1 - 7 days (£'000)**	**8 - 30 days (£'000)**	**31 - 90 days (£'000)**	**91 - 365 days (£'000)**	**More than 365 days (£'000)**	**Open transactions (£'000)**	**Total (£'000)**
Collateral received - securities lending							
Fixed income							
Investment grade	–	41	13	77	869	–	**1,000**
Equities							
Recognised equity index	–	–	–	–	–	3,570	**3,570**
Total	**–**	**41**	**13**	**77**	**869**	**3,570**	**4,570**

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

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

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

Securities Financing Transactions (unaudited)(continued)

as at 31 December 2022

Collateral (continued)

As at 31 December 2022, all non-cash collateral received by the Fund in respect of securities lending transactions is held by the Funds' Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions as at 31 December 2022.

Issuer	Value (£'000)	% of the Sub-fund's NAV
BNP Paribas Arbitrage	1,551	0.17
Citigroup Global Markets Limited	1,347	0.15
The Bank of Nova Scotia	635	0.07
JP Morgan Securities Plc.	469	0.05
Merrill Lynch International	402	0.04
UBS AG	166	0.02
Total	**4,570**	**0.50**

Additional Information (unaudited)

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 27 January 1993.

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

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

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

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. Please refer to the Prospectus for more details. 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 Fund Partners LLP, PO Box 373, Darlington DL1 9RQ. A contract note confirming the instruction to sell will be issued the day following the dealing day. Following receipt of a correctly completed Form of Renunciation, a cheque in settlement will be sent directly to you or your bank/ building society, if proof of ownership of the account has been received by us, in four business days. Liontrust does not make or accept payments to or from third parties unauthorised by the Financial Conduct Authority or other financial regulator.

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

Initial charge	%	Ongoing charges figure*	%	Included within the OCF is the Annual Management Charge**	%
B Income	up to 5.00	B Income	1.09	B Income	1.00
Institutional Income	Nil	Institutional Income	0.84	Institutional Income	0.75
Mandate Accumulation	Nil	Mandate Accumulation	0.64	Mandate Accumulation	0.55
Mandate Income	Nil	Mandate Income	0.64	Mandate Income	0.55
Retail Income	up to 5.00	Retail Income	1.59	Retail Income	1.50
S Accumulation	Nil	S Accumulation	0.74	S Accumulation	0.65
S Income	Nil	S Income	0.74	S Income	0.65

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

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

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

Additional Information (unaudited) (continued)

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

Income Tax: UK tax resident individuals are now entitled to a new tax-free dividend allowance in place of the dividend tax credit. Consequently, all income from dividend distributions is now regarded as gross income.
UK resident individuals who are not liable to tax are not able to reclaim the tax credits from the HM Revenue and Customs. In the case of UK resident individuals who are liable to starting or basic rate tax only, the tax credit will match his or her liability on the distribution and there will be no further tax to pay and no right to claim repayments from the HM Revenue and Customs. In the case of a higher rate taxpayer, the tax credit will be set against, but not fully match, his or her tax liability on the distribution. Such people will have an additional tax liability to pay.

Remuneration: Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive (2014/91/EU), the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year. The table below provides an overview of the following as at year ended 31 March 2022:

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

	Headcount	Total Remuneration (£'000)
Manager UK Staff[1]	**83**	**18,744**
of which		
Fixed remuneration	83	8,116
Variable remuneration	83	10,628
UCITS Remuneration Code Staff[1, 2]	**9**	**2,225**
of which		
Senior Management	2	105
Other control functions:		
Other code staff/risk takers	7	2,120

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

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

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

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

Additional Information (unaudited) (continued)

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

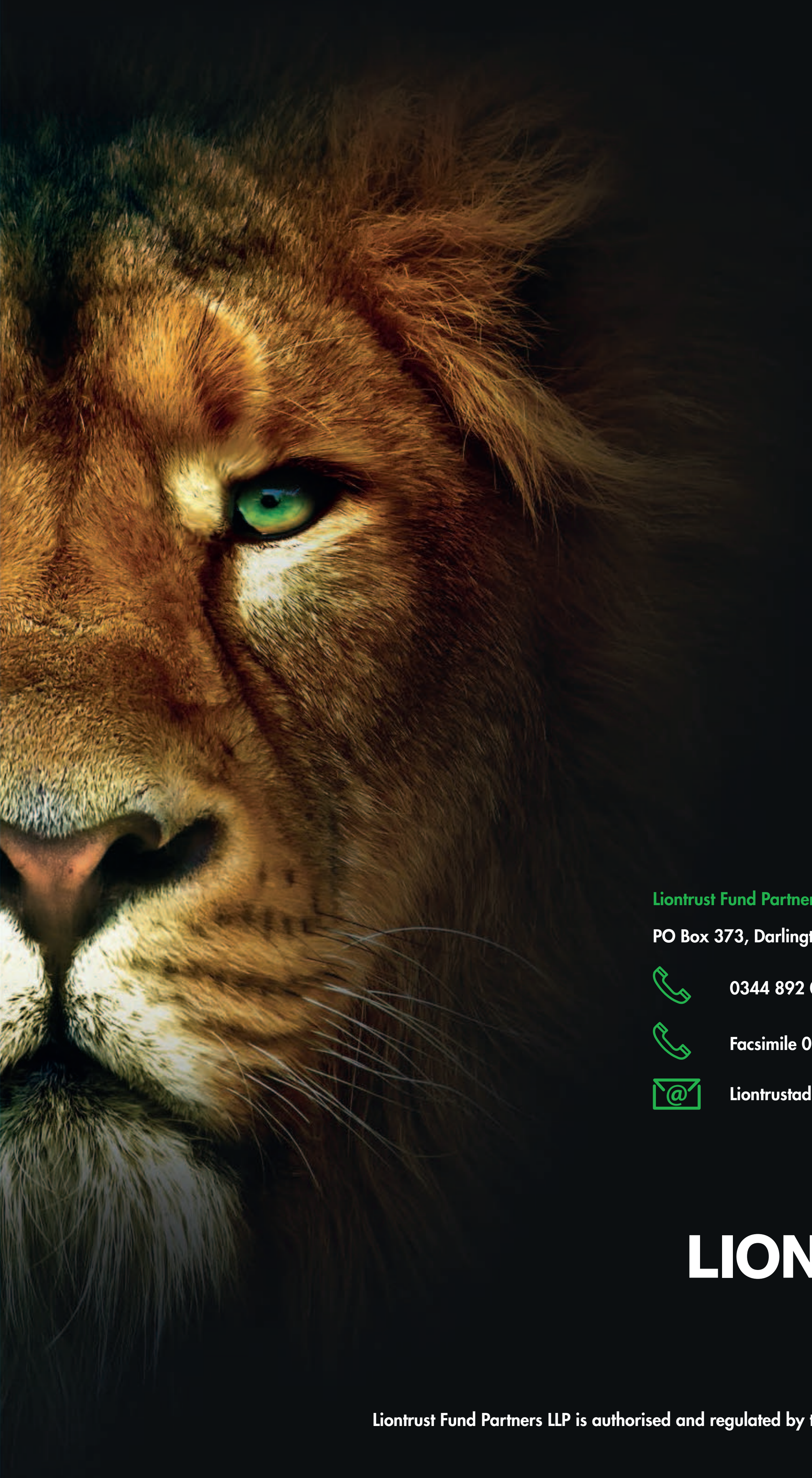
The Liontrust Group operates a Remuneration Committee (the "Committee"). The Committee reports to the Board. The Committee reviews risk and compliance issues in relation to the vesting of deferred awards for all employees and members. Compliance is monitored throughout the vesting period by the Committee.

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

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

Assessment of Value: The regulator - the FCA - has asked every asset manager to assess the value of the funds they run. Assessing value goes beyond performance and costs and encompasses a minimum of seven criteria mandated by the FCA. The assessment of value of the Fund and the other UK-domiciled funds managed by Liontrust will be conducted as at 31 August each year. The assessment of value report can be viewed on the Liontrust website www.liontrust.co.uk/learning/assessment-of-value.

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



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