LIONTRUST SUSTAINABLE FUTURE ICVC

Interim Report &
Financial Statements (unaudited)

For the period:
1 February 2021
to
31 July 2021

Managed in accordance with
The Liontrust Sustainable Future Process

LIONTRUST FUND PARTNERS LLP

LIONTRUST

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* Collectively these comprise the Authorised Corporate Director's Report (herein referred to as the ACDs Report) along with the Investment objective and policy, Investment review, Portfolio Statement and Material portfolio changes of each Sub-fund.

Management and Administration

Management and Administration

The Authorised Corporate Director ("ACD") of Liontrust Sustainable Future ICVC (the "Company") is:

Liontrust Fund Partners LLP

The registered office of the ACD and the Company is 2 Savoy Court, London, WC2R 0EZ.

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

Depositary

The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

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
1 Canada Square
London
E14 5AL

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

Management and Administration (continued)

Company Information

The Company is an open-ended investment company ("OEIC") with variable capital under regulation 12 of the Open-Ended Investment Company Regulations 2001, incorporated in England and Wales under registered number IC 89 and authorised by the Financial Conduct Authority on 29 January 2001. At the period end the Company offered nine Sub-funds, the Liontrust Sustainable Future Managed Growth Fund, the Liontrust Sustainable Future Cautious Managed Fund, the Liontrust Sustainable Future Corporate Bond Fund, the Liontrust Sustainable Future Defensive Managed Fund, the Liontrust Sustainable Future European Growth Fund, the Liontrust Sustainable Future Global Growth Fund, the Liontrust Sustainable Future Managed Fund, the Liontrust Sustainable Future UK Growth Fund and the Liontrust UK Ethical Fund (the "Sub-funds").

Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps will be required on all reports & accounts published after 13 January 2017. See pages 133 - 146 for disclosures at 31 July 2021.

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 Funds 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/assessment-of-value.

Changes to the Prospectus

During the period to 31 July 2021, changes were made to the Company and therefore the following changes were reflected in the Prospectus and/or Instrument of Incorporation of the Company.

- Effective 8 February 2021, the minimum initial subscription amount for investors seeking to purchase Class 3, Class 7 or Class Z shares has increased from £200,000,000 to £500,000,000. In addition the minimum holdings for these classes have increased from £150,000,000 to £450,000,000. Note that there is no impact for any existing investors already in these classes.
- Effective 1 July 2021, the launch of B share classes on Liontrust Sustainable Future UK Growth Fund and Liontrust Sustainable Future European Growth Fund.

Holdings in Other Funds of the Company

As at 31 July 2021, the following Sub-funds held shares in other Sub-funds within the Liontrust Sustainable Future ICVC.

Sub-fund	Shares held	Holding	Market value (£'000)
Liontrust Sustainable Future Cautious Managed Fund	Liontrust Sustainable Future Corporate Bond Fund	7,647,358	8,983
Liontrust Sustainable Future Defensive Managed Fund	Liontrust Sustainable Future Corporate Bond Fund	17,443,144	20,490

Management and Administration (continued)

Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist asset manager with £33.6 billion in assets under management (AUM) as at 30 June 2021 and which takes pride in having a distinct culture and approach to managing money. Our purpose is to have a positive impact on our investors, stakeholders and society. We aim to achieve this by providing the environment which enables our fund managers and employees to flourish, helping our investors achieve their financial goals, supporting companies in generating sustainable growth, and empowering and inspiring the wider community. What makes Liontrust distinct?

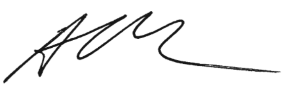
- The Company launched in 1995 and was listed on the London Stock Exchange in 1999.
- We are an independent business with no corporate parent, our head office is on the Strand in London and we have offices in Luxembourg and Edinburgh.
- We believe in the benefits of active fund management over the long term and all our fund managers are truly active.
- We focus only on those areas of investment in which we have particular expertise. We have six 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 buying stocks 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 Multi-Asset 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.

The outbreak of the Coronavirus (COVID-19) caused disruption to businesses and economic activity which has been reflected in fluctuations in global stock markets. The ACD monitors developments relating to COVID-19 and is co-ordinating its operational response based on existing business continuity plans and on guidance from global health organisations, UK government and general pandemic response best practice.

Member's Statement

In accordance with COLL 4.5.8BR, we hereby certify the Interim report and the financial statements were approved by the management committee of members of the ACD and authorised for issue on 27 September 2021.



Antony Morrison

Member

27 September 2021

Notes applicable to the financial statements of all Sub-funds

for the period from 1 February 2021 to 31 July 2021

Accounting Policies

Basis of accounting

The financial statements of the Company comprise the financial statements of each of the Sub-funds and have been prepared on a going concern basis in accordance with UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Statements of UK Authorised Funds" issued by the IMA (now known as the Investment Association) in May 2014 (the "SORP"), updated in June 2017.

The accounting and distribution policies applied are consistent with those disclosed within the annual report & financial statements for the year ended 31 January 2021.

Sustainable Future Cautious Managed Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

The Sub-fund aims to deliver income and capital growth over the long-term (5 years or more).

Investment Policy

The Sub-fund will invest globally. All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

Allocations to equities, fixed income, and cash will vary over time depending on market circumstances. Asset allocation limits will remain in line with the following asset allocation ranges:

Equity – 40-60 %

Fixed income – 20-50%

Cash – 0-20%

The Sub-fund may also invest in collective investment schemes including other Liontrust Funds (up to 10% of Sub-fund assets), other transferable securities, money market instruments, warrants and deposits.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Sustainable Future Cautious Managed Fund (continued)

Investment review

Market review

Pace of recovery, interest rates and inflation remain dominant factors for overall sentiment, particularly the latter as levels continue to creep upwards. This is leading to growing speculation around when policy tightening may be needed but central banks continue to insist that while inflation may be higher than expected, this will be temporary and does not pose a threat to recovery.

While higher inflation tends to have a greater impact on longer-duration growth stocks, we continue to believe a well-diversified portfolio with multiple thematic drivers and high-quality companies is the best way to navigate whatever macroeconomic situation unfolds.

We welcome ongoing recovery in more cyclical names but some of our higher-quality companies have lagged in a period where performance, at least for the first half, was driven by value stocks and parts of the market benefitting most from economic reopening. In recent months, we have also seen bubbles begin to emerge in certain areas, including some initial public offerings (IPO) in the technology space, special purpose acquisition companies (SPACs) and, to a degree, stocks where investors are buying without any regard for valuation. Stage four of our process, focusing on valuation, ensures we can protect our portfolios from these types of bubbles.

Ultimately, we feel fundamentals will drive higher-quality names back up, leaving behind those buoyed by emerging bubbles, and signs of this are already emerging – and having a process running for two decades does help when dealing with periods of rotation in the market. While our process tends to be growth focused, we are looking for structural rather than transient trends and also largely avoid crowded trades. Again, that fourth stage ensures we avoid stocks trading at levels that have lost touch with underlying fundamentals.

Sub-fund review

The Sustainable Future Cautious Managed Fund (Class 2 income) delivered 7.6% over the six months under review, outperforming the IA Mixed Investment 40-85% Shares sector average of 7.4% (which is the comparator benchmark)*.

Despite a tougher backdrop for our favoured high-quality, high-return businesses, asset allocation was positive overall. We carried a pro-cyclical, pro-risk assets position into the period, which we maintained throughout. We were overweight equities and underweight cash and government bonds, all of which were positive contributors to performance.

Within fixed income, successful vaccine rollouts shifted the market narrative to focus on when policymakers may need to raise rates if better-than-expected growth led to higher inflation, causing a selloff in bond markets. Against this backdrop, our overweight credit position detracted from performance in Q1. In the second half of the period, corporate bonds outperformed government and our overweight credit was another positive factor. On the government side, while yields stabilised after a large move higher in the first quarter, these assets remain under pressure from higher inflation expectations as economic recovery continues, with the Federal Reserve's dot plot chart now suggesting interest rates may have to rise earlier than forecast.

As stated, we largely avoid crowded trades such as the mega-cap FAANG names (Facebook, Amazon, Apple, Netflix and Alphabet, formerly Google) and, of those, only Alphabet is currently investable for us. The stock was among our best performers over the period, during which Google's parent company exceeded estimates as advertising revenues picked up amid the broad vaccine-driven recovery. Alphabet lagged its FAANG peers in 2020, with its fortunes seen as closely tied to economic reopening, but the company has rebounded fast this year, posting Q2 revenues of close to $62 billion, as that long talked-about pent-up demand started to be released.

We think Alphabet stands out because the core Google Search business makes the internet a more efficient place through its indexation and democratisation of information. This is provided free to the vast majority of users and has become an integral part of everyday life, which is why the company sits in our *Providing education* theme. As a sector, technology emits more than airlines, both in the US and globally, and Alphabet also stands out here, ensuring it has energy-efficient data centres and as one of the biggest buyers of renewable energy.

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Sub-fund review (continued)

Elsewhere, US healthcare business IQVIA was back among our top contributors, with the company's data-driven strategy for outsourcing clinical trials continuing to create an important competitive advantage. Over the period, it announced two strong sets of quarterly data with growth across all key metrics, and on the back of this, plus sustained strength of recent business wins, was able to raise 2021 financial guidance twice. IQVIA exemplifies the affordability side of healthcare within our sustainable themes, with the industry needing to ensure the treatments and innovations it develops are available to the wider global population. The company provides an important solution to the problem of increasing drug costs by improving the efficiency of clinical trials.

Several financials, including Schwab and First Republic Bank, also remained among our best names as the sector enjoyed a strong spell of performance as a 'value' part of the market. Schwab is a long-term holding under our *Saving for the future* theme as the largest investment platform in the US, offering low-cost products to the mass market. It has benefitted from higher bond yields over the period, growing its earnings from cash held on its balance sheet as yields rise. This part of the company's earnings had been wiped out during the pandemic and normalisation of yields has led to growth from this area of the business.

Schwab is also a beneficiary of the accumulation of savings in the US, with lockdowns reducing the amount spent on big ticket consumption items such as holidays.

Elsewhere, a number of our best performers from 2020 featured among top contributors over the period, having given back some of their returns earlier in the year amid the value rotation. Names such as DocuSign, PayPal and Intuit all enjoyed share price growth, as did holdings under our *Connecting people* theme such as Cellnex and American Tower.

DocuSign is exposed to our *Increasing waste* treatment and *recycling* theme and the company has created a unique product to digitalise the final signature part of the document production process – an excellent example of a solution that makes the world more efficient. In its latest results, DocuSign said it has become the way people 'agree in today's emerging anywhere economy', not only helping organisations to continue during the pandemic but also to realise new and more efficient ways of doing business in future.

Elsewhere, Puma had a strong period after announcing encouraging Q1 sales and profitability growth, despite ongoing lockdown restriction, and then raising its sales outlook for 2021 based on Q2 demand, especially in North America. Puma now expects 2021 currency-adjusted sales to rise by at least 20%, up from its previous forecast in the mid-teens, and we believe the management team are proving themselves one of the strongest in the industry.

Semiconductor company ASML is another perennial outperformer, publishing Q2 results showing net sales at guidance level of €4.0 billion and gross margin above guidance at 50.9%, mainly due to higher revenue in software upgrades as customers want to increase capacity quickly. The company said demand continues to be high across all segments, reflecting a market focused on increasing capacity to support build-up of digital infrastructure, and expects new sales to grow by around 35% in 2021 compared to last year.

For us, ASML is a strong example of a company with pricing power and built-in inflation protection, designing and manufacturing semiconductor chip machines and operating at the cutting edge of physics. The company has been developing a technology lead for over 40 years and there are very few alternatives. ASML has consistently been able to increase its average selling price in excess of input costs, evidenced by an expanding gross margin.

In our UK portfolio, it is little surprise to find GW Pharmaceuticals among the top performers. This is the global leader in developing cannabinoid-based treatments, changing the lives of many people with epilepsy. Recognising this expertise, Irish-based Jazz Pharmaceuticals agreed a $7.2 billion cash-and-stock deal to acquire GW and expand its neuroscience portfolio, which closed in Q2 and saw the company leave the portfolio. In many ways, GW encapsulates three core elements of our approach, producing a positive outcome for society and our clients, exemplifying the need for a long-term investment horizon, and requiring courage to stray from the herd. Innovation is central to the healthcare sector and sustainability overall, with people needing to be fit and healthy to enjoy a cleaner and safer world in future. It is also what attracts us to these companies and, although GW has exited the Sub-fund, we continue to focus on businesses working to address unmet medical needs.

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Sub-fund review (continued)

Speciality chemicals company Croda International also remains among our stronger holdings, making key ingredients for life sciences and healthcare, personal care products and seed coatings, as well as lubricants and adhesives. The majority of its raw materials are natural and the company is a recognised leader in green chemistry, benefiting from ongoing demand for its products.

Also benefitting from strong results is St James's Place (SJP): over the first six months of the year, it attracted £9.2 billion of new client investments, with flows reflecting a combination of factors including improving sentiment, a sharp increase in household savings rates, and high levels of engagement. We hold this company under our *Saving for the future* theme, recognising savings rates have to increase substantially if we are to avoid a huge shortfall in pension provision. SJP's net inflows, together with the positive impact from investment markets, resulted in funds under management closing the first half at a record £143.8 billion, up 11% year to-date.

Among the few detractors over the period, holdings impacted by Covid-19 continue to struggle in the short term, including Bright Horizons, which we added in Q1. Its first-quarter revenues were down 23% compared to the same period in 2020, due to lower enrolment in childcare centres able to open and many others still temporarily closed. This is the US market leader in corporate-sponsored childcare, offering a range of products to support parents of young children in getting back to work. The company is built on the goal of partnering with employers to help ensure work-life balance and reduced stress in the early years of parenting, which is clearly a long-term part of a more sustainable future when the world is able to look past the pandemic.

Elsewhere, London Stock Exchange Group (LSE) shares suffered their largest one-day fall in more than 20 years in early March. In its final-year results, the company disappointed the market with cost and revenue synergy guidance over the next few years following the Refinitiv acquisition. We know the business well and believe the management team was unfairly punished for doing the right thing – investing in its digital infrastructure, people and portfolio of solutions. Short-term investors wished to see near-term earnings accretion at the expense of the sustainability and growth of the business and the rising price over recent weeks shows the long-term case for LSE, as the global scale provider of financial data and analytics, is coming through again.

Trainline also saw its shares shed a third of their value over May on the back of the UK government's plans to create a new public sector body to oversee Britain's railways. Great British Railways will own and manage rail infrastructure, issue contracts to private firms to run trains, set most fares and timetables, and sell tickets, which could threaten Trainline's business model as an online platform for tickets and railcards. In response, the company said it is supportive of these plans, which should provide opportunities to innovate for the benefit of customers and grow the business.

The variability in outcomes for Trainline's UK business has clearly widened and the main risk is what happens to the 5% commission rate currently in place. On the other hand, we could envisage a situation where Trainline is actually better off, should it win the government's contract to white label the train ticket solution. Even with pressure on commission rates, the volumes Trainline would be processing in this instance could be multiples of what it was doing pre-Covid. There are many known unknowns we will be following closely but we think the brand Trainline has built in the UK is strong and the habits of consumers to buy tickets through its app will be difficult to break. Finally, while still early days, the international business (Trainline has replicated its UK operations in Germany, Spain, Italy and France) appears to be gaining momentum and should this continue, the company will be more diverse.

Spotify, meanwhile, had a weaker period, as the company reported lower-than-expected new user numbers in the second quarter, with the pandemic suppressing growth in markets such as India. Spotify added nine million monthly active users over Q2, bringing the total to 365 million, falling short of its own forecast, as well as the market's 372.5 million average estimate. The company beat estimates in several other areas, however, with a 20% jump in paid subscribers for its premium service.

We model growth slowing to a more mature 10% to 15% over the next five to 10 years in terms of new users but remain excited to see signs of monetising the audience, including recent news of an expansion into live events, using its data to improve relationships with artists by helping them plan concerts. With all this innovation, we are confident about the next decade and more for Spotify.

Looking at other trades, we introduced Knorr Bremse to the portfolio in Q1, a German leader in safety technology for rail and trucks. The business is split roughly evenly between the two, with trucks providing more cyclical exposure and rail tied to infrastructure

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Sub-fund review (continued)

spending. Safety equipment across the transportation sector is increasingly important as regulation and technological improvements drive adoption, and Knorr also benefits from a large after-market business, which helps produce high returns on investment.

As for sells, we exited US pet insurance specialist Trupanion and healthcare name PerkinElmer over the first quarter. Sell decisions are driven by the deterioration in any of the four pillars of our process (thematic, sustainability, business fundamentals and valuation) and it will not be surprising to hear our favourite reason to sell is the last on that list. This is why we exited Trupanion after holding it for just two years.

Since we added the stock in early 2019, the shares did very little for a year before going on to double twice over in a very short period from May to December 2020. Clearly, we felt the shares were undervalued when we invested and the business proved resilient during the pandemic. However, the rapid rise in value the market ascribed to the company left us with no upside on a five-year view, even after accounting for the progress made throughout 2020. Two years falls short of our minimum investment horizon of five years, and considerably short of our ideal horizon of forever, but competition for capital in the Sub-fund remains as fierce as ever. We continue to follow Trupanion closely in the hope the market gives us the opportunity to become shareholders again.

With PerkinElmer, this was another strong performer over 2020, as well as for the last few years, and, after reviewing the price target, we felt upside was limited on a five-year view. We also noted 40% of earnings in 2020 came directly from Covid testing, which we expect to become more nuanced in the future. Finally, this is a business with a management rating of 4 and we have concerns around improvements we have requested relating to environmental, social and governance (ESG) issues. When changes do not happen, we tend to sell and move the capital to new opportunities.

Later in the period, we initiated a position in US homebuilder NVR. The company is exposed to our *Building better cities* theme, with 100% of NVR's homes built in 2020 verified by an external party to be more energy efficient than the average home built that year; the average NVR home is 40% more efficient. The company is unique in the industry in that it exercises a capital-light business model by acquiring options to buy land, as opposed to having a large land bank. This is more costly in the near term but enables NVR to survive downturns in a cyclical industry; it was the only profitable homebuilder in the US during the global financial crisis. Despite industry cyclicality, NVR's returns have been strong and disciplined capital allocation has seen the share count fall by 50% since 2005. We think the 15x multiple the market is prepared to pay for the business undervalues the culture and discipline management has demonstrated over the years.

As for Q2 sells, we exited our position in US industrial automation business Rockwell Automation. Rockwell is a great company exposed to the theme of *Improving the resource efficiency of industrial and agricultural processes* but after rerating from a price/earnings (PE) of around 18x to 30x over the past couple of years, we struggled to see further upside in the shares.

We also sold our holding in Hella, the German automotive supplier that engages in the development and manufacture of lighting technology and electronic components. After falling 59% peak to trough amid the Covid selloff in March 2020, the expected recovery in auto sales drove the shares up over 150% over the next year; following this recovery, we concluded that Hella was fair value. Late in the period, through a somewhat bizarre twist of fate, Q1 addition Knorr Bremse announced it is looking to acquire a large stake in Hella. Having just exited the latter on valuation grounds, this development has taken us by surprise. We will be investigating further and will outline our conclusions in future commentaries.

**Source: FE Analytics, primary share class (2 Inc), total return, net of fees and income & interest reinvested, 31.01.21-31.07.21*

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally investe

Past performance is not a guide to future performance, investments can result in a total loss of capital.

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases	Sales
United Kingdom Gilt 1.625% 22/10/2028	GW Pharmaceuticals
Bright Horizons Family Solutions	Rockwell Automation
Natwest 2.105% 28/11/2031	United Kingdom Gilt 3.75% 7/9/2021
PTC	Alexion Pharmaceuticals
Knorr-Bremse	Banca Generali
NVR	Charles Schwab
Lloyds Bank 2.707% 3/12/2035	Societe Generale 0.335% 26/5/2169
Alphabet	PerkinElmer
Spotify Technology	John Laing
Standard Chartered 5.125% 6/6/2034	Hella Hueck

Sustainable Future Cautious Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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

- This 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 Sub-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 Sub-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 Sub-fund or a representative fund or Index's value has moved up and down in the past.
- The Sub-fund is categorised 4 primarily because of its exposure to a diversified portfolio of equities and debt instruments.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Sub-fund;
  - any company which has high overseas earnings may carry a higher currency risk;
  - 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 Sub-fund.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currencies, credit and interests rates move 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 Sub-fund has holdings which are denominated in currencies other than Sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.
- Counterparty risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

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

Sustainable Future Cautious Managed Fund (continued)

Performance record (unaudited)
as at 31 July 2021

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Net Income	1.1635	1.1842
Class 3 Net Income	1.1877	1.2055

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Net Income	538,349,408	912,166	169.44
Class 3 Net Income	39,757,688	68,818	173.09
31 January 2021			
Class 2 Net Income	387,369,418	610,100	157.50
Class 3 Net Income	26,875,087	43,176	160.65
31 January 2020			
Class 2 Net Income	129,748,163	188,415	145.22
Class 3 Net Income	14,357,468	21,206	147.70
Class Z Net Income*	–	–	141.97
31 January 2019			
Class 2 Net Income	36,804,399	46,752	127.03
Class 3 Net Income	6,506,361	8,383	128.84
Class Z Net Income	1,000	1	130.45

* Figures as at 22 May 2019, which was the final valuation date of the share class.

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (54.86%)	**526,652**	**53.69**
	AUSTRALIA (0.68%)	**7,626**	**0.78**
49,928	CSL	7,626	0.78
	CZECH REPUBLIC (0.36%)	**2,922**	**0.30**
504,031	Avast	2,922	0.30
	DENMARK (0.59%)	**8,329**	**0.85**
102,024	Ringkjoebing Landbobank	8,329	0.85
	GERMANY (2.02%)	**24,926**	**2.54**
144,420	Evotec	4,316	0.44
188,207	Infineon Technologies	5,165	0.53
67,555	Knorr-Bremse	5,528	0.56
112,667	Puma	9,917	1.01
	IRELAND (2.73%)	**20,539**	**2.10**
23,779	Kerry	2,535	0.26
96,537	Kingspan	7,555	0.77
258,704	Smurfit Kappa	10,449	1.07
	ITALY (0.64%)	**3,259**	**0.33**
351,502	Technogym	3,259	0.33
	JAPAN (2.18%)	**22,943**	**2.34**
7,593	Canadian Solar Infrastructure Fund	6,290	0.64
45,500	Daikin Industries	6,749	0.69
14,500	Keyence	5,767	0.59
231,600	TechnoPro	4,137	0.42
	NETHERLANDS (1.20%)	**17,073**	**1.74**
2,818	Adyen	5,503	0.56
21,230	ASML	11,570	1.18
	SPAIN (0.47%)	**5,526**	**0.56**
117,926	Cellnex Telecom	5,526	0.56

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	SWEDEN (1.15%)	**12,232**	**1.25**
278,352	Avanza Bank	6,492	0.66
34,900	Spotify Technology	5,740	0.59
	SWITZERLAND (0.40%)	**4,643**	**0.47**
16,703	Roche	4,643	0.47
	UNITED KINGDOM (24.93%)	**182,129**	**18.54**
864,908	3i	11,058	1.13
407,023	Abcam	5,523	0.56
395,991	AJ Bell	1,665	0.17
586,140	Compass	8,915	0.91
1,017,452	Countryside Properties	5,357	0.55
1,067,663	Crest Nicholson	4,426	0.45
132,811	Croda International	11,183	1.14
1,309,835	DFS Furniture	3,478	0.35
376,493	Draper Esprit	3,772	0.38
525,950	GB	4,576	0.47
611,365	GlaxoSmithKline	8,668	0.88
743,411	Gym	2,048	0.21
150,866	Halma	4,357	0.44
342,444	Hargreaves Lansdown	5,589	0.57
1,988,188	Helios Towers	3,253	0.33
4,334,040	Home REIT	4,941	0.50
118,904	Intertek	6,131	0.63
4,305,189	IP	4,960	0.51
2,304,272	Legal & General	6,023	0.61
97,519	London Stock Exchange	7,296	0.74
1,005,927	National Express	2,736	0.28
532,498	Oxford Biomedica	7,082	0.72
1,071,090	Paragon Banking	5,918	0.60
214,225	Porvair	1,307	0.13
3,262,768	PRS REIT	3,410	0.35
509,062	Prudential	6,903	0.70
6,237,501	SDCL Energy Efficiency Income Trust	7,204	0.73
422,221	Softcat	8,162	0.83
616,004	St James's Place	9,773	1.00
2,004,260	Trainline	6,782	0.69

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
4,002,985	Triple Point Energy Efficiency Infrastructure	4,203	0.43
130,870	Unilever	5,430	0.55
	UNITED STATES OF AMERICA (17.51%)	**214,505**	**21.89**
15,900	Adobe	7,109	0.73
7,500	Alphabet	14,588	1.49
51,400	American Tower	10,455	1.07
19,500	Ansys	5,168	0.53
42,000	Autodesk	9,703	0.99
70,600	Bright Horizons Family Solutions	7,590	0.77
100,800	Cadence Design Systems	10,705	1.09
125,406	Charles Schwab	6,129	0.63
38,400	DocuSign	8,227	0.84
63,200	Ecolab	10,040	1.02
14,028	Equinix	8,278	0.84
50,649	First Republic Bank	7,102	0.72
25,300	Illumina	9,021	0.92
23,900	Intuit	9,113	0.93
9,800	Intuitive Surgical	6,988	0.71
63,800	IQVIA	11,363	1.16
72,000	Nasdaq	9,667	0.99
1,590	NVR	5,964	0.61
26,500	Palo Alto Networks	7,606	0.78
39,700	PayPal	7,867	0.80
60,600	PTC	5,902	0.60
30,400	Splunk	3,104	0.32
23,675	Thermo Fisher Scientific	9,195	0.94
43,000	VeriSign	6,687	0.68
57,500	Visa 'A'	10,192	1.04
74,000	Waste Connections	6,742	0.69
	BONDS (33.11%)	**299,412**	**30.52**
	UNITED KINGDOM GOVERNMENT BONDS (5.56%)	**48,912**	**4.99**
£ 45,060,000	United Kingdom Gilt 1.625% 22/10/2028	48,912	4.99

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (continued)		
	UK STERLING DEBT SECURITIES (22.39%)	**210,525**	**21.45**
£ 1,800,000	3i 5.75% 3/12/2032	2,466	0.25
£ 1,800,000	Anglian Water Osprey Financing 2% 31/7/2028	1,817	0.19
£ 2,500,000	Annington Funding 3.184% 12/7/2029	2,751	0.28
£ 3,000,000	Aroundtown 3.25% 18/7/2027	3,270	0.33
£ 1,350,000	Assicurazioni Generali 6.269% 16/6/2170	1,564	0.16
£ 3,700,000	AT&T 7% 30/4/2040	6,229	0.64
£ 2,500,000	Aviva 4.375% 12/9/2049	2,835	0.29
£ 2,600,000	Aviva 5.125% 4/6/2050	3,111	0.32
£ 776,000	AXA 6.6862% 6/7/2170	947	0.10
£ 1,900,000	Banco Santander 1.75% 17/2/2027	1,931	0.20
£ 2,500,000	BNP Paribas 2% 24/5/2031	2,525	0.26
£ 5,500,000	British Telecommunications 3.125% 21/11/2031	5,994	0.61
£ 2,095,000	Bunzl Finance 1.5% 30/10/2030	2,074	0.21
£ 1,083,000	Bunzl Finance 2.25% 11/6/2025	1,135	0.12
£ 2,300,000	Cadent Finance 2.125% 22/9/2028	2,400	0.24
£ 2,306,000	Canary Wharf Investment 3.375% 23/4/2028	2,341	0.24
£ 3,800,000	Clarion Funding 1.25% 13/11/2032	3,711	0.38
£ 1,650,000	Cooperatieve Rabobank UA 4.625% 23/5/2029	1,977	0.20
£ 2,097,000	Coventry Building Society 2% 20/12/2030	2,157	0.22
£ 1,300,000	Coventry Building Society 6.875% 18/9/2169	1,457	0.15
£ 2,200,000	CPUK Finance 3.69% 28/2/2047	2,456	0.25
£ 1,750,000	Deutsche Telekom International Finance 8.875% 27/11/2028	2,655	0.27
£ 4,200,000	Direct Line Insurance 4% 5/6/2032	4,751	0.48
£ 1,869,000	DWR Cymru Financing UK 1.625% 31/3/2026	1,905	0.19
£ 3,482,000	DWR Cymru Financing UK 2.375% 31/3/2034	3,638	0.37
£ 1,350,000	GlaxoSmithKline Capital 5.25% 19/12/2033	1,925	0.20
£ 3,200,000	HSBC 7% 7/4/2038	5,010	0.51
£ 2,050,000	InterContinental Hotels 3.75% 14/8/2025	2,225	0.23
£ 1,400,000	Investec Bank 4.25% 24/7/2028	1,467	0.15
£ 1,900,000	Legal & General 4.5% 1/11/2050	2,191	0.22
£ 1,450,000	Legal & General 5.5% 27/6/2064	1,887	0.19
£ 1,600,000	Liberty Living Finance 3.375% 28/11/2029	1,780	0.18
£ 8,728,000	Lloyds Banking 2.707% 3/12/2035	9,027	0.92
£ 2,450,000	Logicor 2019-1 UK 1.875% 17/11/2031	2,556	0.26
£ 3,000,000	London & Quadrant Housing Trust 2% 20/10/2038	3,078	0.31
£ 2,334,000	London Stock Exchange 1.625% 6/4/2030	2,359	0.24
£ 1,400,000	M&G 5.625% 20/10/2051	1,686	0.17
£ 1,000,000	Motability Operations 1.75% 3/7/2029	1,041	0.11

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (continued)		
	UK Sterling DEBT SECURITIES (continued)		
£ 1,500,000	Motability Operations 3.625% 10/3/2036	1,884	0.19
£ 2,165,000	National Express 2.375% 20/11/2028	2,246	0.23
£ 2,500,000	National Express 4.25% 26/2/2170	2,594	0.26
£ 2,686,000	National Grid Gas 1.125% 14/1/2033	2,499	0.25
£ 1,300,000	Nationwide Building Society 5.875% 20/12/2169	1,427	0.15
£ 7,000,000	Natwest 2.105% 28/11/2031	7,054	0.72
£ 1,950,000	Natwest 3.622% 14/8/2030	2,081	0.21
£ 3,650,000	Next 3.625% 18/5/2028	4,041	0.41
£ 2,650,000	NGG Finance 5.625% 18/6/2073	2,961	0.30
£ 4,000,000	Optivo Finance 2.857% 7/10/2035	4,563	0.47
£ 2,000,000	Orange 8.125% 20/11/2028	2,939	0.30
£ 2,550,000	Orsted 2.125% 17/5/2027	2,697	0.27
£ 3,633,000	Orsted 2.5% 18/2/3021	3,619	0.37
£ 1,000,000	Pension Insurance 3.625% 21/10/2032	1,070	0.11
£ 2,810,000	Pension Insurance 5.625% 20/9/2030	3,455	0.35
£ 4,000,000	Phoenix 5.625% 28/4/2031	4,909	0.50
£ 1,500,000	Places for People Homes 3.625% 22/11/2028	1,727	0.18
£ 300,000	Places for People Homes 5.875% 23/5/2031	413	0.04
£ 2,138,000	Realty Income 1.125% 13/7/2027	2,130	0.22
£ 1,650,000	Rothesay Life 5.5% 17/9/2029	1,834	0.19
£ 1,950,000	Rothesay Life 8% 30/10/2025	2,449	0.25
£ 2,450,000	Segro 2.375% 11/10/2029	2,661	0.27
£ 1,908,000	Severn Trent Utilities Finance 2% 2/6/2040	1,945	0.20
£ 600,000	Severn Trent Utilities Finance 6.25% 7/6/2029	818	0.08
£ 2,500,000	Southern Gas Networks 1.25% 2/12/2031	2,377	0.24
£ 1,700,000	SP Transmission 2% 13/11/2031	1,771	0.18
£ 3,178,000	SSE 3.74% 14/4/2170	3,377	0.34
£ 5,400,000	Standard Chartered 5.125% 6/6/2034	6,975	0.71
£ 1,034,000	Student Finance 2.6663% 30/9/2029	1,046	0.11
£ 4,500,000	Telefonica Emisiones 5.375% 2/2/2026	5,321	0.54
£ 300,000	UNITE 3.5% 15/10/2028	335	0.03
£ 2,286,000	United Utilities Water Finance 0.875% 28/10/2029	2,213	0.23
£ 5,500,000	Verizon Communications 3.375% 27/10/2036	6,529	0.67
£ 2,000,000	Vodafone 5.9% 26/11/2032	2,881	0.29
£ 1,775,000	Western Power Distribution 3.5% 16/10/2026	1,964	0.20
£ 2,507,000	Whitbread 3% 31/5/2031	2,600	0.27
£ 1,850,000	Yorkshire Building Society 3.375% 13/9/2028	1,999	0.20
£ 2,750,000	Yorkshire Water Finance 1.75% 27/10/2032	2,792	0.28

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (continued)		
	EURO DEBT SECURITIES (1.11%)	**11,818**	**1.21**
€ 2,600,000	Cellnex Finance 2% 15/2/2033	2,237	0.23
€ 2,700,000	Infrastrutture Wireless Italiane 1.75% 19/4/2031	2,340	0.24
€ 4,546,400	Stichting AK Rabobank Certificaten 2.1878% 29/3/2170	5,356	0.55
€ 1,500,000	Telecom Italia Finance 7.75% 24/1/2033	1,885	0.19
	US DOLLAR DEBT SECURITIES (4.05%)	**28,157**	**2.87**
$ 4,600,000	AXA 6.379% 14/6/2170	4,624	0.47
$ 5,500,000	Barclays 3.564% 23/9/2035	4,146	0.42
$ 1,500,000	Cloverie for Zurich Insurance 5.625% 24/6/2046	1,252	0.13
$ 9,000,000	HSBC Bank 0.41663% 19/12/2169	6,168	0.63
$ 5,700,000	Lloyds Bank 0.3125% 21/2/2170	4,093	0.42
$ 1,500,000	Natwest 2.46725% 31/3/2170	1,068	0.11
$ 3,600,000	Swiss Re Finance Luxembourg 5% 2/4/2049	2,958	0.30
$ 5,342,000	Zurich Finance Ireland Designated Activity 3% 19/4/2051	3,848	0.39
	COLLECTIVE INVESTMENT SCHEMES (4.04%)	**38,369**	**3.91**
	GUERNSEY (0.61%)	**5,606**	**0.57**
4,259,871	Renewables Infrastructure	5,606	0.57
	UNITED KINGDOM (3.43%)	**32,763**	**3.34**
5,910,101	Aquila European Renewables Income Fund	5,444	0.55
4,376,630	Downing Renewables & Infrastructure Trust	4,289	0.44
4,117,345	Greencoat UK Wind	5,608	0.57
3,519,619	JLEN Environmental Assets	3,731	0.38
7,647,358	Liontrust Sustainable Future Corporate Bond Fund+	8,983	0.92
6,386,126	US Solar Fund	4,708	0.48
	Portfolio of investments	**864,433**	**88.12**
	Net other assets	**116,551**	**11.88**
	Total net assets	**980,984**	**100.00**

Sustainable Future Cautious Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

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

All investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 January 2021.

Stocks shown as REITs represent Real Estate Investment Trust.

\+ Managed by Liontrust Fund Partners LLP.

Sustainable Future Cautious Managed Fund (continued)

Statement of Total Return (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital gains		64,925		5,849
Revenue	6,632		2,449	
Expenses	(3,547)		(1,156)	
Interest payable and similar charges	(3)		–	
Net revenue before taxation	3,082		1,293	
Taxation	(160)		(68)	
Net revenue after taxation		2,922		1,225
Total return before distributions		**67,847**		**7,074**
Distributions		(5,857)		(2,150)
Change in net assets attributable to shareholders from investment activities		**61,990**		**4,924**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**653,276**		**209,621**
Amounts received on issue of shares	277,730		137,072	
Amounts paid on cancellation of shares	(12,012)		(1,382)	
		265,718		135,690
Change in net assets attributable to shareholders from investment activities		61,990		4,924
Closing net assets attributable to shareholders		**980,984**		**350,235**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Cautious Managed Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	864,433	601,107
Current assets:		
Debtors	13,639	25,796
Cash and bank balances	113,556	75,884
Total assets	**991,628**	**702,787**
Liabilities		
Creditors:		
Bank overdrafts	–	(6)
Distribution payable	(6,736)	(4,291)
Other creditors	(3,908)	(45,214)
Total liabilities	**(10,644)**	**(49,511)**
Net assets attributable to shareholders	**980,984**	**653,276**

Sustainable Future Corporate Bond Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

The Sub-fund aims to deliver income with capital growth over the long term (5 years or more).

Investment Policy

The Sub-fund will invest a minimum of 80% in investment grade corporate bonds that are sterling denominated or hedged back to sterling. All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

The Sub-fund may also invest in government bonds, collective investment schemes (up to 10% of Sub-fund assets), sub-investment grade bonds, other fixed income securities, money market instruments, warrants, cash and deposits.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Sustainable Future Corporate Bond Fund (continued)

Investment review

Sub-fund review

The Sustainable Future Corporate Bond Fund (Class 2 income) returned 0.5% over the six months under review, outperforming 0.4% from the IA Sterling Corporate Bond sector and -0.1% from the iBoxx Sterling Corporate All Maturities Index (both of which are comparator benchmarks)*.

Over the first part of the review period, performance was primarily driven by the Sub-fund's underweight interest rate risk position, which benefitted from the aggressive selloff in government bonds. The sharp rise in yields was fuelled by investor concerns over potential earlier-than-expected tightening of monetary policy in response to economic growth and inflation expectations being revised materially upwards.

Despite pressure from rising yields, corporate credit spreads remained remarkably resilient, with notable exceptions among more heavily impacted industries such as airlines. Our stock selection was therefore a further contributor, with our overweight in subordinated financials positive amid the risk-on tone and Standard Chartered, Axa and Assicurazioni Generali bonds among top performers.

Our decision to hold USD-denominated bonds was also beneficial, notably within the telecommunications sector in names such as Verizon and Vodafone, with the US credit market outperforming sterling and euro equivalents following confirmation of a sizeable fiscal stimulus package.

Over the second half of the period, against a constructive fundamental and technical backdrop, the Sub-fund's credit portfolio continued to outperform, generating positive contributions from sector allocation and stock selection. This was largely offset by the underweight duration position, however, as government yields fell in the UK and US, leading to overall returns in line with the benchmark.

On the credit side, sector allocation was strong, as our core overweights within the higher-beta banks and insurance sectors, as well as the longer spread duration telecommunications sector, continued to benefit from the risk-on tone and falling yields. Within banks, stock selection was positive, driven by holdings in 'disco' (discount) bond securities. These are subordinated bank bonds past their original call date and therefore priced well below par as a result (trading at a significant discount, hence the 'disco' moniker), with essentially no duration exposure given the quarterly coupon reset.

Changes in banking regulation regarding what constitutes a capital instrument has seen some of these bonds, including our holdings in NatWest and Societe Generale discos, being called at par, resulting in a material capital uplift. The recent flurry of calls has also seen capital uplifts in outstanding securities, including our holdings in BNP and HSBC discos, which saw more than 10.5% and 6% price gains respectively in anticipation of being called at par in the near future.

Overall, economic data continued its positive momentum over the period, driven by successful vaccination programmes allowing economies to start reopening. A combination of record consumer savings built up over the pandemic being spent and ongoing fiscal support measures has resulted in a robust rebound in activity and, in turn, fuelled inflationary pressures – with the market increasingly focused on how permanent this may be and watching central banks for signs of hawkish or less dovish leanings.

Speculation around the Federal Reserve's (Fed) June meeting was particularly high, as headline inflation had crept up to 5% year on year and core to the highest level since 1992 at 3.8%. While this meeting bought no change to policy rates, as expected, there were signs of Fed members becoming slightly more hawkish, as their projections (via the dot plot) indicated possible interest rate rises in 2023 (a change since March, where 2024 was the earliest expected point for hikes). The Bank also increased its headline inflation estimate to 3.4%, up a full percentage point from March forecasts, and admitted levels could end up 'higher and more persistent' than expected as reopening continues, with rapid shifts in demand plus bottlenecks, hiring difficulties and other constraints limiting how quickly supply can adjust.

These announcements resulted in a sharp selloff in bonds, although this quickly reversed as subsequent comments from officials allayed fears over tightening policy too quickly. Fed chair Jay Powell advised investors to view the dot plot with a 'big grain of salt', calling its forecasting capacity into doubt and claiming lift off on rates is well into the future. Even with the raised forecast for this year, the Federal Open Market Committee (FOMC) remains steadfast that inflation will trend down to its 2% goal and continues to claim it has the tools to stop things running too hot. Tapering also remains a discussion for the future, with the Fed reiterating the economy is not yet

Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Sub-fund review (continued)

at the point where slowing asset purchases is appropriate. Highlighting the febrile atmosphere around his comments, Powell joked that markets could consider the June session as the 'talking about talking about' tapering meeting.

In the UK, inflation climbed to 2.1% in May and 2.5% in June, exceeding the Bank of England's (BoE) 2% target for the first time in almost two years. Economists had expected an increase to 1.8%, again leading to speculation over when policy tightening may be needed, and, mirroring the Fed, the BoE upped its expectations for inflation but insisted this does not pose a threat to growth. On the Continent, European Central Bank President Christine Lagarde also acknowledged a recent pickup in inflation and is another in the temporary spike camp, with the Bank opting to continue its elevated pace of monetary stimulus for now.

**Source: FE Analytics, primary share class (2 Inc), total return, net of fees and interest reinvested, 31.01.21-31.07.21*

Portfolio activity

Portfolio activity was higher over the first part of 2021; despite sterling bond issuance remaining relatively muted, we added exposure to a number of names through the new issue market. We participated in a new issue from Whitbread, a leading player in UK mid-market hotels, which is strongly positioned to benefit as social restrictions are lifted and the economy re-opens. Whitbread demonstrates robust evidence of fully embracing sustainability as part of the company ethos, from commitment to carbon emission reduction, to green bond issuance, to reduction in single-use plastics, to providing healthier food options.

Elsewhere, we gained exposure to Canary Wharf Group via its debut bond issuance, which owns approximately 45% of the Canary Wharf Estate and is the largest sustainable developer in the UK, having established over 10 million square feet of sustainable certified buildings. The bonds came at a compelling valuation, compensating for the uncertainty surrounding office space post Brexit and Covid, with the latter accelerating working from home trends.

We also added London Stock Exchange Group, a diversified global markets infrastructure business. It is heavily exposed to our *Increasing financial resilience* theme by providing data to financial market participants and contributing to more efficient capital markets, operating a clearing house that mitigates counterparty risk as well as helping businesses access new capital.

We participated in new issues at similarly attractive valuations from a number of our existing holdings, including DWR Cymru (Welsh Water), Orsted, National Grid, Motability and Cellnex Telecom.

Against these new additions, we divested from several holdings on relative value grounds. We sold Hammerson despite the company recovering from its recent pandemic-driven wides as we view the retail sector as challenged given the shift to e-commerce. The company also requires significant further asset sales to manage its debt load at a time when retail property valuations are under substantial downward pressure. We also exited logistics property landlord Logicor, Close Brothers Group, Compass Group, and Mitchells and Butlers on valuation grounds following strong performance.

Over the second part of the review period, there was moderate activity. There were calls for our holdings in NatWest and Societe Generale discos, which saw them exit the portfolio, and we reinvested the proceeds across a number of favoured names. We participated in new issues from Rabobank, Coventry Building Society and NatWest Group, which all brought subordinated bonds to market at attractive valuations relative to existing secondary securities.

Elsewhere, we participated in a new issue from Anglian Water, which brought a sustainability linked bond to market at an attractive valuation. The company has clear benefits for both society and the environment through its provision of clean and waste water services, delivering safe drinking water to customers. The management team is highly regarded, demonstrating a strong commitment to sustainability, through strong operational business performance, funding and company culture. We also reinstated a position in Direct Line Group, at an attractive re-entry level, with bonds trading cheap relative to recent history.

We exited logistics warehousing landlord Segro, viewing the bonds as fully valued after strong performance throughout the pandemic given the accelerated move towards e-commerce, which requires more than three times the logistics space. The proceeds from this, along with cash as a result of strong net inflows into the Sub-fund over the period, were reinvested into a number of favoured names where we see good value including DWR Cymru (Welsh Water), Whitbread, Travis Perkins and Clarion Housing Group.

Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Portfolio activity (continued)

We also opted to take advantage of relatively benign market conditions to de-risk the portfolio at the margin, through a number of relative value switches, particularly within the insurance sector. One example was taking advantage of a flat curve in Aviva bonds, rotating out of longer duration into shorter duration paper, to reduce interest rate risk for no loss of spread.

In July, we continued to top up favoured holdings, particularly core overweights to insurance and telecoms, on the back of strong inflows, and also participated in new issues from Realty Income Corporation and Investec.

We were active over the period in terms of duration, rotating our 0.5 year short to the German market into the US early in the year on expectations of fiscal stimulus and inflationary pressures. Following the speed and size of moves higher in yields, we reduced our UK short to 0.5 years but subsequently increased it back to one year following a retracement lower in yields. Towards the end of March, we added back a 0.5 year short to Germany, as the relatively modest move in Bund yields relative to the US and UK created an attractive value opportunity.

Over the second half of the review period, we increased the Sub-fund's overall short from two to 2.25 years relative to the benchmark and also continued to be active in terms of tactical positioning. As yields moved lower in the US, despite ongoing strength of economic data and colossal fiscal stimulus packages, we sought to exploit this opportunity, rotating 0.25 years of our short to the German market into the US. We then closed our remaining 0.25 year German short, rotating this into the UK, where we see more potential for yields to rise given greater inflationary pressures and stronger economic recovery thus far.

As the US yield curve steepened throughout the period, with the shorter end pinned by the FOMC's interest rate forecasts, we rotated our US short out of the 10-year point and into the five, reducing beta while being better positioned to benefit from a change in outlook for rates. This trade was subsequently reversed later in the period, as we came to believe the 10-year point offers the best risk-reward trade-off in terms of underappreciated inflationary pressures. Towards the end of the second quarter, we increased the size of the short to the UK by 0.25 years to 1.5, following the squeeze lower in yields.

Over July, we rotated some of this UK short into the US given the sharp move lower in US 10-year Treasury yields; these outperformed 10-year gilts but we felt this made little sense given the strength of underlying economic data and inflation pressures in the US. We finished the six-month period 2.25 years short versus the index, expressed via 1.25 years short to the UK and one year to the US.

Looking forward, our view continues to be for a strong rebound in the global economy in H2, fuelled by the vaccination programme. As stated, markets are focusing on inflationary pressures and central banks' response to these and while the latter continue to stress the transitory line, this belies underlying economic conditions. While there will undoubtedly be a large transitory element to the recent spike, we believe inflationary pressures will persist and be 'stickier' than policymakers expect, given unprecedented levels of pent-up consumer demand, ongoing supply constraints and the strong growth outlook.

As such, we feel monetary policy may need to be tightened earlier than forecast to combat these pressures and be realigned with the economic outlook. The sharp rise in inflation has outstripped the uptick in government bond yields year to date, resulting in a further deterioration in real yields. Even if inflation does ease back to the 2% target area, as forecast by several central bank policymakers, if we do not see a further rise in nominal yields, then real yields will remain negative. This supports our preference to remain short duration, with government bonds still vulnerable to unprecedented supply and reflation risks.

We remain constructive on investment grade credit as corporate spreads remain resilient, supported by robust underlying fundamentals and technicals. As conditions improve, we expect companies' focus to remain on enhancing fundamentals, including creditor-friendly debt reduction and balance sheet repair. We are committed to our existing high-quality positions and believe they are well set to continue to perform as the market benefits from measures taken by central banks (quantitative easing and relaxed capital requirements), national governments (fiscal stimulus and Small and Medium-Sized Enterprises (SME) guarantee programs), and the improving outlook. Demand for corporate bonds also persists as a rare source of yield for investors.

We believe traditional short-dated bonds remain expensive, both from an all-in yield perspective as well as on a spread basis, with low expected returns, wide bid/offer spreads and shorter spread duration. Instead, we see ongoing value in the medium part of the

Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Portfolio activity (continued)

credit curve, with curve steepening offering attractive longer spread duration opportunities. From a sector perspective, we continue to favour insurance, telecoms and banks, with cyclical non-financials generally over-owned and expensive.

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

Past performance is not a guide to future performance, investments can result in a total loss of capital.

Material portfolio changes by value

Purchases	Sales
United Kingdom Gilt 1.5% 22/7/2026	United Kingdom Gilt 1.5% 22/7/2026
Vodafone 6.15% 27/2/2037	Vodafone 5.9% 26/11/2032
United Utilities Water Finance 2.625% 12/2/2031	Aegon 6.625% 16/12/2039
Cellnex Finance 2% 15/2/2033	Segro plc 2.375% 11/10/2029
London Stock Exchange 1.625% 6/4/2030	Natwest 3.622% 14/8/2030
Telefonica Europe 8.25% 15/9/2030	Natwest 0.5625% 11/6/2169
BNP Paribas 2% 24/5/2031	Western Power Distribution West Midlands 6% 9/5/2025
Clarion Funding 1.25% 13/11/2032	Cellnex Telecom 1.75% 23/10/2030
BNP Paribas 0.0% 7/10/2169	Logicor 2019-1 UK 1.875% 17/11/2031
Travis Perkins 3.75% 17/2/2026	Lloyds Bank 2.707% 03/12/2035

Sustainable Future Corporate Bond Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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

- This Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Sub-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 Sub-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 Sub-fund or a representative fund or index's value has moved up and down in the past.
- The Sub-fund is categorised 4 primarily for its exposure to a diversified portfolio of debt instruments along with a number of derivative positions.
- The SRRI may not fully take into account the following risks:
  - Bonds are affected by changes in interest rates and their value and the income they generate can rise or fall as a result.
  - The creditworthiness of a bond issuer may also affect that bond's value. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts. The value of a bond would be significantly affected if the issuer either refused to pay or was unable to pay.
- Counterparty risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currencies, credit and interests rates move 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 value of these securities will fall if the issuer is unable to repay their debt or has their credit rating reduced. Generally, the higher perceived credit risk of the issuer, the higher the rate of interest.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long term interest rates rise, the value of your shares is likely to fall.

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

Sustainable Future Corporate Bond Fund (continued)

Performance record (unaudited)
as at 31 July 2021

Income record

Any distributions payable are paid on a quarterly basis (31 March, 30 June, 30 September and 31 December). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Gross Income	1.1584	1.4375
Class 3 Gross Income	1.6822	2.0618
Class 6 Gross Accumulation	2.0325	2.4448

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Gross Income	407,284,935	355,377	87.26
Class 3 Gross Income	314,657,068	365,965	116.31
Class 6 Gross Accumulation	85,754,209	132,623	154.65
31 January 2021			
Class 2 Gross Income	317,367,716	279,039	87.92
Class 3 Gross Income	305,906,898	358,508	117.20
Class 6 Gross Accumulation	62,153,279	95,585	153.79
31 January 2020			
Class 2 Gross Income	228,289,358	199,448	87.37
Class 3 Gross Income	295,023,518	343,561	116.45
Class 6 Gross Accumulation	45,829,721	67,818	147.98
31 January 2019			
Class 2 Gross Income	185,999,417	150,365	80.84
Class 3 Gross Income	319,841,382	344,634	107.75
Class 6 Gross Accumulation	3,740,594	4,942	132.12

Sustainable Future Corporate Bond Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal Value	Stock description	Market value (£000's)	Percentage of total net assets (%)
	UNITED KINGDOM GOVERNMENT BONDS (3.33%)	**17,390**	**2.04**
£16,400,000	United Kingdom Gilt 1.5% 22/7/2026	17,390	2.04
	UK STERLING DENOMINATED DEBT SECURITIES (81.41%)	**652,192**	**76.37**
£4,600,000	3i 5.75% 3/12/2032	6,303	0.74
£5,400,000	Anglian Water Osprey Financing 2% 31/7/2028	5,450	0.64
£7,500,000	Annington Funding 3.184% 12/7/2029	8,254	0.97
£8,500,000	Aroundtown 3.25% 18/7/2027	9,265	1.09
£10,700,000	Assicurazioni Generali 6.269% 16/6/2170 Perpetual	12,399	1.45
£14,000,000	AT&T 7% 30/4/2040	23,569	2.76
£5,000,000	Aviva 4.375% 12/9/2049	5,671	0.66
£10,500,000	Aviva 5.125% 4/6/2050	12,566	1.47
£6,500,000	AXA 5.453% 4/3/2170 Perpetual	7,508	0.88
£10,000,000	BNP Paribas 2% 24/5/2031	10,100	1.18
£8,005,000	British Telecommunications 3.125% 21/11/2031	8,724	1.02
£2,933,000	British Telecommunications 5.75% 7/12/2028	3,731	0.44
£8,376,000	Bunzl Finance 1.5% 30/10/2030	8,292	0.97
£6,200,000	Cadent Finance 2.125% 22/9/2028	6,470	0.76
£9,100,000	Canary Wharf Investment 3.375% 23/4/2028	9,236	1.08
£5,800,000	Cardiff University 3% 7/12/2055	7,635	0.89
£10,000,000	Clarion Funding 1.25% 13/11/2032	9,765	1.14
£9,450,000	Cooperatieve Rabobank UA 4.625% 23/5/2029	11,322	1.33
£6,000,000	Coventry Building Society 6.875% 18/9/2169 Perpetual	6,727	0.79
£4,194,000	Coventry Building Society 2% 20/12/2030	4,313	0.51
£5,750,000	CPUK Finance 3.588% 28/2/2042	6,209	0.73
£8,000,000	Direct Line Insurance 4% 5/6/2032	9,049	1.06
£7,450,000	DWR Cymru Financing UK 2.5% 31/3/2036	8,404	0.98
£9,281,000	DWR Cymru Financing UK 1.625% 31/3/2026	9,460	1.11
£7,128,000	DWR Cymru Financing UK 2.375% 31/3/2034	7,448	0.87
£5,250,000	Eversholt Funding 3.529% 7/8/2042	6,031	0.71
£2,350,000	GlaxoSmithKline Capital 5.25% 19/12/2033	3,351	0.39
£6,305,521	Greater Gabbard OFTO 4.137% 29/11/2032	7,336	0.86
£7,500,000	HSBC 7% 7/4/2038	11,742	1.38
£9,500,000	HSBC 6% 29/3/2040	13,853	1.62
£5,850,000	InterContinental Hotels 3.75% 14/8/2025	6,349	0.74
£7,000,000	Investec 1.875% 16/7/2028	6,997	0.82
£1,500,000	Lambay Capital 6.25% 16/6/2170 Perpetual+	25	0.00
£10,000,000	Legal & General 5.5% 27/6/2064	13,016	1.52
£7,400,000	Legal & General 4.5% 1/11/2050	8,534	1.00
£7,812,000	Liberty Living Finance 3.375% 28/11/2029	8,693	1.02
£9,200,000	Lloyds Banking 2.707% 3/12/2035	9,515	1.11

Sustainable Future Corporate Bond Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal Value	Stock description	Market value (£000's)	Percentage of total net assets (%)
	UK STERLING DENOMINATED DEBT SECURITIES (continued)		
£4,500,000	London & Quadrant Housing Trust 2.625% 28/2/2028	4,884	0.57
£5,250,000	London & Quadrant Housing Trust 2% 20/10/2038	5,386	0.63
£12,532,000	London Stock Exchange 1.625% 6/4/2030	12,666	1.48
£6,200,000	M&G 5.625% 20/10/2051	7,469	0.87
£6,889,000	Motability Operations 3.625% 10/3/2036	8,651	1.01
£9,083,000	National Express 2.375% 20/11/2028	9,421	1.10
£8,438,000	National Express 4.25% 26/2/2170 Perpetual	8,754	1.03
£9,174,000	National Grid Gas 1.125% 14/1/2033	8,535	1.00
£6,000,000	Nationwide Building Society 5.875% 20/12/2169 Perpetual	6,585	0.77
£8,000,000	Natwest 3.622% 14/8/2030	8,536	1.00
£5,000,000	Natwest 5.125% 31/12/2169 Perpetual	5,418	0.63
£9,055,000	Natwest 2.105% 28/11/2031	9,124	1.07
£4,500,000	Next 3.625% 18/5/2028	4,982	0.58
£6,650,000	NGG Finance 5.625% 18/6/2073	7,431	0.87
£6,500,000	Orsted 2.125% 17/5/2027	6,874	0.81
£8,335,000	Orsted 2.5% 18/2/3021	8,304	0.97
£9,600,000	Pension Insurance 5.625% 20/9/2030	11,805	1.38
£12,100,000	Phoenix 5.625% 28/4/2031	14,851	1.74
£5,318,000	Places for People Homes 5.875% 23/5/2031	7,316	0.86
£3,100,000	Porterbrook Rail Finance 4.625% 4/4/2029	3,687	0.43
£6,681,000	Realty Income 1.125% 13/7/2027	6,656	0.78
£7,798,000	Rothesay Life 5.5% 17/9/2029	8,669	1.02
£10,511,000	Severn Trent Utilities Finance 2% 2/6/2040	10,716	1.26
£3,743,000	South Eastern Power Networks 6.375% 12/11/2031	5,440	0.64
£6,000,000	Southern Gas Networks 3.1% 15/9/2036	6,820	0.80
£6,056,000	SP Transmission 2% 13/11/2031	6,310	0.74
£4,250,000	SSE 8.375% 20/11/2028	6,243	0.73
£7,573,000	SSE 3.74% 14/4/2170 Perpetual	8,046	0.94
£4,400,000	Stagecoach 4% 29/9/2025	4,773	0.56
£18,700,000	Standard Chartered 5.125% 6/6/2034	24,154	2.83
£7,000,000	Student Finance 2.6663% 30/9/2029	7,080	0.83
£5,500,000	Thames Water Utilities Finance 6.75% 16/11/2028	7,452	0.87
£5,659,000	Transport for London 2.125% 24/4/2025	5,924	0.69
£8,800,000	Travis Perkins 3.75% 17/2/2026	9,348	1.09
£4,500,000	UNITE 3.5% 15/10/2028	5,026	0.59
£15,000,000	United Utilities Water Finance 2.625% 12/2/2031	16,552	1.94
£3,850,000	University of Liverpool 3.375% 25/6/2055	5,611	0.66
£3,521,000	Whitbread 3% 31/5/2031	3,651	0.43
£6,794,000	Wm Morrison Supermarkets 4.75% 4/7/2029	7,084	0.83

Sustainable Future Corporate Bond Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal Value	Stock description	Market value (£000's)	Percentage of total net assets (%)
	UK STERLING DENOMINATED DEBT SECURITIES (continued)		
£9,500,000	Yorkshire Building Society 3.375% 13/9/2028	10,267	1.20
£6,152,000	Yorkshire Water Finance 6.454% 28/5/2027	7,838	0.92
£4,000,000	Yorkshire Water Finance 2.75% 18/4/2041	4,541	0.53
	UK STERLING DENOMINATED FORWARD EXCHANGE CONTRACTS (0.00%)	**(1,523)**	**(0.18)**
£44,871,905	UK sterling 44,871,905 Vs Euro 51,800,000 - 15/9/2021	659	0.08
£106,026,510	UK sterling 106,026,510 Vs US dollar 150,300,000 - 15/9/2021	(2,065)	(0.24)
£3,331,456	UK sterling 3,331,456 Vs US dollar 4,700,000 - 15/9/2021	(49)	(0.01)
£15,399,878	UK sterling 15,399,878 Vs US dollar 21,500,000 - 15/9/2021	(62)	(0.01)
£2,554,113	UK sterling 2,554,113 Vs Euro 3,000,000 - 15/9/2021	(6)	0.00
	UK STERLING DENOMINATED OPEN FUTURES CONTRACTS (0.00%)	**664**	**0.08**
550	Long Gilt Future September 2021	664	0.08
	EURO DENOMINATED DEBT SECURITIES (2.60%)	**48,628**	**5.69**
€12,900,000	BNP Paribas 0.00000% 7/10/2169 Perpetual	10,276	1.20
€16,300,000	Cellnex Finance 2% 15/2/2033	14,023	1.64
€10,000,000	Cooperatieve Rabobank UA 3.1% 29/6/2170 Perpetual	8,657	1.01
€1,500,000	Hellas Telecommunications Luxembourg II 0.00000% 15/1/2015 +	0	0.00
€10,000,000	Infrastrutture Wireless Italiane 1.625% 21/10/2028	8,761	1.03
€5,500,000	Telecom Italia Finance 7.75% 24/1/2033	6,911	0.81
	EURO DENOMINATED OPEN FUTURES CONTRACTS (0.01%)	**(970)**	**(0.11)**
(220)	Euro-Bund Future September 2021	(970)	(0.11)
	EURO DENOMINATED FORWARD EXCHANGE CONTRACTS (0.04%)	**0**	**0.00**
	US DOLLAR DENOMINATED DEBT SECURITIES (11.26%)	**129,343**	**15.15**
$15,500,000	AXA 6.379% 14/6/2170 Perpetual	15,580	1.82
$3,000,000	BNP Paribas 0.27788% 23/3/2170 Perpetual	2,044	0.24
$4,500,000	Cloverie for Zurich Insurance 5.625% 24/6/2046	3,757	0.44
$12,000,000	Deutsche Telekom International Finance 8.75% 15/6/2030	13,039	1.53
$9,100,000	Deutsche Telekom International Finance 9.25% 1/6/2032	10,680	1.25
$18,420,000	HSBC Bank 0.41663% 19/12/2169 Perpetual	12,623	1.48
$11,600,000	Swiss Re Finance Luxembourg 5% 2/4/2049	9,532	1.12
$12,250,000	Telefonica Europe 8.25% 15/9/2030	13,032	1.53
$18,000,000	Verizon Communications 5.25% 16/3/2037	17,277	2.02

Sustainable Future Corporate Bond Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal Value	Stock description	Market value (£000's)	Percentage of total net assets (%)
	US DOLLAR DENOMINATED DEBT SECURITIES (continued)		
$21,000,000	Vodafone 6.15% 27/2/2037	21,114	2.47
$14,805,000	Zurich Finance Ireland Designated Activity 3% 19/4/2051	10,665	1.25
	US DOLLAR DENOMINATED OPEN FUTURES CONTRACTS (0.18%)	**(4,415)**	**(0.52)**
(1,385)	US 10 year Ultra Future September 2021	(2,979)	(0.35)
(290)	US Long Bond (CBT) September 2021	(1,436)	(0.17)
	US DOLLAR DENOMINATED FORWARD EXCHANGE CONTRACTS (0.23%)	**0**	**0.00**
	Portfolio of investments	**841,309**	**98.52**
	Net other assets	**12,656**	**1.48**
	Total net assets	**853,965**	**100.00**

All investments are approved securities being either officially listed in a member state or under the rules of an eligible market, unless otherwise stated.

Comparative figures show percentages for each category of holding at 31 January 2021.

+Delisted securities.

Sustainable Future Corporate Bond Fund (continued)

Statement of Total Return (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital losses		(3,134)		(7,266)
Revenue	11,185		10,702	
Expenses	(1,836)		(1,429)	
Interest payable and similar charges	(676)		(44)	
Net revenue before taxation	8,673		9,229	
Taxation	–		–	
Net revenue after taxation		8,673		9,229
Total return before distributions		**5,539**		**1,963**
Distributions		(10,713)		(10,862)
Change in net assets attributable to shareholders from investment activities		**(5,174)**		**(8,899)**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**733,132**		**610,827**
Amounts received on issue of shares	137,995		67,737	
Amounts paid on cancellation of shares	(13,705)		(24,685)	
		124,290		43,052
Dilution adjustment		120		6
Change in net assets attributable to shareholders from investment activities		(5,174)		(8,899)
Retained distributions on accumulation shares		1,596		1,330
Unclaimed distributions		1		–
Closing net assets attributable to shareholders		**853,965**		**646,316**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Corporate Bond Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	848,876	726,387
Current assets:		
Debtors	19,260	20,098
Cash and bank balances	7,216	1,310
Total assets	**875,352**	**747,795**
Liabilities		
Investment liabilities	(7,567)	(165)
Creditors:		
Amounts due to future clearing houses and brokers	(643)	(1,082)
Bank overdrafts	(4,660)	(1,211)
Distribution payable	(4,911)	(4,920)
Other creditors	(3,606)	(7,285)
Total liabilities	**(21,387)**	**(14,663)**
Net assets attributable to shareholders	**853,965**	**733,132**

Sustainable Future Defensive Managed Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

The Sub-fund aims to deliver income and capital growth over the long term (5 years or more).

Investment Policy

The Sub-fund will invest globally. All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

Allocations to equities, fixed income, and cash will vary over time depending on market circumstances. Asset allocation limits will remain in line with the following asset allocation ranges:

Equity - 20-50%

Fixed Income - 10-60%

Cash - 0-20%

The Sub-fund may invest in collective investment schemes including other Liontrust Funds (up to 10% of Sub-fund assets), other transferable securities, money market instruments, warrants, and deposits.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Sustainable Future Defensive Managed Fund (continued)

Investment review

Market review

Pace of recovery, interest rates and inflation remain dominant factors for overall sentiment, particularly the latter as levels continue to creep upwards. This is leading to growing speculation around when policy tightening may be needed but central banks continue to insist that while inflation may be higher than expected, this will be temporary and does not pose a threat to recovery.

While higher inflation tends to have a greater impact on longer-duration growth stocks, we continue to believe a well-diversified portfolio with multiple thematic drivers and high-quality companies is the best way to navigate whatever macroeconomic situation unfolds.

We welcome ongoing recovery in more cyclical names but some of our higher-quality companies have lagged in a period where performance, at least for the first half, was driven by value stocks and parts of the market benefitting most from economic reopening. In recent months, we have also seen bubbles begin to emerge in certain areas, including some IPOs in the technology space, special purpose acquisition companies (SPACs) and, to a degree, stocks where investors are buying without any regard for valuation. Stage four of our process, focusing on valuation, ensures we can protect our portfolios from these types of bubbles.

Ultimately, we feel fundamentals will drive higher-quality names back up, leaving behind those buoyed by emerging bubbles, and signs of this are already emerging – and having a process running for two decades does help when dealing with periods of rotation in the market. While our process tends to be growth focused, we are looking for structural rather than transient trends and also largely avoid crowded trades. Again, that fourth stage ensures we avoid stocks trading at levels that have lost touch with underlying fundamentals.

Sub-fund Review

The Sustainable Future Defensive Managed Fund (Class 2 income) delivered 6.1% over the six months under review, outperforming the IA Mixed Investment 20-60% Shares sector average of 5.5% (which is the comparator benchmark)*.

Despite a tougher backdrop for our favoured high-quality, high-return businesses, asset allocation was positive overall. We carried a pro-cyclical, pro-risk assets position into the period, which we maintained throughout. We were overweight equities and underweight cash and government bonds, all of which were positive contributors to performance.

Within fixed income, successful vaccine rollouts shifted the market narrative to focus on when policymakers may need to raise rates if better-than-expected growth led to higher inflation, causing a selloff in bond markets. Against this backdrop, our overweight credit position detracted from performance in Q1. In the second half of the period, corporate bonds outperformed government and our overweight credit was another positive factor. On the government side, while yields stabilised after a large move higher in the first quarter, these assets remain under pressure from higher inflation expectations as economic recovery continues, with the Federal Reserve's dot plot chart now suggesting interest rates may have to rise earlier than forecast.

As stated, we largely avoid crowded trades such as the mega-cap FAANG names (Facebook, Amazon, Apple, Netflix and Alphabet, formerly Google) and, of those, only Alphabet is currently investable for us. The stock was among our best performers over the period, during which Google's parent company exceeded estimates as advertising revenues picked up amid the broad vaccine-driven recovery. Alphabet lagged its FAANG peers in 2020, with its fortunes seen as closely tied to economic reopening, but the company has rebounded fast this year, posting Q2 revenues of close to $62 billion, as that long talked-about pent-up demand started to be released.

We think Alphabet stands out because the core Google Search business makes the internet a more efficient place through its indexation and democratisation of information. This is provided free to the vast majority of users and has become an integral part of everyday life, which is why the company sits in our *Providing education* theme. As a sector, technology emits more than airlines, both in the US and globally, and Alphabet also stands out here, ensuring it has energy-efficient data centres and as one of the biggest buyers of renewable energy.

Elsewhere, US healthcare business IQVIA was back among our top contributors, with the company's data-driven strategy for outsourcing clinical trials continuing to create an important competitive advantage. Over the period, it announced two strong sets of

Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Sub-fund Review (continued)

quarterly data with growth across all key metrics, and on the back of this, plus sustained strength of recent business wins, was able to raise 2021 financial guidance twice. IQVIA exemplifies the affordability side of healthcare within our sustainable themes, with the industry needing to ensure the treatments and innovations it develops are available to the wider global population. The company provides an important solution to the problem of increasing drug costs by improving the efficiency of clinical trials.

Several financials, including Charles Schwab and First Republic Bank, also remained among our best names as the sector enjoyed a strong spell of performance as a 'value' part of the market. Schwab is a long-term holding under our *Saving for the future* theme as the largest investment platform in the US, offering low-cost products to the mass market. It has benefitted from higher bond yields over the period, growing its earnings from cash held on its balance sheet as yields rise. This part of the company's earnings had been wiped out during the pandemic and normalisation of yields has led to growth from this area of the business.

Schwab is also a beneficiary of the accumulation of savings in the US, with lockdowns reducing the amount spent on big ticket consumption items such as holidays.

Elsewhere, a number of our best performers from 2020 featured among top contributors over the period, having given back some of their returns earlier in the year amid the value rotation. Names such as DocuSign, PayPal and Intuit all enjoyed share price growth, as did holdings under our *Connecting people* theme such as Cellnex and American Tower.

DocuSign is exposed to our *Increasing waste treatment and recycling* theme and the company has created a unique product to digitalise the final signature part of the document production process – an excellent example of a solution that makes the world more efficient. In its latest results, DocuSign said it has become the way people 'agree in today's emerging anywhere economy', not only helping organisations to continue during the pandemic but also to realise new and more efficient ways of doing business in future.

Elsewhere, Puma had a strong period after announcing encouraging Q1 sales and profitability growth, despite ongoing lockdown restriction, and then raising its sales outlook for 2021 based on Q2 demand, especially in North America. Puma now expects 2021 currency-adjusted sales to rise by at least 20%, up from its previous forecast in the mid-teens, and we believe the management team are proving themselves one of the strongest in the industry.

Semiconductor company ASML is another perennial outperformer, publishing Q2 results showing net sales at guidance level of €4.0 billion and gross margin above guidance at 50.9%, mainly due to higher revenue in software upgrades as customers want to increase capacity quickly. The company said demand continues to be high across all segments, reflecting a market focused on increasing capacity to support build-up of digital infrastructure, and expects new sales to grow by around 35% in 2021 compared to last year.

For us, ASML is a strong example of a company with pricing power and built-in inflation protection, designing and manufacturing semiconductor chip machines and operating at the cutting edge of physics. The company has been developing a technology lead for over 40 years and there are very few alternatives. ASML has consistently been able to increase its average selling price in excess of input costs, evidenced by an expanding gross margin.

In our UK portfolio, it is little surprise to find GW Pharmaceuticals among the top performers. This is the global leader in developing cannabinoid-based treatments, changing the lives of many people with epilepsy. Recognising this expertise, Irish-based Jazz Pharmaceuticals agreed a $7.2 billion cash-and-stock deal to acquire GW and expand its neuroscience portfolio, which closed in Q2 and saw the company leave the portfolio. In many ways, GW encapsulates three core elements of our approach, producing a positive outcome for society and our clients, exemplifying the need for a long-term investment horizon, and requiring courage to stray from the herd. Innovation is central to the healthcare sector and sustainability overall, with people needing to be fit and healthy to enjoy a cleaner and safer world in future. It is also what attracts us to these companies and, although GW has exited the Sub-fund, we continue to focus on businesses working to address unmet medical needs.

Speciality chemicals company Croda International also remains among our stronger holdings, making key ingredients for life sciences and healthcare, personal care products and seed coatings, as well as lubricants and adhesives. The majority of its raw materials are natural and the company is a recognised leader in green chemistry, benefiting from ongoing demand for its products.

Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Sub-fund Review (continued)

Also benefitting from strong results is St James's Place (SJP): over the first six months of the year, it attracted £9.2 billion of new client investments, with flows reflecting a combination of factors including improving sentiment, a sharp increase in household savings rates, and high levels of engagement. We hold this company under our Saving for the future theme, recognising savings rates have to increase substantially if we are to avoid a huge shortfall in pension provision. SJP's net inflows, together with the positive impact from investment markets, resulted in funds under management closing the first half at a record £143.8 billion, up 11% year to-date.

Among the few detractors over the period, holdings impacted by Covid-19 continue to struggle in the short term, including Bright Horizons, which we added in Q1. Its first-quarter revenues were down 23% compared to the same period in 2020, due to lower enrolment in childcare centres able to open and many others still temporarily closed. This is the US market leader in corporate-sponsored childcare, offering a range of products to support parents of young children in getting back to work. The company is built on the goal of partnering with employers to help ensure work-life balance and reduced stress in the early years of parenting, which is clearly a long-term part of a more sustainable future when the world is able to look past the pandemic.

Elsewhere, London Stock Exchange Group (LSE) shares suffered their largest one-day fall in more than 20 years in early March. In its final-year results, the company disappointed the market with cost and revenue synergy guidance over the next few years following the Refinitiv acquisition. We know the business well and believe the management team was unfairly punished for doing the right thing – investing in its digital infrastructure, people and portfolio of solutions. Short-term investors wished to see near-term earnings accretion at the expense of the sustainability and growth of the business and the rising price over recent weeks shows the long-term case for LSE, as the global scale provider of financial data and analytics, is coming through again.

Trainline also saw its shares shed a third of their value over May on the back of the UK government's plans to create a new public sector body to oversee Britain's railways. Great British Railways will own and manage rail infrastructure, issue contracts to private firms to run trains, set most fares and timetables, and sell tickets, which could threaten Trainline's business model as an online platform for tickets and railcards. In response, the company said it is supportive of these plans, which should provide opportunities to innovate for the benefit of customers and grow the business.

The variability in outcomes for Trainline's UK business has clearly widened and the main risk is what happens to the 5% commission rate currently in place. On the other hand, we could envisage a situation where Trainline is actually better off, should it win the government's contract to white label the train ticket solution. Even with pressure on commission rates, the volumes Trainline would be processing in this instance could be multiples of what it was doing pre-Covid. There are many known unknowns we will be following closely but we think the brand Trainline has built in the UK is strong and the habits of consumers to buy tickets through its app will be difficult to break. Finally, while still early days, the international business (Trainline has replicated its UK operations in Germany, Spain, Italy and France) appears to be gaining momentum and should this continue, the company will be more diverse.

Spotify, meanwhile, had a weaker period, as the company reported lower-than-expected new user numbers in the second quarter, with the pandemic suppressing growth in markets such as India. Spotify added nine million monthly active users over Q2, bringing the total to 365 million, falling short of its own forecast, as well as the market's 372.5 million average estimate. The company beat estimates in several other areas, however, with a 20% jump in paid subscribers for its premium service.

We model growth slowing to a more mature 10% to 15% over the next five to 10 years in terms of new users but remain excited to see signs of monetising the audience, including recent news of an expansion into live events, using its data to improve relationships with artists by helping them plan concerts. With all this innovation, we are confident about the next decade and more for Spotify.

Looking at other trades, we introduced Knorr Bremse to the portfolio in Q1, a German leader in safety technology for rail and trucks. The business is split roughly evenly between the two, with trucks providing more cyclical exposure and rail tied to infrastructure spending. Safety equipment across the transportation sector is increasingly important as regulation and technological improvements drive adoption, and Knorr also benefits from a large after-market business, which helps produce high returns on investment.

Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Sub-fund Review (continued)

As for sells, we exited US pet insurance specialist Trupanion and healthcare name PerkinElmer over the first quarter. Sell decisions are driven by the deterioration in any of the four pillars of our process (thematic, sustainability, business fundamentals and valuation) and it will not be surprising to hear our favourite reason to sell is the last on that list. This is why we exited Trupanion after holding it for just two years.

Since we added the stock in early 2019, the shares did very little for a year before going on to double twice over in a very short period from May to December 2020. Clearly, we felt the shares were undervalued when we invested and the business proved resilient during the pandemic. However, the rapid rise in value the market ascribed to the company left us with no upside on a five-year view, even after accounting for the progress made throughout 2020. Two years falls short of our minimum investment horizon of five years, and considerably short of our ideal horizon of forever, but competition for capital in the Sub-fund remains as fierce as ever. We continue to follow Trupanion closely in the hope the market gives us the opportunity to become shareholders again.

With PerkinElmer, this was another strong performer over 2020, as well as for the last few years, and, after reviewing the price target, we felt upside was limited on a five-year view. We also noted 40% of earnings in 2020 came directly from Covid testing, which we expect to become more nuanced in the future. Finally, this is a business with a management rating of 4 and we have concerns around improvements we have requested relating to ESG issues. When changes do not happen, we tend to sell and move the capital to new opportunities.

Later in the period, we initiated a position in US homebuilder NVR. The company is exposed to our *Building better cities* theme, with 100% of NVR's homes built in 2020 verified by an external party to be more energy efficient than the average home built that year; the average NVR home is 40% more efficient. The company is unique in the industry in that it exercises a capital-light business model by acquiring options to buy land, as opposed to having a large land bank. This is more costly in the near term but enables NVR to survive downturns in a cyclical industry; it was the only profitable homebuilder in the US during the global financial crisis. Despite industry cyclicality, NVR's returns have been strong and disciplined capital allocation has seen the share count fall by 50% since 2005. We think the 15x multiple the market is prepared to pay for the business undervalues the culture and discipline management has demonstrated over the years.

As for Q2 sells, we exited our position in US industrial automation business Rockwell Automation. Rockwell is a great company exposed to the theme of *Improving the resource efficiency of industrial and agricultural processes* but after rerating from a PE of around 18x to 30x over the past couple of years, we struggled to see further upside in the shares.

We also sold our holding in Hella, the German automotive supplier that engages in the development and manufacture of lighting technology and electronic components. After falling 59% peak to trough amid the Covid selloff in March 2020, the expected recovery in auto sales drove the shares up over 150% over the next year; following this recovery, we concluded that Hella was fair value. Late in the period, through a somewhat bizarre twist of fate, Q1 addition Knorr Bremse announced it is looking to acquire a large stake in Hella. Having just exited the latter on valuation grounds, this development has taken us by surprise. We will be investigating further and will outline our conclusions in future commentaries.

**Source: FE Analytics, primary share class (2 Inc), total return, net of fees and income & interest reinvested, 31.01.21-31.07.21*

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

Past performance is not a guide to future performance, investments can result in a total loss of capital.

Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases	Sales
United Kingdom Gilt 1.625% 22/10/2028	United Kingdom Gilt 3.75% 7/9/2021
Natwest 2.105% 28/11/2031	Societe Generale 0.335% 26/5/2169
Bright Horizons Family Solutions	GW Pharmaceuticals
Spotify Technology	Rockwell Automation
Lloyds Bank 2.707% 3/12/2035	Charles Schwab
PTC	John Laing
NVR	Aviva 4% 3/6/2055
Knorr-Bremse	National Westminster Bank 0.43975% 27/2/2170
American Tower	PerkinElmer
DWR Cymru Financing UK 2.375% 31/3/2034	Banca Generali

Sustainable Future Defensive Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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

- This Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Sub-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 Sub-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 Sub-fund or a representative fund or index's value has moved up and down in the past.
- The Sub-fund is categorised 4 because funds of this type have experienced medium to high rises and falls in value in the past.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Sub-fund;
  - any company which has high overseas earnings may carry a higher currency risk;
  - 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 Sub-Fund.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currencies, credit and interests rates move 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 Sub-fund has holdings which are denominated in currencies other than Sterling and may be affected by movements in exchange rates. Consequently the value of an investment may rise or fall in line with the exchange rates.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.

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

Sustainable Future Defensive Managed Fund (continued)

Performance record (unaudited)
as at 31 July 2021

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Net Income	1.1085	1.1676
Class 3 Net Income	1.1316	1.1887

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Net Income	630,083,896	988,293	156.85
Class 3 Net Income	51,937,110	83,219	160.23
31 January 2021			
Class 2 Net Income	456,260,987	675,800	148.12
Class 3 Net Income	39,973,592	60,399	151.10
31 January 2020			
Class 2 Net Income	187,801,666	260,225	138.56
Class 3 Net Income	24,085,661	33,951	140.96
Class Z Net Income+	–	–	136.02
31 January 2019			
Class 2 Net Income	56,781,521	69,858	123.03
Class 3 Net Income	9,668,796	12,068	124.81
Class Z Net Income	1,000	1	126.40

+Figures as at 22 May 2019, which was the final valuation date of the share class.

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (44.51%)	**468,541**	**43.73**
	AUSTRALIA (0.65%)	**7,449**	**0.70**
48,773	CSL	7,449	0.70
	CZECH REPUBLIC (0.28%)	**2,557**	**0.24**
441,042	Avast	2,557	0.24
	DENMARK (0.50%)	**7,188**	**0.67**
88,054	Ringkjoebing Landbobank	7,188	0.67
	GERMANY (1.60%)	**21,354**	**2.00**
130,720	Evotec	3,907	0.36
146,508	Infineon Technologies	4,020	0.38
57,094	Knorr-Bremse	4,672	0.44
99,469	Puma	8,755	0.82
	IRELAND (2.23%)	**19,105**	**1.78**
21,112	Kerry	2,251	0.21
100,574	Kingspan	7,871	0.73
222,401	Smurfit Kappa	8,983	0.84
	ITALY (0.44%)	**2,781**	**0.26**
299,932	Technogym	2,781	0.26
	JAPAN (1.78%)	**20,175**	**1.88**
8,221	Canadian Solar Infrastructure Fund	6,810	0.64
30,700	Daikin Industries	4,554	0.42
13,300	Keyence	5,290	0.49
197,100	TechnoPro	3,521	0.33
	NETHERLANDS (0.98%)	**14,204**	**1.33**
2,797	Adyen	5,462	0.51
16,040	ASML	8,742	0.82
	SPAIN (0.50%)	**6,008**	**0.56**
128,226	Cellnex Telecom	6,008	0.56

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	SWEDEN (0.55%)	**11,616**	**1.08**
243,483	Avanza Bank	5,679	0.53
36,100	Spotify Technology	5,937	0.55
	SWITZERLAND (0.24%)	**2,885**	**0.27**
10,380	Roche	2,885	0.27
	UNITED KINGDOM (20.42%)	**167,120**	**15.58**
748,292	3i	9,567	0.89
368,150	Abcam	4,996	0.47
357,191	AJ Bell	1,502	0.14
555,067	Compass	8,443	0.79
839,366	Countryside Properties	4,419	0.41
904,899	Crest Nicholson	3,752	0.35
108,906	Croda International	9,170	0.86
1,327,585	DFS Furniture	3,525	0.33
377,263	Draper Esprit	3,780	0.35
476,951	GB	4,149	0.39
554,957	GlaxoSmithKline	7,868	0.73
802,273	Gym	2,210	0.21
156,298	Halma	4,514	0.42
308,631	Hargreaves Lansdown	5,037	0.47
1,796,036	Helios Towers	2,938	0.27
3,901,841	Home REIT	4,448	0.41
102,230	Intertek	5,271	0.49
3,899,040	IP	4,492	0.42
2,026,394	Legal & General	5,297	0.49
87,854	London Stock Exchange	6,573	0.61
1,163,435	National Express	3,165	0.30
469,438	Oxford Biomedica	6,243	0.58
1,007,171	Paragon Banking	5,565	0.52
201,090	Porvair	1,227	0.11
2,870,118	PRS REIT	2,999	0.28
459,193	Prudential	6,227	0.58
7,148,207	SDCL Energy Efficiency Income Trust	8,256	0.77
356,382	Softcat	6,889	0.64
554,659	St James's Place	8,800	0.82
1,920,993	Trainline	6,501	0.61

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
4,177,224	Triple Point Energy Efficiency Infrastructure	4,386	0.41
118,349	Unilever	4,911	0.46
	UNITED STATES OF AMERICA (14.34%)	**186,099**	**17.38**
10,200	Adobe	4,561	0.43
7,500	Alphabet 'A'	14,533	1.36
54,100	American Tower	11,004	1.03
17,200	Ansys	4,558	0.43
37,300	Autodesk	8,617	0.80
72,400	Bright Horizons Family Solutions	7,784	0.73
103,300	Cadence Design Systems	10,970	1.02
103,536	Charles Schwab	5,060	0.47
37,400	DocuSign	8,012	0.75
54,500	Ecolab	8,658	0.81
10,421	Equinix	6,149	0.57
62,714	First Republic Bank	8,793	0.82
17,500	Illumina	6,240	0.58
17,400	Intuit	6,635	0.62
8,700	Intuitive Surgical	6,204	0.58
60,000	IQVIA	10,686	1.00
39,200	Nasdaq	5,263	0.49
1,440	NVR	5,401	0.50
20,500	Palo Alto Networks	5,884	0.55
35,000	PayPal	6,936	0.65
50,900	PTC	4,957	0.46
27,000	Splunk	2,757	0.26
18,477	Thermo Fisher Scientific	7,176	0.67
37,900	VeriSign	5,894	0.55
47,500	Visa 'A'	8,420	0.79
54,300	Waste Connections	4,947	0.46
	BONDS (41.99%)	**432,877**	**40.40**
	UNITED KINGDOM GOVERNMENT BONDS (10.70%)	**117,775**	**10.99**
£ 108,500,000	United Kingdom Gilt 1.625% 22/10/2028	117,775	10.99

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (continued)		
	UK STERLING DEBT SECURITIES (25.25%)	**258,876**	**24.18**
£ 1,900,000	3i 5.75% 3/12/2032	2,603	0.24
£ 1,800,000	Anglian Water Osprey Financing 2% 31/7/2028	1,817	0.17
£ 4,000,000	Annington Funding 3.184% 12/7/2029	4,402	0.41
£ 4,300,000	Aroundtown 3.25% 18/7/2027	4,687	0.44
£ 1,700,000	Assicurazioni Generali 6.269% 16/6/2170	1,970	0.18
£ 4,300,000	AT&T 7% 30/4/2040	7,239	0.68
£ 3,000,000	Aviva 4.375% 12/9/2049	3,402	0.32
£ 3,700,000	Aviva 5.125% 4/6/2050	4,428	0.41
£ 1,062,000	AXA 6.6862% 6/7/2170	1,296	0.12
£ 3,700,000	Banco Santander 1.75% 17/2/2027	3,760	0.35
£ 3,700,000	BNP Paribas 2% 24/5/2031	3,737	0.35
£ 5,500,000	British Telecommunications 5.75% 7/12/2028	6,997	0.65
£ 2,094,000	Bunzl Finance 1.5% 30/10/2030	2,073	0.19
£ 1,617,000	Bunzl Finance 2.25% 11/6/2025	1,695	0.16
£ 3,000,000	Cadent Finance 2.125% 22/9/2028	3,131	0.29
£ 3,027,000	Canary Wharf Investment 3.375% 23/4/2028	3,072	0.29
£ 3,800,000	Clarion Funding 1.25% 13/11/2032	3,711	0.35
£ 2,700,000	Cooperatieve Rabobank UA 4.625% 23/5/2029	3,235	0.30
£ 2,516,000	Coventry Building Society 2% 20/12/2030	2,588	0.24
£ 2,600,000	Coventry Building Society 6.875% 18/9/2169	2,915	0.27
£ 2,000,000	CPUK Finance 3.69% 28/2/2047	2,232	0.21
£ 2,900,000	Deutsche Telekom International Finance 8.875% 27/11/2028	4,401	0.41
£ 5,550,000	Direct Line Insurance 4% 5/6/2032	6,278	0.59
£ 2,369,000	DWR Cymru Financing UK 1.625% 31/3/2026	2,415	0.23
£ 3,982,000	DWR Cymru Financing UK 2.375% 31/3/2034	4,161	0.39
£ 1,700,000	GlaxoSmithKline Capital 5.25% 19/12/2033	2,424	0.23
£ 4,850,000	HSBC 7% 7/4/2038	7,593	0.71
£ 1,850,000	InterContinental Hotels 3.75% 14/8/2025	2,008	0.19
£ 1,350,000	Investec Bank 4.25% 24/7/2028	1,415	0.13
£ 3,200,000	Legal & General 4.5% 1/11/2050	3,690	0.34
£ 1,150,000	Legal & General 5.5% 27/6/2064	1,497	0.14
£ 2,500,000	Liberty Living Finance 3.375% 28/11/2029	2,782	0.26
£ 8,642,000	Lloyds Banking 2.707% 3/12/2035	8,938	0.83
£ 1,850,000	Logicor 2019-1 UK 1.875% 17/11/2031	1,930	0.18
£ 3,750,000	London & Quadrant Housing Trust 2% 20/10/2038	3,847	0.36
£ 3,889,000	London Stock Exchange 1.625% 6/4/2030	3,931	0.37
£ 2,350,000	M&G 5.625% 20/10/2051	2,831	0.26
£ 1,500,000	Motability Operations 1.75% 3/7/2029	1,561	0.15

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (continued)		
	UK Sterling DEBT SECURITIES (continued)		
£ 1,700,000	Motability Operations 3.625% 10/3/2036	2,135	0.20
£ 2,115,000	National Express 2.375% 20/11/2028	2,194	0.21
£ 2,500,000	National Express 4.25% 26/2/2170	2,594	0.24
£ 2,685,000	National Grid Gas 1.125% 14/1/2033	2,498	0.23
£ 1,800,000	Nationwide Building Society 5.875% 20/12/2169	1,975	0.18
£ 8,900,000	Natwest 2.105% 28/11/2031	8,968	0.84
£ 4,700,000	Natwest 3.622% 14/8/2030	5,015	0.47
£ 3,500,000	Next 3.625% 18/5/2028	3,875	0.36
£ 3,200,000	NGG Finance 5.625% 18/6/2073	3,576	0.33
£ 3,105,000	Optivo Finance 2.857% 7/10/2035	3,542	0.33
£ 2,500,000	Orange 8.125% 20/11/2028	3,674	0.34
£ 2,850,000	Orsted 2.125% 17/5/2027	3,014	0.28
£ 3,932,000	Orsted 2.5% 18/2/3021	3,917	0.37
£ 1,250,000	Pension Insurance 3.625% 21/10/2032	1,337	0.13
£ 3,280,000	Pension Insurance 5.625% 20/9/2030	4,033	0.38
£ 4,950,000	Phoenix 5.625% 28/4/2031	6,075	0.57
£ 2,300,000	Places for People Homes 3.625% 22/11/2028	2,648	0.25
£ 700,000	Places for People Homes 5.875% 23/5/2031	963	0.09
£ 2,672,000	Realty Income 1.125% 13/7/2027	2,662	0.25
£ 2,150,000	Rothesay Life 5.5% 17/9/2029	2,390	0.22
£ 1,750,000	Rothesay Life 8% 30/10/2025	2,198	0.21
£ 2,981,000	Segro 2.375% 11/10/2029	3,238	0.30
£ 3,272,000	Severn Trent Utilities Finance 2% 2/6/2040	3,336	0.31
£ 800,000	Severn Trent Utilities Finance 6.25% 7/6/2029	1,091	0.10
£ 2,750,000	Southern Gas Networks 1.25% 2/12/2031	2,614	0.24
£ 2,900,000	SP Transmission 2% 13/11/2031	3,022	0.28
£ 3,745,000	SSE 3.74% 14/4/2170	3,979	0.37
£ 4,700,000	Standard Chartered 5.125% 6/6/2034	6,071	0.57
£ 1,584,000	Student Finance 2.6663% 30/9/2029	1,602	0.15
£ 5,300,000	Telefonica Emisiones 5.375% 2/2/2026	6,267	0.59
£ 392,000	UNITE 3.5% 15/10/2028	438	0.04
£ 2,286,000	United Utilities Water Finance 0.875% 28/10/2029	2,213	0.21
£ 6,000,000	Verizon Communications 3.375% 27/10/2036	7,123	0.67
£ 3,000,000	Vodafone 5.9% 26/11/2032	4,321	0.40
£ 2,350,000	Western Power Distribution 3.5% 16/10/2026	2,600	0.24
£ 2,507,000	Whitbread 3% 31/5/2031	2,600	0.24
£ 2,950,000	Yorkshire Building Society 3.375% 13/9/2028	3,188	0.30
£ 3,150,000	Yorkshire Water Finance 1.75% 27/10/2032	3,198	0.30

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (continued)		
	EURO DEBT SECURITIES (1.03%)	**16,711**	**1.55**
€ 3,000,000	BNP Paribas 0.00000% 7/10/2169	2,390	0.22
€ 3,500,000	Cellnex Finance 2% 15/2/2033	3,011	0.28
€ 3,500,000	Infrastrutture Wireless Italiane 1.75% 19/4/2031	3,033	0.28
€ 4,626,225	Stichting AK Rabobank Certificaten 2.1878% 29/3/2170	5,450	0.51
€ 2,250,000	Telecom Italia Finance 7.75% 24/1/2033	2,827	0.26
	US DOLLAR DEBT SECURITIES (5.01%)	**39,515**	**3.68**
$ 5,800,000	AXA 6.379% 14/6/2170	5,830	0.54
$ 7,000,000	Barclays 3.564% 23/9/2035	5,277	0.49
$ 5,000,000	Barclays Bank 0.4375% 14/8/2169	3,470	0.32
$ 2,000,000	BNP Paribas 0.27788% 23/3/2170	1,363	0.13
$ 2,100,000	Cloverie for Zurich Insurance 5.625% 24/6/2046	1,753	0.16
$ 12,000,000	HSBC Bank 0.41663% 19/12/2169	8,224	0.77
$ 4,000,000	Lloyds Bank 0.3125% 21/2/2170	2,872	0.27
$ 2,000,000	Natwest 2.46725% 31/3/2170	1,423	0.13
$ 5,200,000	Swiss Re Finance Luxembourg 5% 2/4/2049	4,273	0.40
$ 6,983,000	Zurich Finance Ireland Designated Activity 3% 19/4/2051	5,030	0.47
	COLLECTIVE INVESTMENT SCHEMES (5.53%)	**52,357**	**4.88**
	GUERNSEY (0.57%)	**5,550**	**0.52**
4,217,241	Renewables Infrastructure	5,550	0.52
	UNITED KINGDOM (4.96%)	**46,807**	**4.36**
6,239,057	Aquila European Renewables Income Fund	5,747	0.54
4,638,457	Downing Renewables & Infrastructure Trust	4,546	0.42
5,203,588	Greencoat UK Wind	7,087	0.66
3,955,719	JLEN Environmental Assets	4,193	0.39
17,443,144	Liontrust Sustainable Future Corporate Bond Fund+	20,490	1.91
6,435,344	US Solar Fund	4,744	0.44
	Portfolio of investments	**953,775**	**89.01**
	Net other assets	**117,737**	**10.99**
	Total net assets	**1,071,512**	**100.00**

Sustainable Future Defensive Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

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

All investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 January 2021.

Stocks shown as REITs represent Real Estate Investment Trust.

\+ Managed by Liontrust Fund Partners LLP.

Sustainable Future Defensive Managed Fund (continued)

Statement of Total Return (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital gains		56,943		8,170
Revenue	7,503		3,562	
Expenses	(3,860)		(1,598)	
Interest payable and similar charges	(1)		–	
Net revenue before taxation	3,642		1,964	
Taxation	(189)		(166)	
Net revenue after taxation		3,453		1,798
Total return before distributions		**60,396**		**9,968**
Distributions		(6,541)		(3,076)
Change in net assets attributable to shareholders from investment activities		**53,855**		**6,892**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**736,199**		**294,176**
Amounts received on issue of shares	288,187		175,582	
Amounts paid on cancellation of shares	(6,730)		(2,321)	
		281,457		173,261
Dilution adjustment		1		30
Change in net assets attributable to shareholders from investment activities		53,855		6,892
Closing net assets attributable to shareholders		**1,071,512**		**474,359**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Defensive Managed Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	953,775	677,533
Current assets:		
Debtors	17,013	25,274
Cash and bank balances	112,001	84,406
Total assets	**1,082,789**	**787,213**
Liabilities		
Creditors:		
Bank overdrafts	–	(6)
Distribution payable	(7,572)	(5,188)
Other creditors	(3,677)	(45,809)
Provision for liabilities	(28)	(11)
Total liabilities	**(11,277)**	**(51,014)**
Net assets attributable to shareholders	**1,071,512**	**736,199**

Sustainable Future European Growth Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

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

Investment Policy

The Sub-fund will invest in companies which are incorporated, domiciled, listed or conduct significant business in the EEA or Switzerland. All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

The Sub-fund may also invest a maximum of 5% in UK listed securities.

The Sub-fund will typically invest 95% (minimum 80%) in equities or equity related derivatives but may also invest in collective investment schemes (up to 10% of Sub-fund assets), corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Sustainable Future European Growth Fund (continued)

Investment review

Market review

Overall, European markets continued to perform well, with solid economic data and assurances from the European Central Bank (ECB) of ongoing support enough to offset higher inflation concerns. Surveys of purchasing managers shows euro-area activity growing at the fastest pace in 15 years, with companies struggling to keep up with demand and prices surging.

Pace of recovery, interest rates and inflation remain dominant factors for sentiment, particularly the latter as levels continue to creep upwards. This is leading to growing speculation around when policy tightening may be needed but central banks continue to insist that while inflation may be higher than expected, this will be temporary and does not pose a threat to recovery. ECB President Christine Lagarde is in the temporary spike camp, rather than a recovery-endangering cause for concern, with the Bank opting to continue its elevated pace of monetary stimulus for now.

Worries of inflation can also have an odd impact on markets. Initially, fears of inflation quickly turn to concerns of rising interest rates to quell the purchasing power-sapping force. This move increases the discount rate investors use to value future cashflows, resulting in a decrease in the present value of future cashflow – potentially reducing share prices. High-quality companies, the type our Sustainable Future process seeks, often have (i) a strong brand, (ii) unique or differentiated product or service, and (iii) loyal customers. These attributes typically result in the company trading at a premium to lower-quality peers. These higher valuation, ‘longer duration’, companies are negatively impacted by rising rates as their valuation is based on strong future cashflow growth well into the future.

Conversely, lower-quality companies, with no discernible competitive advantages, commoditised products or services, tend to trade at lower valuations – with little value ascribed to long-term cashflow growth. These relatively ‘short duration’ assets become more attractive to investors as they are less impacted by increasing discount rates. Equally, inflationary pressures are usually caused by an economic boom, as we are now seeing with the pandemic recovery, where aggregate demand is rebounding strongly. At such times, many investors (often with a shorter time horizon) believe the rising economic tide will raise all boats, deciding to invest in lower-quality, lower valuation companies – not seeing the sense in paying a premium for quality.

However, all the reasons high-quality companies were admired in the first place, if the thesis of quality was correct, bestows them with pricing power. Pure pricing power is the ability to increase prices of a product with no impact on demand, known as inelasticity demand. A good example of this might be a luxury good, where an increase in price has little impact on volumes sold – it may even make the product more exclusive and desirable, actually increasing demand. During times of inflation, where the prices of labour, raw materials and other inputs are increasing, it is important for a company to be able to pass these cost pressures on to customers in order to protect their profitability. Only businesses with strong competitive advantages have this rare pricing power.

Against this backdrop, as always, we believe a well-diversified portfolio with multiple thematic drivers and high-quality companies is the best way to navigate whatever macroeconomic developments emerge. In recent months, we have seen a recovery in some of the more cyclical sectors (such as resources and consumer discretionary companies like mining and auto original equipment manufacturers). These more cyclically sensitive, statistically cheap and, dare we say, lower-quality companies have outperformed our growth and quality names. For the long term, however, we are confident our process of investing in high-quality, high-return businesses with a tailwind from enabling a cleaner, healthier and safer economy will continue to produce superior results.

We have learnt over the last 20 years that high-quality businesses – companies with structural demand, pricing power and strong balance sheets, that will continue to grow and reinvest earnings for the next five and 10 years – tend to be mispriced by the market. Our process focuses on sustainability, growth and returns and such a longer-term horizon, beyond the majority of market participants, enables a powerful compounding effect that shorter-term investors miss.

Sub-fund review

The Sustainable Future European Growth Fund (Class 2 accumulation) returned 13.4% over the six months under review, underperforming the MSCI Europe ex-UK Index’s 14.6% and the IA Europe ex-UK sector’s 13.8% (both of which are comparator benchmarks)*.

Top holdings included two positions bought during the period, Nagarro and Lifco.

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

IT engineering business Nagarro is a spinout from German tech company Allgeier with a business model to build software solutions for blue-chip clients such as BMW, Roche and McKinsey. Nagarro tackles complex and specific tasks for customers, helping them save time and money and improve their customer experience. This is a good fit for our *Increasing the resource efficiency of industry and agricultural processes* theme and we also highlight the strong culture, with effective management of the human capital that makes this business stand out among peers. Nagarro was one of four small caps promoted to the SDAX index in June, just six months after being listed on the exchange, sparking an all-time high in the shares, and the company recently released its first quarterly results as an independent business, reporting a 27% year-on-year increase in net profits to €7.7 million.

We bought Lifco over the period under our *Providing affordable healthcare* theme and it has proved another strong addition, buoyed by a recovery in a number of its more cyclical business as well as an increase in the pace of acquisitions. The company acquires small and medium-sized business in areas including dental materials and equipment and has been an excellent home for prospective business owners looking to sell. Through a combination of organic and inorganic growth, plus modest improvements in operating margins, we believe it should compound earnings in excess of 10% over the next five years.

Lifco released first-half results over July, showing a 24.6% rise in net sales and 50% growth in pre-tax profits. The CEO said improvements in profitability are a result of organic growth, Lifco's continual focus on margins, acquisitions and continued low sales and marketing activities as a result of the pandemic, with earnings per share over the period also increasing 56.2%.

Private markets investor Partners has also seen its shares rising on the back of a similar flow of deals, recently taking a significant minority stake in logistics business Apex International and a controlling stake in Dimension Renewable Energy, for example.

Elsewhere, Puma had a strong period after announcing encouraging Q1 sales and profitability growth, despite ongoing lockdown restrictions, and then raising its sales outlook for 2021 based on strong Q2 demand, especially in North America. Puma now expects 2021 currency-adjusted sales to rise by at least 20%, up from its previous forecast in the mid-teens, and we believe the management team are proving themselves one of the strongest in the industry.

Various familiar names continued to feature among top contributors, including semiconductor company ASML. ASML published Q2 results in July, with net sales at guidance level of €4.0 billion and gross margin above guidance at 50.9%, mainly due to higher revenue in software upgrades as customers want to increase capacity quickly. The company said demand continues to be high across all segments, reflecting a market focused on increasing capacity to support build-up of digital infrastructure, and expects new sales to grow by around 35% in 2021 compared to last year.

For us, ASML is a strong example of a company with pricing power and built-in inflation protection, designing and manufacturing semiconductor chip machines and operating at the cutting edge of physics. The company has been developing a technology lead for over 40 years and there are very few alternatives. ASML has consistently been able to increase its average selling price in excess of input costs, evidenced by an expanding gross margin.

Access solutions specialist Assa Abloy was also among our strongest positions, with the company held under our *Building better cities* theme and specialising in mechanical and digital locks, security doors and automated entrances. It reported record organic sales growth of 23% in the second quarter as markets continue to open up. Assa also released its sustainability reports for 2020 in March, announcing that it has exceeded the majority of targets for health and safety, energy, water and materials efficiency in the 2015-2020 period and has set new goals, including halving emissions by 2030 and reaching net-zero by 2050.

Among weaker names, TeamViewer's shares gave back some of their recent performance over the period amid the overall value rotation; longer term, however, this is another company benefitting from the need for digitalised processes and remote work across all industries around the world. TeamViewer announced record billing figures for 2020 in February and is targeting €1 billion by 2023, supporting our thesis that trends accelerated by Covid are not transitory and signal permanent shifts in working patterns.

Spotify Technology, meanwhile, had a weaker overall period, as the company reported lower-than-expected new user numbers in the second quarter, with the pandemic suppressing growth in markets such as India. Spotify Technology added nine million monthly active

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

users over Q2, bringing the total to 365 million, falling short of its own forecast, as well as the market's 372.5 million average estimate. The company beat estimates in several other areas, however, with a 20% jump in paid subscribers for its premium service.

We model growth slowing to a more mature 10% to 15% over the next five to 10 years in terms of new users but remain excited to see signs of monetising the audience, including recent news of an expansion into live events, using its data to improve relationships with artists by helping them plan concerts. With all this innovation, we are confident about the next decade and more for Spotify Technology.

Elsewhere, Unifiedpost is among our holdings facing a more challenging short-term backdrop as a newly listed technology business amid the value rotation, despite announcing strong performance over the first quarter. After an intense acquisition period, the company said it is now fully focused to maximise the value of its platform and the scale of its business network and, while 2021 is considered a 'construction year', it is on track to deliver on future growth plans. The company is exposed to our *Improving the resource efficiency of industrial and agricultural processes* theme, focusing on digitising business administration and payments. Around 95% of documentation between European businesses is still paper based, which is slow, subject to error and has a significant environmental footprint, and this company's software allows companies to cut down paper, time, money and fraud. Despite recent share price weakness, we remain confident in the long-term prospects, having met with the management team twice over the past six months.

In terms of trading over the period, beyond Lifco and Nagarro, Cancom was another purchase under *Enhancing digital security*; formally, around a third of the business is related to security but the reality is that all its services enable security and efficiency for clients. The company is growing organically at around 10% a year and we believe the valuation is in line with long-term UK holding Softcat in this space.

We also added consumer review website Trustpilot under *Increasing financial resilience*. A recent Initial Public Offering (IPO), the business was founded in Denmark in 2007 to address the 'trust gap' on the internet. They take a neutral stance towards reviews and everyone has to follow the same rules, with a mission to improve trust by enabling independent communication between consumers and companies.

More recently, we started a position in Zur Rose, Europe's leading online pharmacy and telemedicine company with over 11 million customers across Northern Europe (mainly Germany and Switzerland). Its online pharmacy offers over the counter (OTC) drugs and personal care products delivered directly to customers, and this is a strong fit for our *Providing affordable healthcare* theme. We bought in May after a bout of share price weakness during the value rotation and it had a stronger rest of the period, having reported sales growth of 16% in April and a range of enhancements to its DocMorris platform. With mandatory introduction of electronic prescriptions in Germany from next year, Zur Rose is well positioned with 9.8 million customers in this market and DocMorris the country's best-known pharmacy brand. According to a 2018 study by McKinsey, Germany could save €34 billion in digitising its healthcare system and Zur Rose is a critical technology player in this transition.

Another addition was Qiagen, this time under the *Enabling innovation in healthcare* theme, a German provider of sample and assay technologies for molecular diagnostics, applied testing, academic and pharmaceutical research. We continue to see innovation as the key driver in healthcare, with a massive step required in technologies that help treat disease more effectively. Companies like Qiagen drive down the cost of understanding the human genome, allowing experts to tailor therapies to individual needs and with fewer side effects, reducing the burden on the healthcare system. We have identified the molecular diagnostics subsegment as one of the fastest-growing areas in healthcare and the company has an established position as the premium provider of sample technologies in this space.

In terms of sells, we exited Novozymes on valuation grounds and it goes back onto our watchlist; we feel the price reflected intrinsic value and the valuation needs to reset to a more mature growth profile. We also sold German chemical and consumer goods business Henkel based on losing conviction in its thematic story and fundamentals. There are no particularly strong tailwinds driving demand growth for either adhesives or its beauty and laundry products and we feel long-term underinvestment in sales and marketing and research and development was ultimately unsustainable, leading to lacklustre sales growth in a period where several competitors upped their investment in market and product development.

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

We also moved on from Italian textiles business Aquafil, which we owned under our *Delivering a circular materials economy* theme. We were excited by the opportunity in recycled materials but this has not resulted in either a growth inflection or pricing power, and fundamentals have declined for this cyclical business, with sales falling since 2018.

CTS Eventim had a solid period, despite having to report overall group revenues down more than 80% for 2020 at the end of March. As we have highlighted in previous commentaries, a backdrop of widespread lockdown is challenging for a live events business, but CTS Eventim has managed its way through the crisis prudently, adjusting costs, limiting investment and deciding against distributing a dividend for 2019. Its financial position remains robust, with cash and equivalents of €741 million at the end of 2020, and the company stressed it never experienced any kind of shock paralysis. Our thesis is that underlying demand for events remains undiminished and echoing this, CTS Eventim CEO Klaus-Peter Schulenberg said that where vaccine rollout is more advanced, such as the UK and Israel, people's longing for culture and live entertainment is clear.

As CTS Eventim's share price rallied beyond our five-year target and estimate of intrinsic value, however, we sold our position in the company and the business also returns to our watchlist.

**Source: FE Analytics, primary share class (2 Acc), total return, net of fees and income reinvested, 31.01.21-31.07.21.*

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

Past performance is not a guide to future performance, investments can result in a total loss of capital.

Material portfolio changes by value

Purchases	Sales
Cancom	CTS Eventim
Qiagen	Hella Hueck
Zur Rose	Kerry
Lifco	Cellnex Telecom
Unilever	Novozymes
Puma	Unilever
Knorr-Bremse	ASML
Trustpilot	Schneider Electric
SAP	Chr Hansen
Nagarro	Aquafil

Sustainable Future European Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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 Sub-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 Sub-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 Sub-fund or a representative fund or Index's value has moved up and down in the past.
- The Sub-fund is categorised 6 primarily due to its exposure to European (ex UK) equities.
- The SRRI may not fully take into account the following risks:
  - That a company may fail thus reducing its value within the Sub-fund;
  - Any company which has high overseas earnings may carry a higher currency risk.
  - Any overseas investments 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 Sub-fund.
- The Sub-fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

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

Sustainable Future European Growth Fund (continued)

Performance record (unaudited)
as at 31 July 2021

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Net Accumulation	1.9530	1.3415
Class 3 Net Accumulation	3.7876	2.7128

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Net Accumulation	103,648,435	353,459	341.02
Class 3 Net Accumulation	37,601,404	183,856	488.96
31 January 2021			
Class 2 Net Accumulation	69,567,707	206,965	297.50
Class 3 Net Accumulation	37,535,316	159,760	425.63
31 January 2020			
Class 2 Net Accumulation	45,231,993	111,994	247.60
Class 3 Net Accumulation	35,608,209	125,562	352.62
31 January 2019			
Class 2 Net Accumulation	38,242,053	77,400	202.39
Class 3 Net Accumulation	40,536,108	116,290	286.88

Sustainable Future European Growth Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (96.28%)	**520,754**	**96.92**
	BELGIUM (3.59%)	**17,611**	**3.28**
173,791	Umicore	7,749	1.44
694,100	Unifiedpost	9,862	1.84
	DENMARK (4.33%)	**12,659**	**2.36**
155,064	Ringkjoebing Landbobank	12,659	2.36
	FINLAND (1.74%)	**10,398**	**1.94**
174,025	Kone	10,398	1.94
	FRANCE (10.89%)	**43,693**	**8.13**
96,228	Air Liquide	12,023	2.24
568,025	AXA	10,595	1.97
315,758	Edenred	13,182	2.45
65,493	Schneider Electric	7,893	1.47
	GERMANY (18.48%)	**101,334**	**18.86**
315,963	Cancom	14,288	2.66
464,798	Infineon Technologies	12,755	2.37
152,127	Knorr-Bremse	12,448	2.32
192,382	Nagarro	20,920	3.89
217,164	Puma	19,114	3.56
168,682	SAP	17,408	3.24
181,440	TeamViewer	4,401	0.82
	IRELAND (5.94%)	**28,144**	**5.23**
58,172	Kerry	6,202	1.15
115,517	Kingspan	9,033	1.68
318,309	Smurfit Kappa	12,909	2.40
	ITALY (3.06%)	**13,566**	**2.52**
173,544	Banca Generali	5,180	0.96
904,520	Technogym	8,386	1.56
	LUXEMBOURG (2.26%)	**14,495**	**2.70**
256,723	Befesa	14,495	2.70

Sustainable Future European Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	NETHERLANDS (9.89%)	**61,120**	**11.37**
3,122	Adyen	6,096	1.13
40,529	ASML	22,088	4.11
388,535	Basic-Fit	12,910	2.40
106,862	Corbion	4,196	0.78
410,372	Qiagen	15,830	2.95
	NORWAY (4.32%)	**16,761**	**3.12**
1,137,462	DNB Bank	16,761	3.12
	SPAIN (5.58%)	**25,164**	**4.68**
249,348	Cellnex Telecom	11,684	2.17
737,511	Grifols	13,480	2.51
	SWEDEN (12.42%)	**82,847**	**15.42**
681,722	Assa Abloy	15,729	2.93
729,730	Avanza Bank	17,019	3.17
1,072,996	Lifco	22,684	4.22
56,600	Spotify Technology	9,309	1.73
2,227,912	Svenska Handelsbanken	18,106	3.37
	SWITZERLAND (8.00%)	**59,441**	**11.06**
22,079	Lonza	12,356	2.30
13,529	Partners	16,625	3.09
58,196	Roche	16,176	3.01
53,570	Zur Rose	14,284	2.66
	UNITED KINGDOM (5.78%)	**33,521**	**6.25**
4,279,080	National Express	11,639	2.17
2,037,797	Trustpilot	7,295	1.36
351,999	Unilever	14,587	2.72
	Portfolio of investments	**520,754**	**96.92**
	Net other assets	**16,561**	**3.08**
	Total net assets	**537,315**	**100.00**

Sustainable Future European Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

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

All investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 January 2021.

Sustainable Future European Growth Fund (continued)

Statement of Total Return (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital gains		59,202		18,104
Revenue	5,959		2,986	
Expenses	(1,618)		(819)	
Interest payable and similar charges	(1)		(12)	
Net revenue before taxation	4,340		2,155	
Taxation	(1,354)		(542)	
Net revenue after taxation		2,986		1,613
Total return before distributions		**62,188**		**19,717**
Distributions		(2,986)		(1,613)
Change in net assets attributable to shareholders from investment activities		**59,202**		**18,104**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**366,725**		**237,556**
Amounts received on issue of shares	113,377		35,130	
Amounts paid on cancellation of shares	(5,437)		(10,379)	
		107,940		24,751
Change in net assets attributable to shareholders from investment activities		59,202		18,104
Retained distributions on accumulation shares		3,448		1,709
Closing net assets attributable to shareholders		**537,315**		**282,120**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future European Growth Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	520,754	353,070
Current assets:		
Debtors	17,081	4,587
Cash and bank balances	5,065	9,359
Total assets	**542,900**	**367,016**
Liabilities		
Creditors:		
Bank overdrafts	(11)	–
Other creditors	(5,574)	(291)
Total liabilities	**(5,585)**	**(291)**
Net assets attributable to shareholders	**537,315**	**366,725**

Sustainable Future Global Growth Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

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

Investment Policy

The Sub-fund will invest in companies globally. All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

The Sub-fund will typically invest 95% (minimum 90%) in equities or equity related derivatives, but may also invest in collective investment schemes (up to 10% of Sub-fund's assets), corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits.

Investments in emerging market securities will be limited to 20%.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Sustainable Future Global Growth Fund (continued)

Investment review

Market review

Pace of recovery, interest rates and inflation remain dominant factors for overall sentiment, particularly the latter as levels continue to creep upwards. This is leading to growing speculation around when policy tightening may be needed but central banks continue to insist that while inflation may be higher than expected, this will be temporary and does not pose a threat to recovery.

While higher inflation tends to have a greater impact on longer-duration growth stocks, we continue to believe a well-diversified portfolio with multiple thematic drivers and high-quality companies is the best way to navigate whatever macroeconomic situation unfolds.

We welcome ongoing recovery in some of our more cyclical names but lagged the MSCI World Index given our higher-quality exposure in a period where performance, at least for the first half, was driven by value companies and parts of the market benefitting most from economic reopening. In recent months, we have also seen bubbles begin to emerge in certain areas, including some IPOs in the technology space, special purpose acquisition companies (SPACs) and, to a degree, stocks where investors are buying without any regard for valuation. Stage four of our process, focusing on valuation, ensures we can protect our portfolios from these types of bubbles.

Ultimately, we feel fundamentals will drive higher-quality names back up, leaving behind those buoyed by emerging bubbles, and signs of this are already emerging – and having a process running for two decades does help when dealing with periods of rotation in the market. While our process tends to be growth focused, we are looking for structural rather than transient trends and also largely avoid crowded trades. Again, that fourth stage ensures we avoid stocks trading at levels that have lost touch with underlying fundamentals.

Sub-fund review

The Sustainable Future Global Growth Fund (Class 2 accumulation) returned 12.2% over the six months under review, outperforming the IA Global sector average of 11.1% but lagging the MSCI World Index's 14.8% (both of which are comparator benchmarks)*.

As stated, we largely avoid crowded trades such as the mega-cap FAANG names (Facebook, Amazon, Apple, Netflix and Alphabet, formerly Google) and, of those, only Alphabet is currently investable for us. The stock was among our best performers over the period, during which Google's parent company exceeded estimates as advertising revenues picked up amid the broad vaccine-driven recovery. Alphabet lagged its FAANG peers in 2020, with its fortunes seen as closely tied to economic reopening, but the company has rebounded fast this year, posting Q2 revenues of close to $62 billion, as that long talked-about pent-up demand started to be released.

We think Alphabet stands out because the core Google Search business makes the internet a more efficient place through its indexation and democratisation of information. This is provided free to the vast majority of users and has become an integral part of everyday life, which is why the company sits in our *Providing education* theme. As a sector, technology emits more than airlines, both in the US and globally, and Alphabet also stands out here, ensuring it has energy-efficient data centres and as one of the biggest buyers of renewable energy.

Elsewhere, US healthcare business IQVIA was back among our top contributors, with the company's data-driven strategy for outsourcing clinical trials continuing to create an important competitive advantage. Over the period, it announced two strong sets of quarterly data with growth across all key metrics, and on the back of this, plus sustained strength of recent business wins, was able to raise 2021 financial guidance twice. IQVIA exemplifies the affordability side of healthcare within our sustainable themes, with the industry needing to ensure the treatments and innovations it develops are available to the wider global population. The company provides an important solution to the problem of increasing drug costs by improving the efficiency of clinical trials.

Several financials, including Charles Schwab and First Republic Bank, also remained among our best names as the sector enjoyed a strong spell of performance as a 'value' part of the market. Schwab is a long-term holding under our *Saving for the future* theme as the largest investment platform in the US, offering low-cost products to the mass market. It has benefitted from higher bond yields over the

Sustainable Future Global Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

period, growing its earnings from cash balances held on its balance sheet as yields rise. This part of the company's earnings power had been wiped out during the pandemic and normalisation of yields has led to growth from this area of the business.

Schwab is also a beneficiary of the accumulation of savings over the pandemic in the US, with lockdowns reducing the amount spent on big ticket consumption items such as holidays. These savings have driven AUM growth for Schwab and an acceleration in earnings.

Elsewhere, a number of our best performers from 2020 featured among top contributors over the period, having given back some of their returns earlier in the year amid the value rotation. Names such as DocuSign, PayPal and Intuit all enjoyed share price growth, as did holdings under our *Connecting people* theme such as Cellnex and American Tower.

DocuSign is exposed to our *Increasing waste treatment and recycling* theme and the company has created a unique product to digitalise the final signature part of the document production process – an excellent example of a solution that makes the world more efficient. In its latest results, DocuSign said it has become the way people 'agree in today's emerging anywhere economy', not only helping organisations continue during the pandemic but also to realise new and more efficient ways of doing business in the future. This is reflected in 58% year-on-year revenue growth in the first quarter and the recent addition of the millionth customer on the DocuSign platform.

Elsewhere, Puma had a strong period after announcing encouraging Q1 sales and profitability growth, despite ongoing lockdown restrictions, and then raising its sales outlook for 2021 based on strong Q2 demand, especially in North America. Puma now expects 2021 currency-adjusted sales to rise by at least 20%, up from its previous forecast in the mid-teens, and we believe the management team are proving themselves one of the strongest in the industry.

Semiconductor company ASML is another perennial outperformer, publishing Q2 results showing net sales at guidance level of €4.0 billion and gross margin above guidance at 50.9%, mainly due to higher revenue in software upgrades as customers want to increase capacity quickly. The company said demand continues to be high across all segments, reflecting a market focused on increasing capacity to support build-up of digital infrastructure, and expects new sales to grow by around 35% in 2021 compared to last year.

For us, ASML is a strong example of a company with pricing power and built-in inflation protection, designing and manufacturing semiconductor chip machines and operating at the cutting edge of physics. The company has been developing a technology lead for over 40 years and there are very few alternatives. ASML has consistently been able to increase its average selling price in excess of input costs, evidenced by an expanding gross margin.

In terms of weaker performers, holdings more impacted by Covid-19 continue to struggle in the short term, including Bright Horizons, which we added in Q1. Its first-quarter revenues were down 23% compared to the same period in 2020, due to lower enrolment in childcare centres able to open and many others still temporarily closed. This is the US market leader in corporate-sponsored childcare, offering a range of products to support parents of young children in getting back to work. The company is built on the goal of partnering with employers to help ensure work-life balance and reduced stress in the early years of parenting, which is clearly a long-term part of a more sustainable future when the world is able to look past the pandemic.

Spotify, meanwhile, had a weaker period, as the company reported lower-than-expected new user numbers in the second quarter, with the pandemic suppressing growth in markets such as India. Spotify added nine million monthly active users over Q2, bringing the total to 365 million, falling short of its own forecast, as well as the market's 372.5 million average estimate. The company beat estimates in several other areas, however, with a 20% jump in paid subscribers for its premium service.

We model growth slowing to a more mature 10% to 15% over the next five to 10 years in terms of new users but remain excited to see signs of monetising the audience, including recent news of an expansion into live events, using its data to improve relationships with artists by helping them plan concerts. With all this innovation, we are confident about the next decade and more for Spotify.

Sustainable Future Global Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

Looking at other trades, we introduced Knorr Bremse to the portfolio in Q1, a German leader in safety technology for rail and trucks. The business is split roughly evenly between the two, with trucks providing more cyclical exposure and rail tied to infrastructure spending. Safety equipment across the transportation sector is increasingly important as regulation and technological improvements drive adoption, and Knorr also benefits from a large after-market business, which helps produce high returns on investment.

As for sells, we exited US pet insurance specialist Trupanion and healthcare name PerkinElmer over the first quarter. Sell decisions are driven by the deterioration in any of the four pillars of our process (thematic, sustainability, business fundamentals and valuation) and it will not be surprising to hear our favourite reason to sell is the last on that list. This is why we exited Trupanion after holding it for just two years.

Since we added the stock in early 2019, the shares did very little for a year before going on to double twice over in a short period from May to December 2020. Clearly, we felt the shares were undervalued when we invested and the business proved resilient during the pandemic. However, the rapid rise in value the market ascribed to the company left us with no upside on a five-year view, even after accounting for the progress made throughout 2020. Two years falls short of our minimum investment horizon of five years, and considerably short of our ideal horizon of forever, but competition for capital in the Sub-fund remains as fierce as ever. We continue to follow Trupanion closely in the hope the market gives us the opportunity to become shareholders again.

With PerkinElmer, this was another strong performer over 2020, as well as for the last few years, and, after reviewing the price target, we felt upside was limited on a five-year view. We also noted 40% of earnings in 2020 came directly from Covid testing, which we expect to become more nuanced in the future. Finally, this is a business with a management rating of 4 and we have concerns around improvements we have requested relating to ESG issues. When changes do not happen, we tend to sell and move capital to new opportunities.

Later in the period, we initiated a position in US homebuilder NVR. The company is exposed to our *Building better cities* theme, with 100% of NVR's homes built in 2020 verified by an external party to be more energy efficient than the average home built that year; the average NVR home is 40% more efficient. The company is unique in the industry in that it exercises a capital-light business model by acquiring options to buy land, as opposed to having a large land bank. This is more costly in the near term but enables NVR to survive downturns in a cyclical industry; it was the only profitable homebuilder in the US during the global financial crisis. Despite industry cyclicality, NVR's returns have been strong and disciplined capital allocation has seen the share count fall by 50% since 2005. We think the 15x multiple the market is prepared to pay for the business undervalues the culture and discipline management has demonstrated over the years.

As for Q2 sells, we exited our position in US industrial automation business Rockwell Automation. Rockwell is a great company exposed to the theme of I*mproving the resource efficiency of industrial and agricultural processes* but after rerating from a PE of around 18x to 30x over the past couple of years, we struggled to see further upside in the shares.

We also sold Hella, the German automotive supplier that engages in the development and manufacture of lighting technology and electronic components. After falling 59% peak to trough amid the Covid selloff in March 2020, the expected recovery in auto sales drove the shares up more than 150% over the next year; following this recovery, we concluded that Hella was fair value. Late in the quarter, through a somewhat bizarre twist of fate, Q1 addition Knorr Bremse announced it is looking to acquire a large stake in Hella. Having just exited the latter on valuation grounds, this development has taken us by surprise. We will be investigating further and will outline our conclusions in future commentaries.

**Source: FE Analytics, primary share class (2 Acc), total return, net of fees and income reinvested, 31.01.21-31.07.21*

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

Past performance is not a guide to future performance, investments can result in a total loss of capital.

Sustainable Future Global Growth Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases	Sales
Knorr-Bremse	Alexion Pharmaceuticals
Bright Horizons Family Solutions	PerkinElmer
PTC	Rockwell Automation
NVR	Charles Schwab
London Stock Exchange	Hella Hueck
Visa 'A'	Banca Generali
Equinix	Cellnex Telecom
American Tower	First Republic Bank
Autodesk	Trupanion
DocuSign	Kerry

Sustainable Future Global Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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

- This Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Sub-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 Sub-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 Sub-fund or a representative fund or index's value has moved up and down in the past.
- The Sub-fund is categorised 6 primarily due to its exposure to global equities.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Sub-fund;
  - any company which has high overseas earnings may carry a higher currency risk;
  - any 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 Sub-fund.
- The Sub-fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.
- Counterparty risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

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

Sustainable Future Global Growth Fund (continued)

Performance record (unaudited)

as at 31 July 2021

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Net Accumulation	0.0000	0.0000
Class 3 Net Accumulation	0.1529	0.4829
Class Z Net Accumulation	0.0000	0.0000

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Net Accumulation	430,990,639	1,255,670	291.35
Class 3 Net Accumulation	109,244,782	456,602	417.96
31 January 2021			
Class 2 Net Accumulation	309,771,314	790,319	255.13
Class 3 Net Accumulation	102,840,028	375,607	365.23
Class Z Net Accumulation+	–	–	150.34
31 January 2020			
Class 2 Net Accumulation	136,860,395	276,242	201.84
Class 3 Net Accumulation	85,343,218	245,504	287.67
Class Z Net Accumulation	10,852,511	15,144	139.55
31 January 2019			
Class 2 Net Accumulation	62,114,529	100,582	161.93
Class 3 Net Accumulation	71,641,195	164,556	229.69
Class Z Net Accumulation	7,109,847	7,900	111.12

+ Closed on 21 February 2020

Sustainable Future Global Growth Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (96.12%)	**1,655,536**	**96.69**
	AUSTRALIA (2.09%)	**30,328**	**1.77**
198,574	CSL	30,328	1.77
	DENMARK (1.69%)	**30,945**	**1.81**
379,057	Ringkjoebing Landbobank	30,945	1.81
	GERMANY (7.31%)	**140,068**	**8.19**
878,085	Evotec	26,241	1.53
957,659	Infineon Technologies	26,280	1.54
501,486	Knorr-Bremse	41,034	2.40
528,459	Puma	46,513	2.72
	IRELAND (3.11%)	**48,252**	**2.82**
138,469	Kerry	14,762	0.86
427,935	Kingspan	33,490	1.96
	ITALY (1.97%)	**18,093**	**1.06**
1,951,640	Technogym	18,093	1.06
	JAPAN (5.78%)	**82,158**	**4.80**
183,422	Daikin Industries	27,208	1.59
84,033	Keyence	33,422	1.95
1,205,028	TechnoPro	21,528	1.26
	NETHERLANDS (2.86%)	**55,871**	**3.27**
9,624	Adyen	18,792	1.10
68,037	ASML	37,079	2.17
	SPAIN (2.24%)	**32,242**	**1.88**
688,090	Cellnex Telecom	32,242	1.88
	SWEDEN (4.17%)	**61,989**	**3.62**
1,574,016	Avanza Bank	36,710	2.14
153,700	Spotify Technology	25,279	1.48

Sustainable Future Global Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	SWITZERLAND (1.32%)	**21,077**	**1.23**
75,829	Roche	21,077	1.23
	UNITED KINGDOM (4.54%)	**96,210**	**5.62**
1,389,384	Abcam	18,854	1.10
1,885,894	Compass	28,684	1.68
121,541	Intertek	6,267	0.37
295,944	London Stock Exchange	22,143	1.29
1,494,225	Prudential	20,262	1.18
	UNITED STATES OF AMERICA (59.04%)	**1,038,303**	**60.62**
69,001	Adobe	30,852	1.80
39,948	Alphabet 'A'	77,408	4.52
261,146	American Tower	53,118	3.10
120,400	Ansys	31,908	1.86
259,749	Autodesk	60,009	3.50
312,800	Bright Horizons Family Solutions	33,630	1.96
424,608	Cadence Design Systems	45,092	2.63
671,737	Charles Schwab	32,830	1.92
202,638	DocuSign	43,412	2.54
196,787	Ecolab	31,263	1.83
76,095	Equinix	44,902	2.62
187,733	First Republic Bank	26,323	1.54
90,500	Illumina	32,270	1.88
86,681	Intuit	33,051	1.93
62,200	Intuitive Surgical	44,355	2.59
288,185	IQVIA	51,326	3.00
208,396	Nasdaq	27,981	1.63
9,310	NVR	34,919	2.04
97,707	Palo Alto Networks	28,043	1.64
217,892	PayPal	43,180	2.52
327,700	PTC	31,916	1.86
128,638	Splunk	13,135	0.77
124,470	Thermo Fisher Scientific	48,344	2.82
266,500	VeriSign	41,447	2.42

Sustainable Future Global Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED STATES OF AMERICA (continued)		
362,196	Visa 'A'	64,202	3.75
366,427	Waste Connections	33,387	1.95
	Portfolio of investments	**1,655,536**	**96.69**
	Net other assets	**56,736**	**3.31**
	Total net assets	**1,712,272**	**100.00**

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

All investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 January 2021.

Sustainable Future Global Growth Fund (continued)

Statement of Total Return (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital gains		194,039		77,751
Revenue	4,587		2,706	
Expenses	(5,313)		(2,203)	
Interest payable and similar charges	(8)		(7)	
Net (expense)/revenue before taxation	(734)		496	
Taxation	(929)		(394)	
Net (expense)/revenue after taxation		(1,663)		102
Total return before distributions		**192,376**		**77,853**
Distributions		(155)		(358)
Change in net assets attributable to shareholders from investment activities		**192,221**		**77,495**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**1,165,926**		**536,890**
Amounts received on issue of shares	396,720		220,928	
Amounts paid on cancellation of shares	(42,828)		(33,228)	
		353,892		187,700
Dilution adjustment		71		42
Stamp duty reserve tax		(5)		–
Change in net assets attributable to shareholders from investment activities		192,221		77,495
Retained distributions on accumulation shares		167		442
Closing net assets attributable to shareholders		**1,712,272**		**802,569**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Global Growth Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	1,655,536	1,120,630
Current assets:		
Debtors	28,542	12,028
Cash and bank balances	46,568	37,272
Total assets	**1,730,646**	**1,169,930**
Liabilities		
Creditors:		
Other creditors	(18,374)	(4,004)
Total liabilities	**(18,374)**	**(4,004)**
Net assets attributable to shareholders	**1,712,272**	**1,165,926**

Sustainable Future Managed Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

The Sub-fund aims to deliver income and capital growth over the long term (5 years or more).

Investment Policy

The Sub-fund will invest globally. All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

Allocations to equities, fixed income, and cash will vary over time depending on market circumstances. Asset allocation limits will remain in line with the following asset allocation ranges:

Equity – 60-85%

Fixed income – 10-40%

Cash – 0-10%

The Sub-fund may invest in collective investment schemes including other Liontrust Funds (up to 10% of Sub-fund assets), other transferable securities, money market instruments, warrants and deposits.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Sustainable Future Managed Fund (continued)

Investment review

Market review

Pace of recovery, interest rates and inflation remain dominant factors for overall sentiment, particularly the latter as levels continue to creep upwards. This is leading to growing speculation around when policy tightening may be needed but central banks continue to insist that while inflation may be higher than expected, this will be temporary and does not pose a threat to recovery.

While higher inflation tends to have a greater impact on longer-duration growth stocks, we continue to believe a well-diversified portfolio with multiple thematic drivers and high-quality companies is the best way to navigate whatever macroeconomic situation unfolds.

We welcome ongoing recovery in more cyclical names but some of our higher-quality companies have lagged in a period where performance, at least for the first half, was driven by value stocks and parts of the market benefitting most from economic reopening. In recent months, we have also seen bubbles begin to emerge in certain areas, including some IPOs in the technology space, special purpose acquisition companies (SPACs) and, to a degree, stocks where investors are buying without any regard for valuation. Stage four of our process, focusing on valuation, ensures we can protect our portfolios from these types of bubbles.

Ultimately, we feel fundamentals will drive higher-quality names back up, leaving behind those buoyed by emerging bubbles, and signs of this are already emerging – and having a process running for two decades does help when dealing with periods of rotation in the market. While our process tends to be growth focused, we are looking for structural rather than transient trends and also largely avoid crowded trades. Again, that fourth stage ensures we avoid stocks trading at levels that have lost touch with underlying fundamentals.

Sub-fund Review

The Sustainable Future Managed Fund (Class 2 income) returned 10.3% over the six months under review, outperforming the IA Mixed Investment 40-85% Shares sector average of 7.4% (which is the comparator benchmark)*.

Despite a tougher backdrop for our favoured high-quality, high-return businesses, asset allocation was positive overall. We carried a pro-cyclical, pro-risk assets position into the period, which we maintained throughout. We were overweight equities and underweight cash and government bonds, all of which were positive contributors to performance.

Within fixed income, successful vaccine rollouts shifted the market narrative to focus on when policymakers may need to raise rates if better-than-expected growth led to higher inflation, causing a selloff in bond markets. Against this backdrop, our overweight credit position detracted from performance in Q1. In the second half of the period, corporate bonds outperformed government and our overweight credit was another positive factor. On the government side, while yields stabilised after a large move higher in the first quarter, these assets remain under pressure from higher inflation expectations as economic recovery continues, with the Federal Reserve's dot plot chart now suggesting interest rates may have to rise earlier than forecast.

As stated, we largely avoid crowded trades such as the mega-cap FAANG (Facebook, Amazon, Apple, Netflix and Alphabet, formerly Google) names and, of those, only Alphabet is currently investable for us. The stock was among our best performers over the period, during which Google's parent company exceeded estimates as advertising revenues picked up amid the broad vaccine-driven recovery. Alphabet lagged its FAANG peers in 2020, with its fortunes seen as closely tied to economic reopening, but the company has rebounded fast this year, posting Q2 revenues of close to $62 billion, as that long talked-about pent-up demand started to be released.

We think Alphabet stands out because the core Google Search business makes the internet a more efficient place through its indexation and democratisation of information. This is provided free to the vast majority of users and has become an integral part of everyday life, which is why the company sits in our *Providing education* theme. As a sector, technology emits more than airlines, both in the US and globally, and Alphabet also stands out here, ensuring it has energy-efficient data centres and as one of the biggest buyers of renewable energy.

Elsewhere, US healthcare business IQVIA was back among our top contributors, with the company's data-driven strategy for outsourcing clinical trials continuing to create an important competitive advantage. Over the period, it announced two strong sets of

Sustainable Future Managed Fund (continued)

Investment review (continued)

Sub-fund Review (continued)

quarterly data with growth across all key metrics, and on the back of this, plus sustained strength of recent business wins, was able to raise 2021 financial guidance twice. IQVIA exemplifies the affordability side of healthcare within our sustainable themes, with the industry needing to ensure the treatments and innovations it develops are available to the wider global population. The company provides an important solution to the problem of increasing drug costs by improving the efficiency of clinical trials.

Several financials, including Charles Schwab and First Republic Bank, also remained among our best names as the sector enjoyed a strong spell of performance as a 'value' part of the market. Schwab is a long-term holding under our *Saving for the future* theme as the largest investment platform in the US, offering low-cost products to the mass market. It has benefitted from higher bond yields over the period, growing its earnings from cash held on its balance sheet as yields rise. This part of the company's earnings had been wiped out during the pandemic and normalisation of yields has led to growth from this area of the business.

Schwab is also a beneficiary of the accumulation of savings in the US, with lockdowns reducing the amount spent on big ticket consumption items such as holidays.

Elsewhere, a number of our best performers from 2020 featured among top contributors over the period, having given back some of their returns earlier in the year amid the value rotation. Names such as DocuSign, PayPal and Intuit all enjoyed share price growth, as did holdings under our *Connecting people* theme such as Cellnex and American Tower.

DocuSign is exposed to our I*ncreasing waste treatment* and *recycling* theme and the company has created a unique product to digitalise the final signature part of the document production process – an excellent example of a solution that makes the world more efficient. In its latest results, DocuSign said it has become the way people 'agree in today's emerging anywhere economy', not only helping organisations to continue during the pandemic but also to realise new and more efficient ways of doing business in future.

Elsewhere, Puma had a strong period after announcing encouraging Q1 sales and profitability growth, despite ongoing lockdown restriction, and then raising its sales outlook for 2021 based on Q2 demand, especially in North America. Puma now expects 2021 currency-adjusted sales to rise by at least 20%, up from its previous forecast in the mid-teens, and we believe the management team are proving themselves one of the strongest in the industry.

Semiconductor company ASML is another perennial outperformer, publishing Q2 results showing net sales at guidance level of €4.0 billion and gross margin above guidance at 50.9%, mainly due to higher revenue in software upgrades as customers want to increase capacity quickly. The company said demand continues to be high across all segments, reflecting a market focused on increasing capacity to support build-up of digital infrastructure, and expects new sales to grow by around 35% in 2021 compared to last year.

For us, ASML is a strong example of a company with pricing power and built-in inflation protection, designing and manufacturing semiconductor chip machines and operating at the cutting edge of physics. The company has been developing a technology lead for over 40 years and there are very few alternatives. ASML has consistently been able to increase its average selling price in excess of input costs, evidenced by an expanding gross margin.

In our UK portfolio, it is little surprise to find GW Pharmaceuticals among the top performers. This is the global leader in developing cannabinoid-based treatments, changing the lives of many people with epilepsy. Recognising this expertise, Irish-based Jazz Pharmaceuticals agreed a $7.2 billion cash-and-stock deal to acquire GW and expand its neuroscience portfolio, which closed in Q2 and saw the company leave the portfolio. In many ways, GW encapsulates three core elements of our approach, producing a positive outcome for society and our clients, exemplifying the need for a long-term investment horizon, and requiring courage to stray from the herd. Innovation is central to the healthcare sector and sustainability overall, with people needing to be fit and healthy to enjoy a cleaner and safer world in future. It is also what attracts us to these companies and, although GW has exited the Sub-fund, we continue to focus on businesses working to address unmet medical needs.

Speciality chemicals company Croda International also remains among our stronger holdings, making key ingredients for life sciences and healthcare, personal care products and seed coatings, as well as lubricants and adhesives. The majority of its raw materials are natural and the company is a recognised leader in green chemistry, benefiting from ongoing demand for its products.

Sustainable Future Managed Fund (continued)

Investment review (continued)

Sub-fund Review (continued)

Also benefitting from strong results is St James's Place (SJP): over the first six months of the year, it attracted £9.2 billion of new client investments, with flows reflecting a combination of factors including improving sentiment, a sharp increase in household savings rates, and high levels of engagement. We hold this company under our *Saving for the future* theme, recognising savings rates have to increase substantially if we are to avoid a huge shortfall in pension provision. SJP's net inflows, together with the positive impact from investment markets, resulted in funds under management closing the first half at a record £143.8 billion, up 11% year to-date.

Among the few detractors over the period, holdings impacted by Covid-19 continue to struggle in the short term, including Bright Horizons, which we added in Q1. Its first-quarter revenues were down 23% compared to the same period in 2020, due to lower enrolment in childcare centres able to open and many others still temporarily closed. This is the US market leader in corporate-sponsored childcare, offering a range of products to support parents of young children in getting back to work. The company is built on the goal of partnering with employers to help ensure work-life balance and reduced stress in the early years of parenting, which is clearly a long-term part of a more sustainable future when the world is able to look past the pandemic.

Elsewhere, London Stock Exchange Group (LSE) shares suffered their largest one-day fall in more than 20 years in early March. In its final-year results, the company disappointed the market with cost and revenue synergy guidance over the next few years following the Refinitiv acquisition. We know the business well and believe the management team was unfairly punished for doing the right thing – investing in its digital infrastructure, people and portfolio of solutions. Short-term investors wished to see near-term earnings accretion at the expense of the sustainability and growth of the business and the rising price over recent weeks shows the long-term case for LSE, as the global scale provider of financial data and analytics, is coming through again.

Trainline also saw its shares shed a third of their value over May on the back of the UK government's plans to create a new public sector body to oversee Britain's railways. Great British Railways will own and manage rail infrastructure, issue contracts to private firms to run trains, set most fares and timetables, and sell tickets, which could threaten Trainline's business model as an online platform for tickets and railcards. In response, the company said it is supportive of these plans, which should provide opportunities to innovate for the benefit of customers and grow the business.

The variability in outcomes for Trainline's UK business has clearly widened and the main risk is what happens to the 5% commission rate currently in place. On the other hand, we could envisage a situation where Trainline is actually better off, should it win the government's contract to white label the train ticket solution. Even with pressure on commission rates, the volumes Trainline would be processing in this instance could be multiples of what it was doing pre-Covid. There are many known unknowns we will be following closely but we think the brand Trainline has built in the UK is strong and the habits of consumers to buy tickets through its app will be difficult to break. Finally, while still early days, the international business (Trainline has replicated its UK operations in Germany, Spain, Italy and France) appears to be gaining momentum and should this continue, the company will be more diverse.

Spotify, meanwhile, had a weaker period, as the company reported lower-than-expected new user numbers in the second quarter, with the pandemic suppressing growth in markets such as India. Spotify added nine million monthly active users over Q2, bringing the total to 365 million, falling short of its own forecast, as well as the market's 372.5 million average estimate. The company beat estimates in several other areas, however, with a 20% jump in paid subscribers for its premium service.

We model growth slowing to a more mature 10% to 15% over the next five to 10 years in terms of new users but remain excited to see signs of monetising the audience, including recent news of an expansion into live events, using its data to improve relationships with artists by helping them plan concerts. With all this innovation, we are confident about the next decade and more for Spotify.

Looking at other trades, we introduced Knorr Bremse to the portfolio in Q1, a German leader in safety technology for rail and trucks. The business is split roughly evenly between the two, with trucks providing more cyclical exposure and rail tied to infrastructure spending. Safety equipment across the transportation sector is increasingly important as regulation and technological improvements drive adoption, and Knorr also benefits from a large after-market business, which helps produce high returns on investment.

Sustainable Future Managed Fund (continued)

Investment review (continued)

Sub-fund Review (continued)

As for sells, we exited US pet insurance specialist Trupanion and healthcare name PerkinElmer over the first quarter. Sell decisions are driven by the deterioration in any of the four pillars of our process (thematic, sustainability, business fundamentals and valuation) and it will not be surprising to hear our favourite reason to sell is the last on that list. This is why we exited Trupanion after holding it for just two years.

Since we added the stock in early 2019, the shares did very little for a year before going on to double twice over in a very short period from May to December 2020. Clearly, we felt the shares were undervalued when we invested and the business proved resilient during the pandemic. However, the rapid rise in value the market ascribed to the company left us with no upside on a five-year view, even after accounting for the progress made throughout 2020. Two years falls short of our minimum investment horizon of five years, and considerably short of our ideal horizon of forever, but competition for capital in the Sub-fund remains as fierce as ever. We continue to follow Trupanion closely in the hope the market gives us the opportunity to become shareholders again.

With PerkinElmer, this was another strong performer over 2020, as well as for the last few years, and, after reviewing the price target, we felt upside was limited on a five-year view. We also noted 40% of earnings in 2020 came directly from Covid testing, which we expect to become more nuanced in the future. Finally, this is a business with a management rating of 4 and we have concerns around improvements we have requested relating to ESG issues. When changes do not happen, we tend to sell and move the capital to new opportunities.

Later in the period, we initiated a position in US homebuilder NVR. The company is exposed to our *Building better cities* theme, with 100% of NVR's homes built in 2020 verified by an external party to be more energy efficient than the average home built that year; the average NVR home is 40% more efficient. The company is unique in the industry in that it exercises a capital-light business model by acquiring options to buy land, as opposed to having a large land bank. This is more costly in the near term but enables NVR to survive downturns in a cyclical industry; it was the only profitable homebuilder in the US during the global financial crisis. Despite industry cyclicality, NVR's returns have been strong and disciplined capital allocation has seen the share count fall by 50% since 2005. We think the 15x multiple the market is prepared to pay for the business undervalues the culture and discipline management has demonstrated over the years.

As for Q2 sells, we exited our position in US industrial automation business Rockwell Automation. Rockwell is a great company exposed to the theme of I*mproving the resource efficiency of industrial and agricultural processes* but after rerating from a price/earnings (PE) of around 18x to 30x over the past couple of years, we struggled to see further upside in the shares.

We also sold our holding in Hella, the German automotive supplier that engages in the development and manufacture of lighting technology and electronic components. After falling 59% peak to trough amid the Covid selloff in March 2020, the expected recovery in auto sales drove the shares up over 150% over the next year; following this recovery, we concluded that Hella was fair value. Late in the period, through a somewhat bizarre twist of fate, Q1 addition Knorr Bremse announced it is looking to acquire a large stake in Hella. Having just exited the latter on valuation grounds, this development has taken us by surprise. We will be investigating further and will outline our conclusions in future commentaries.

**Source: FE Analytics, primary share class (2 Inc), total return, net of fees and income & interest reinvested, 31.01.21-31.07.21*

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

Past performance is not a guide to future performance, investments can result in a total loss of capital.

Sustainable Future Managed Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases	Sales
Knorr-Bremse	Alexion Pharmaceuticals
Bright Horizons Family Solutions	PerkinElmer
PTC	Charles Schwab
NVR	GW Pharmaceuticals
Spotify Technology	Rockwell Automation
Equinix	Hella Hueck
American Tower	Banca Generali
DocuSign	First Republic Bank
Visa 'A'	Cellnex Telecom
Puma	Trupanion

Sustainable Future Managed Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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

- This Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk of the Sub-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 Sub-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 Sub-fund or a representative fund or index's value has moved up and down in the past.
- The Sub-fund is categorised 5 primarily because of its exposure to a diversified portfolio of equities and debt instruments.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Sub-fund.
  - any company which has high overseas earnings may carry a higher currency risk.
  - any 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 Sub-fund.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currencies, credit and interests rates move 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.
- Investments in emerging markets may involve a higher element of risk due to less well regulated markets and political and economic instability.

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

Sustainable Future Managed Fund (continued)

Performance record (unaudited)
as at 31 July 2021

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Net Income	0.4633	0.5940
Class 3 Net Income	1.1409	1.1742
Class 6 Net Accumulation	0.5976	0.7623
Class 7 Net Accumulation	1.1308	1.1672

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Net Income	312,807,031	665,461	212.74
Class 3 Net Income	442,184,654	1,258,078	284.51
Class 6 Net Accumulation	338,398,397	928,774	274.46
Class 7 Net Accumulation	823,975	2,331	282.90
31 January 2021			
Class 2 Net Income	259,766,021	496,611	191.18
Class 3 Net Income	428,934,229	1,096,554	255.65
Class 6 Net Accumulation	250,616,322	616,789	246.11
Class 7 Net Accumulation	524,676	1,328	253.19
31 January 2020			
Class 2 Net Income	174,183,008	285,482	163.90
Class 3 Net Income	397,682,903	871,433	219.13
Class 6 Net Accumulation	98,726,159	207,259	209.93
Class 7 Net Accumulation	1,902,134	4,094	215.24
31 January 2019			
Class 2 Net Income	100,721,355	137,834	136.85
Class 3 Net Income	360,484,066	659,400	182.92
Class 6 Net Accumulation	36,862,906	63,938	173.45
Class 7 Net Accumulation	851,358	1,509	177.19

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (72.37%)	**2,110,209**	**73.92**
	UNITED STATES OF AMERICA (34.64%)	**1,005,991**	**35.24**
	Banks (1.37%)	**25,845**	**0.90**
184,325	First Republic Bank	25,845	0.90
	Biotechnology (2.55%)	**29,631**	**1.04**
83,100	Illumina	29,631	1.04
	Chemicals (1.65%)	**41,647**	**1.46**
262,148	Ecolab	41,647	1.46
	Commercial Services (1.65%)	**77,080**	**2.70**
296,300	Bright Horizons Family Solutions	31,856	1.12
228,205	PayPal	45,224	1.58
	Diversified Financial Services (4.06%)	**119,435**	**4.18**
450,495	Charles Schwab	22,017	0.77
278,156	Nasdaq	37,348	1.31
338,888	Visa 'A'	60,070	2.10
	Electronics (1.59%)		
	Environmental Control (1.01%)	**30,376**	**1.06**
333,384	Waste Connections	30,376	1.06
	Healthcare Products (2.99%)	**81,862**	**2.87**
54,900	Intuitive Surgical	39,149	1.37
109,973	Thermo Fisher Scientific	42,713	1.50
	Healthcare Services (2.02%)	**65,642**	**2.30**
368,573	IQVIA	65,642	2.30
	Home Builders (0.00%)	**35,219**	**1.23**
9,390	NVR	35,219	1.23
	Insurance (0.60%)		

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED STATES OF AMERICA (continued)		
	Internet (4.61%)	**139,679**	**4.90**
40,599	Alphabet 'A'	78,669	2.76
94,227	Palo Alto Networks	27,044	0.95
218,400	VeriSign	33,966	1.19
	Machinery Diversified (0.78%)		
	Real Estate Investment Trusts (2.24%)	**100,915**	**3.53**
268,486	American Tower	54,611	1.91
78,470	Equinix	46,304	1.62
	Software (7.52%)	**258,660**	**9.07**
48,433	Adobe	21,655	0.76
103,200	Ansys	27,350	0.96
224,696	Autodesk	51,911	1.82
426,560	Cadence Design Systems	45,299	1.59
180,399	DocuSign	38,648	1.35
78,403	Intuit	29,895	1.05
325,700	PTC	31,721	1.11
119,287	Splunk	12,181	0.43
	UNITED KINGDOM (18.95%)	**574,086**	**20.10**
	Alternative Energy Sources (0.25%)		
	Banks (0.64%)	**19,247**	**0.67**
3,483,578	Paragon Banking	19,247	0.67
	Biotechnology (1.35%)	**31,755**	**1.11**
1,446,549	Abcam	19,630	0.69
911,617	Oxford Biomedica	12,125	0.42
	Chemicals (1.15%)	**43,341**	**1.52**
514,742	Croda International	43,341	1.52
	Commercial Services (0.89%)	**23,763**	**0.83**
460,874	Intertek	23,763	0.83

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Computers (1.34%)	**44,183**	**1.55**
1,776,577	GB	15,456	0.54
1,486,133	Softcat	28,727	1.01
	Cosmetics & Personal Care (0.62%)	**21,000**	**0.74**
506,097	Unilever	21,000	0.74
	Diversified Financial Services (2.86%)	**89,762**	**3.14**
1,393,815	AJ Bell	5,860	0.20
1,189,559	Hargreaves Lansdown	19,414	0.68
438,091	London Stock Exchange	32,778	1.15
1,998,759	St James's Place	31,710	1.11
	Electronics (0.35%)	**11,415**	**0.40**
395,264	Halma	11,415	0.40
	Engineering & Construction (0.39%)	**11,396**	**0.40**
6,965,763	Helios Towers	11,396	0.40
	Food Services (0.84%)	**27,354**	**0.96**
1,798,426	Compass	27,354	0.96
	Home Builders (1.03%)	**34,783**	**1.22**
3,238,482	Countryside Properties	17,051	0.60
4,276,924	Crest Nicholson	17,732	0.62
	Insurance (1.77%)	**54,936**	**1.92**
11,720,961	Legal & General	30,639	1.07
1,791,798	Prudential	24,297	0.85
	Internet (0.83%)	**21,144**	**0.74**
6,248,162	Trainline	21,144	0.74

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Investment Companies (0.25%)	**6,438**	**0.23**
5,574,326	SDCL Energy Efficiency Income Trust	6,438	0.23
	Miscellaneous Manufacturing (0.39%)	**9,806**	**0.34**
1,607,461	Porvair	9,806	0.34
	Pharmaceuticals (1.59%)	**30,609**	**1.07**
2,158,899	GlaxoSmithKline	30,609	1.07
	Private Equity (1.73%)	**72,391**	**2.53**
2,999,958	3i	38,354	1.34
1,509,053	Draper Esprit	15,121	0.53
16,420,148	IP	18,916	0.66
	Real Estate Investment & Services (0.01%)	**289**	**0.01**
427,000	Ethical Property+	289	0.01
	Retail (0.28%)	**8,449**	**0.30**
3,182,259	DFS Furniture	8,449	0.30
	Transportation (0.39%)	**12,025**	**0.42**
4,420,818	National Express	12,025	0.42
	GERMANY (3.62%)	**123,772**	**4.34**
	Apparel (0.90%)	**41,851**	**1.47**
475,488	Puma	41,851	1.47
	Auto Parts & Equipment (0.86%)		
	Healthcare Services (0.96%)	**23,402**	**0.82**
783,080	Evotec	23,402	0.82
	Miscellaneous Manufacturing (0.00%)	**38,581**	**1.35**
471,504	Knorr-Bremse	38,581	1.35

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	GERMANY (continued)		
	Semiconductors (0.90%)	**19,938**	**0.70**
726,578	Infineon Technologies	19,938	0.70
	IRELAND (2.23%)	**73,037**	**2.56**
	Building Materials (0.61%)	**26,481**	**0.93**
338,374	Kingspan	26,481	0.93
	Food Producers (0.41%)	**7,295**	**0.26**
68,424	Kerry	7,295	0.26
	Forest Products & Paper (1.21%)	**39,261**	**1.37**
972,056	Smurfit Kappa	39,261	1.37
	JAPAN (3.11%)	**71,891**	**2.52**
	Building Materials (1.00%)	**22,777**	**0.80**
153,551	Daikin Industries	22,777	0.80
	Commercial Services (0.75%)	**16,417**	**0.57**
918,969	TechnoPro	16,417	0.57
	Machinery Diversified (1.36%)	**32,697**	**1.15**
82,210	Keyence	32,697	1.15
	SWEDEN (2.22%)	**62,841**	**2.20**
	Diversified Financial Services (1.29%)	**31,641**	**1.11**
1,356,681	Avanza Bank	31,641	1.11
	Internet (0.93%)	**31,200**	**1.09**
189,700	Spotify Technology	31,200	1.09

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	NETHERLANDS (1.74%)	**55,895**	**1.96**
	Commercial Services (0.61%)	**18,492**	**0.65**
9,470	Adyen	18,492	0.65
	Semiconductors (1.13%)	**37,403**	**1.31**
68,631	ASML	37,403	1.31
	DENMARK (1.13%)	**33,813**	**1.18**
	Banks (1.13%)	**33,813**	**1.18**
414,185	Ringkjoebing Landbobank	33,813	1.18
	SPAIN (1.29%)	**32,584**	**1.14**
	Engineering & Construction (1.29%)	**32,584**	**1.14**
695,398	Cellnex Telecom	32,584	1.14
	AUSTRALIA (1.34%)	**31,877**	**1.12**
	Biotechnology (1.34%)	**31,877**	**1.12**
208,716	CSL	31,877	1.12
	SWITZERLAND (0.76%)	**19,855**	**0.70**
	Pharmaceuticals (0.76%)	**19,855**	**0.70**
71,433	Roche	19,855	0.70
	ITALY (1.07%)	**15,082**	**0.53**
	Banks (0.56%)		
	Leisure Time (0.51%)	**15,082**	**0.53**
1,626,798	Technogym	15,082	0.53
	CZECH REPUBLIC (0.27%)	**9,485**	**0.33**
	Computers (0.27%)	**9,485**	**0.33**
1,635,956	Avast	9,485	0.33

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (17.61%)	**462,564**	**16.20**
	UK STERLING DEBT SECURITIES (15.22%)	**390,564**	**13.67**
£ 5,500,000	Annington Funding 3.184% 12/7/2029	6,053	0.21
£ 6,300,000	Aroundtown 4.75% 25/6/2170	6,702	0.23
£ 5,200,000	Assicurazioni Generali 6.269% 16/6/2170	6,026	0.21
£ 5,400,000	AT&T 7% 30/4/2040	9,091	0.32
£ 1,000,000	Aviva 4.375% 12/9/2049	1,134	0.04
£ 8,550,000	Aviva 5.125% 4/6/2050	10,232	0.36
£ 2,700,000	AXA 5.453% 4/3/2170	3,119	0.11
£ 5,600,000	British Telecommunications 3.125% 21/11/2031	6,103	0.21
£ 5,235,000	Bunzl Finance 1.5% 30/10/2030	5,182	0.18
£ 6,600,000	Cadent Finance 2.25% 10/10/2035	6,725	0.24
£ 4,865,000	Canary Wharf Investment 3.375% 23/4/2028	4,938	0.17
£ 5,200,000	Clarion Funding 1.25% 13/11/2032	5,078	0.18
£ 3,300,000	Compass 2% 5/9/2025	3,460	0.12
£ 3,000,000	Coventry Building Society 6.875% 18/9/2169	3,363	0.12
£ 4,193,000	Coventry Building Society 2% 20/12/2030	4,312	0.15
£ 5,000,000	Direct Line Insurance 4% 5/6/2032	5,656	0.20
£ 4,936,000	DWR Cymru Financing UK 2.5% 31/3/2036	5,568	0.19
£ 6,281,000	DWR Cymru Financing UK 1.625% 31/3/2026	6,402	0.22
£ 4,158,000	DWR Cymru Financing UK 2.375% 31/3/2034	4,344	0.15
£ 3,800,000	GlaxoSmithKline Capital 5.25% 19/12/2033	5,419	0.19
£ 4,800,000	HSBC 7% 7/4/2038	7,515	0.26
£ 5,000,000	HSBC 6% 29/3/2040	7,291	0.26
£ 5,500,000	Legal & General 5.5% 27/6/2064	7,159	0.25
£ 7,850,000	Legal & General 4.5% 1/11/2050	9,053	0.32
£ 6,600,000	Liberty Living Finance 3.375% 28/11/2029	7,344	0.26
£ 9,085,000	Lloyds Banking 2.707% 3/12/2035	9,397	0.33
£ 4,800,000	Logicor 2019-1 UK 1.875% 17/11/2031	5,007	0.18
£ 3,000,000	London & Quadrant Housing Trust 2% 20/10/2038	3,078	0.11
£ 5,445,000	London Stock Exchange 1.625% 6/4/2030	5,503	0.19
£ 5,500,000	M&G 5.625% 20/10/2051	6,626	0.23
£ 2,800,000	Motability Operations 3.625% 10/3/2036	3,516	0.12
£ 7,500,000	Motability Operations 1.75% 3/7/2029	7,807	0.27
£ 4,627,000	National Express 2.375% 20/11/2028	4,799	0.17
£ 4,355,000	National Grid Gas 1.125% 14/1/2033	4,052	0.14
£ 8,000,000	Nationwide Building Society 5.875% 20/12/2169	8,780	0.31
£ 8,800,000	Natwest 3.622% 14/8/2030	9,389	0.33
£ 6,837,000	Natwest 2.105% 28/11/2031	6,889	0.24
£ 3,685,000	Next 3.625% 18/5/2028	4,080	0.14

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (continued)		
	UK STERLING DEBT SECURITIES (continued)		
£ 5,400,000	NGG Finance 5.625% 18/6/2073	6,034	0.21
£ 4,292,000	Optivo Finance 2.857% 7/10/2035	4,896	0.17
£ 6,000,000	Orange 8.125% 20/11/2028	8,817	0.31
£ 2,000,000	Orsted 2.5% 18/2/3021	1,993	0.07
£ 9,710,000	Pension Insurance 5.625% 20/9/2030	11,940	0.42
£ 6,200,000	Phoenix 5.625% 28/4/2031	7,609	0.27
£ 4,009,000	Realty Income 1.125% 13/7/2027	3,994	0.14
£ 8,350,000	Rothesay Life 5.5% 17/9/2029	9,283	0.33
£ 3,750,000	Severn Trent Utilities Finance 6.25% 7/6/2029	5,115	0.18
£ 4,788,000	Severn Trent Utilities Finance 2% 2/6/2040	4,881	0.17
£ 5,500,000	Southern Gas Networks 1.25% 2/12/2031	5,229	0.18
£ 6,150,000	SP Transmission 2% 13/11/2031	6,408	0.22
£ 6,477,000	SSE 3.74% 14/4/2170	6,882	0.24
£ 2,700,000	Stagecoach 4% 29/9/2025	2,929	0.10
£ 15,360,000	Standard Chartered 5.125% 6/6/2034	19,840	0.69
£ 6,940,000	Student Finance 2.6663% 30/9/2029	7,019	0.25
£ 5,500,000	Telefonica Emisiones 5.375% 2/2/2026	6,503	0.23
£ 5,840,000	Travis Perkins 3.75% 17/2/2026	6,204	0.22
£ 4,500,000	United Utilities Water Finance 2.625% 12/2/2031	4,966	0.17
£ 2,571,000	United Utilities Water Finance 0.875% 28/10/2029	2,489	0.09
£ 8,000,000	Verizon Communications 1.875% 19/9/2030	8,178	0.29
£ 5,500,000	Vodafone 5.9% 26/11/2032	7,921	0.28
£ 5,900,000	Western Power Distribution 3.5% 16/10/2026	6,528	0.23
£ 1,014,000	Whitbread 3% 31/5/2031	1,051	0.04
£ 4,240,000	Wm Morrison Supermarkets 4.75% 4/7/2029	4,421	0.15
£ 3,000,000	Yorkshire Building Society 3.375% 13/9/2028	3,242	0.11
	EURO DEBT SECURITIES (0.59%)	**17,206**	**0.61**
€ 4,794,000	Infrastrutture Wireless Italiane 1.75% 19/4/2031	4,155	0.15
€ 7,878,675	Stichting AK Rabobank Certificaten 2.1878% 29/3/2170	9,281	0.33
€ 3,000,000	Telecom Italia Finance 7.75% 24/1/2033	3,770	0.13
	US DOLLAR DEBT SECURITIES (1.80%)	**54,794**	**1.92**
$ 10,100,000	AXA 6.379% 14/6/2170	10,152	0.36
$ 2,500,000	Barclays 3.564% 23/9/2035	1,885	0.07
$ 13,000,000	Barclays Bank 0.4375% 14/8/2169	9,023	0.32
$ 6,900,000	BNP Paribas 0.27788% 23/3/2170	4,702	0.16

Sustainable Future Managed Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	BONDS (continued)		
	US DOLLAR DEBT SECURITIES (continued)		
$ 6,000,000	Cloverie for Zurich Insurance 5.625% 24/6/2046	5,009	0.18
$ 16,400,000	HSBC Bank 0.41663% 19/12/2169	11,239	0.39
$ 7,400,000	Swiss Re Finance Luxembourg 5% 2/4/2049	6,081	0.21
$ 9,305,000	Zurich Finance Ireland Designated Activity 3% 19/4/2051	6,703	0.23
	COLLECTIVE INVESTMENT SCHEMES (6.53%)	**158,213**	**5.55**
	GUERNSEY (0.40%)	**9,838**	**0.35**
7,475,628	Renewables Infrastructure	9,838	0.35
	IRELAND (6.03%)	**145,686**	**5.10**
3,000,000	Liontrust GF Sustainable Future European Corporate Bond Fund†	27,719	0.97
9,837,558	Liontrust GF Sustainable Future Global Growth Fund†	117,967	4.13
	UNITED KINGDOM (0.10%)	**2,689**	**0.10**
1,974,230	Greencoat UK Wind	2,689	0.10
	Portfolio of investments	**2,730,986**	**95.67**
	Net other assets	**123,658**	**4.33**
	Total net assets	**2,854,644**	**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 January 2021.

\+ Unquoted security.

† Managed by Liontrust Investment Partners LLP.

Sustainable Future Managed Fund (continued)

Statement of Total Return (unaudited)

for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital gains		268,789		85,412
Revenue	17,783		11,855	
Expenses	(8,459)		(4,467)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	9,323		7,387	
Taxation	4,128		(3,447)	
Net revenue after taxation		13,451		3,940
Total return before distributions		**282,240**		**89,352**
Distributions		(8,041)		(6,724)
Change in net assets attributable to shareholders from investment activities		**274,199**		**82,628**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**2,211,282**		**1,368,268**
Amounts received on issue of shares	387,738		211,987	
Amounts paid on cancellation of shares	(20,607)		(12,581)	
		367,131		199,406
Change in net assets attributable to shareholders from investment activities		274,199		82,628
Retained distributions on accumulation shares		2,032		1,175
Closing net assets attributable to shareholders		**2,854,644**		**1,651,477**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Managed Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	2,730,986	2,134,048
Current assets:		
Debtors	30,558	20,162
Cash and bank balances	110,628	69,344
Total assets	**2,872,172**	**2,223,554**
Liabilities		
Creditors:		
Distribution payable	(6,494)	(4,458)
Other creditors	(11,034)	(2,404)
Provision for liabilities	–	(5,410)
Total liabilities	**(17,528)**	**(12,272)**
Net assets attributable to shareholders	**2,854,644**	**2,211,282**

Sustainable Future Managed Growth Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

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

Investment Policy

The Sub-fund will invest globally. All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

Allocations to equities, fixed income, and cash will vary over time depending on market circumstances. Asset allocation limits will remain in line with the following asset allocation ranges:

Equity – 60-100%

Fixed income – 0-20%

Cash – 0-20%

The Sub-fund may invest in collective investment schemes including other Liontrust Funds (up to 10% of Sub-fund assets), other transferable securities, money market instruments, warrants, deposits.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Sustainable Future Managed Growth Fund (continued)

Investment review

Market review

Pace of recovery, interest rates and inflation remain dominant factors for overall sentiment, particularly the latter as levels continue to creep upwards. This is leading to growing speculation around when policy tightening may be needed but central banks continue to insist that while inflation may be higher than expected, this will be temporary and does not pose a threat to recovery.

While higher inflation tends to have a greater impact on longer-duration growth stocks, we continue to believe a well-diversified portfolio with multiple thematic drivers and high-quality companies is the best way to navigate whatever macroeconomic situation unfolds.

We welcome ongoing recovery in more cyclical names but some of our higher-quality companies have lagged in a period where performance, at least for the first half, was driven by value stocks and parts of the market benefitting most from economic reopening. In recent months, we have also seen bubbles begin to emerge in certain areas, including some IPOs in the technology space, special purpose acquisition companies (SPACs) and, to a degree, stocks where investors are buying without any regard for valuation. Stage four of our process, focusing on valuation, ensures we can protect our portfolios from these types of bubbles.

Ultimately, we feel fundamentals will drive higher-quality names back up, leaving behind those buoyed by emerging bubbles, and signs of this are already emerging – and having a process running for two decades does help when dealing with periods of rotation in the market. While our process tends to be growth focused, we are looking for structural rather than transient trends and also largely avoid crowded trades. Again, that fourth stage ensures we avoid stocks trading at levels that have lost touch with underlying fundamentals.

Sub-fund review

The Sustainable Future Managed Growth Fund (Class 2 accumulation) returned 11.8% over the six months under review, outperforming the IA Flexible Investment sector average of 7.7% (which is the comparator benchmark)*.

Despite a tougher backdrop for our favoured high-quality, high-return businesses, asset allocation was positive overall. We carried a pro-cyclical, pro-risk assets position into the period, which we maintained throughout. With risk assets continuing to deliver positive returns, our ongoing overweight equity and underweight cash positions both contributed to performance.

As stated, we largely avoid crowded trades such as the mega-cap FAANG (Facebook, Amazon, Apple, Netflix and Alphabet, formerly Google) names and, of those, only Alphabet is currently investable for us. The stock was among our best performers over the period, during which Google's parent company exceeded estimates as advertising revenues picked up amid the broad vaccine-driven recovery. Alphabet lagged its FAANG peers in 2020, with its fortunes seen as closely tied to economic reopening, but the company has rebounded fast this year, posting Q2 revenues of close to $62 billion, as that long talked-about pent-up demand started to be released.

We think Alphabet stands out because the core Google Search business makes the internet a more efficient place through its indexation and democratisation of information. This is provided free to the vast majority of users and has become an integral part of everyday life, which is why the company sits in our *Providing education* theme. As a sector, technology emits more than airlines, both in the US and globally, and Alphabet also stands out here, ensuring it has energy-efficient data centres and as one of the biggest buyers of renewable energy.

Elsewhere, US healthcare business IQVIA was back among our top contributors, with the company's data-driven strategy for outsourcing clinical trials continuing to create an important competitive advantage. Over the period, it announced two strong sets of quarterly data with growth across all metrics, and on the back of this, plus sustained strength of recent business wins, was able to raise 2021 financial guidance twice. IQVIA exemplifies the affordability side of healthcare within our sustainable themes, with the industry needing to ensure the treatments and innovations it develops are available to the wider global population. The company provides an important solution to the problem of increasing drug costs by improving the efficiency of clinical trials.

Several financials, including Charles Schwab and First Republic Bank, also remained among our best names as the sector enjoyed a strong spell of performance as a 'value' part of the market. Charles Schwab is a long-term holding under our *Saving for the future*

Sustainable Future Managed Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

theme as the largest investment platform in the US, offering low-cost products to the mass market. It has benefitted from higher bond yields over the period, growing its earnings from cash balances held on its balance sheet as yields rise. This part of the company's earnings power had been wiped out during the pandemic and normalisation of yields has led to growth from this area of the business.

Charles Schwab is also a beneficiary of the accumulation of savings over the pandemic in the US, with lockdowns reducing the amount spent on big ticket consumption items such as holidays. These savings have driven AUM growth for Charles Schwab and an acceleration in earnings.

Elsewhere, a number of our best performers from 2020 featured among top contributors over the period, having given back some of their returns earlier in the year amid the value rotation. Names such as DocuSign, PayPal and Intuit all enjoyed share price growth, as did holdings under our *Connecting people* theme such as Cellnex Telecom and American Tower.

DocuSign is exposed to our *Increasing waste treatment and recycling* theme and the company has created a unique product to digitalise the final signature part of the document production process – an excellent example of a solution that makes the world more efficient. In its latest results, DocuSign said it has become the way people 'agree in today's emerging anywhere economy', not only helping organisations continue during the pandemic but also to realise new and more efficient ways of doing business in the future. This is reflected in 58% year-on-year revenue growth in the first quarter and the recent addition of the millionth customer on the DocuSign platform.

Elsewhere, Puma had a strong period after announcing encouraging Q1 sales and profitability growth, despite ongoing lockdown restriction, and then raising its sales outlook for 2021 based on strong Q2 demand, especially in North America. Puma now expects 2021 currency-adjusted sales to rise by at least 20%, up from its previous forecast in the mid-teens, and we believe the management team are proving themselves one of the strongest in the industry.

Semiconductor company ASML is another perennial outperformer, publishing Q2 results showing net sales at guidance level of €4.0 billion and gross margin above guidance at 50.9%, mainly due to higher revenue in software upgrades as customers want to increase capacity quickly. The company said demand continues to be high across all segments, reflecting a market focused on increasing capacity to support build-up of digital infrastructure, and expects new sales to grow by around 35% in 2021 compared to last year.

For us, ASML is a strong example of a company with pricing power and built-in inflation protection, designing and manufacturing semiconductor chip machines and operating at the cutting edge of physics. The company has been developing a technology lead for over 40 years and there are very few alternatives. ASML has consistently been able to increase its average selling price in excess of input costs, evidenced by an expanding gross margin.

In terms of weaker performers, holdings more impacted by Covid-19 continue to struggle in the short term, including Bright Horizons, which we added in Q1. Its first-quarter revenues were down 23% compared to the same period in 2020, due to lower enrolment in childcare centres able to open and many others still temporarily closed. This is the US market leader in corporate-sponsored childcare, offering a range of products to support parents of young children in getting back to work. The company is built on the goal of partnering with employers to help ensure work-life balance and reduced stress in the early years of parenting, which is clearly a long-term part of a more sustainable future when the world is able to look past the pandemic.

Spotify Technology, meanwhile, had a weaker period, as the company reported lower-than-expected new user numbers in the second quarter, with the pandemic suppressing growth in markets such as India. Spotify Technology added nine million monthly active users over Q2, bringing the total to 365 million, falling short of its own forecast, as well as the market's 372.5 million average estimate. The company beat estimates in several other areas, however, with a 20% jump in paid subscribers for its premium service.

We model growth slowing to a more mature 10% to 15% over the next five to 10 years in terms of new users but remain excited to see signs of monetising the audience, including recent news of an expansion into live events, using its data to improve relationships with artists by helping them plan concerts. With all this innovation, we are confident about the next decade and more for Spotify Technology.

Sustainable Future Managed Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

Looking at other trades, we introduced Knorr-Bremse to the portfolio in Q1, a German leader in safety technology for rail and trucks. The business is split roughly evenly between the two, with trucks providing more cyclical exposure and rail tied to infrastructure spending. Safety equipment across the transportation sector is increasingly important as regulation and technological improvements drive adoption, and Knorr-Bremse also benefits from a large after-market business, which helps produce high returns on investment.

As for sells, we exited US pet insurance specialist Trupanion and healthcare name PerkinElmer over the first quarter. Sell decisions are driven by the deterioration in any of the four pillars of our process (thematic, sustainability, business fundamentals and valuation) and it will not be surprising to hear our favourite reason to sell is the last on that list. This is why we exited Trupanion after holding it for just two years.

Since we added the stock in early 2019, the shares did very little for a year before going on to double twice over in a very short period from May to December 2020. Clearly, we felt the shares were undervalued when we invested and the business proved resilient during the pandemic. However, the rapid rise in value the market ascribed to the company left us with no upside on a five-year view, even after accounting for the progress made throughout 2020. Two years falls short of our minimum investment horizon of five years, and considerably short of our ideal horizon of forever, but competition for capital in the Sub-fund remains as fierce as ever. We continue to follow Trupanion closely in the hope the market gives us the opportunity to become shareholders again.

With PerkinElmer, this was another strong performer over 2020, as well as for the last few years, and, after reviewing the price target, we felt upside was limited on a five-year view. We also noted 40% of earnings in 2020 came directly from Covid testing, which we expect to become more nuanced in the future. Finally, this is a business with a management rating of 4 and we have concerns around improvements we have requested relating to ESG issues. When changes do not happen, we tend to sell and move the capital to new opportunities.

Later in the period, we initiated a position in US homebuilder NVR. The company is exposed to our *Building better cities* theme, with 100% of NVR's homes built in 2020 verified by an external party to be more energy efficient than the average home built that year; the average NVR home is 40% more efficient. The company is unique in the industry in that it exercises a capital-light business model by acquiring options to buy land, as opposed to having a large land bank. This is more costly in the near term but enables NVR to survive downturns in a cyclical industry; it was the only profitable homebuilder in the US during the global financial crisis. Despite industry cyclicality, NVR's returns have been strong and disciplined capital allocation has seen the share count fall by 50% since 2005. We think the 15x multiple the market is prepared to pay for the business undervalues the culture and discipline management has demonstrated over the years.

As for Q2 sells, we exited our position in US industrial automation business Rockwell Automation. Rockwell Automation is a great company exposed to the theme of *Improving the resource efficiency of industrial and agricultural processes* but after rerating from a PE of around 18x to 30x over the past couple of years, we struggled to see further upside in the shares.

We also sold Hella, the German automotive supplier that engages in the development and manufacture of lighting technology and electronic components. After falling 59% peak to trough amid the Covid selloff in March 2020, the expected recovery in auto sales drove the shares up over 150% over the next year; following this recovery, we concluded that Hella was fair value. Late in the quarter, through a somewhat bizarre twist of fate, Q1 addition Knorr-Bremse announced it is looking to acquire a large stake in Hella. Having just exited the latter on valuation grounds, this development has taken us by surprise. We will be investigating further and will outline our conclusions in future commentaries.

**Source: FE Analytics, primary share class (2 Acc), total return, net of fees and income reinvested, 31.01.21-31.07.21*

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

Past performance is not a guide to future performance, investments can result in a total loss of capital.

Sustainable Future Managed Growth Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases	Sales
Knorr-Bremse	Alexion Pharmaceuticals
Bright Horizons Family Solutions	Charles Schwab
NVR	Rockwell Automation
PTC	PerkinElmer
London Stock Exchange	Hella Hueck
American Tower	Banca Generali
Visa 'A'	First Republic Bank
Equinix	Trupanion
DocuSign	Cellnex Telecom
Puma	Kerry

Sustainable Future Managed Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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

- This Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Sub-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 Sub-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 Sub-fund or a representative fund or index's value has moved up and down in the past.
- The Sub-fund is categorised 6 primarily due to its exposure to global equities.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Sub-fund;
  - any company which has high overseas earnings may carry a higher currency risk;
  - any 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 Sub-fund.
- The Sub-fund may, under certain circumstances, make use of derivative instruments but it is not intended their use will materially affect volatility.
- Counterparty risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed-interest securities held by the Sub-fund. If long-term interest rates rise, the value of your shares is likely to fall.

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

Sustainable Future Managed Growth Fund (continued)

Performance record (unaudited)
as at 31 July 2021

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Net Accumulation	0.0000	0.0000
Class 3 Net Accumulation	0.1260	0.4161

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Net Accumulation	212,853,660	631,956	296.90
Class 3 Net Accumulation	66,514,450	283,402	426.08
31 January 2021			
Class 2 Net Accumulation	150,478,822	392,939	261.13
Class 3 Net Accumulation	62,611,161	234,122	373.93
31 January 2020			
Class 2 Net Accumulation	75,908,026	155,721	205.14
Class 3 Net Accumulation	53,882,200	157,571	292.44
31 January 2019			
Class 2 Net Accumulation	35,839,454	60,070	167.61
Class 3 Net Accumulation	51,949,363	123,532	237.79

Sustainable Future Managed Growth Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (92.67%)	**865,477**	**94.55**
	AUSTRALIA (2.09%)	**16,387**	**1.79**
107,295	CSL	16,387	1.79
	DENMARK (1.33%)	**13,185**	**1.44**
161,513	Ringkjoebing Landbobank	13,185	1.44
	GERMANY (6.92%)	**74,755**	**8.17**
472,431	Evotec	14,119	1.54
452,202	Infineon Technologies	12,409	1.36
276,519	Knorr-Bremse	22,626	2.47
290,861	Puma	25,601	2.80
	IRELAND (3.12%)	**26,311**	**2.88**
74,579	Kerry	7,951	0.87
234,607	Kingspan	18,360	2.01
	ITALY (1.92%)	**9,725**	**1.06**
1,048,965	Technogym	9,725	1.06
	JAPAN (5.40%)	**41,617**	**4.54**
92,600	Daikin Industries	13,736	1.50
42,400	Keyence	16,864	1.84
616,700	TechnoPro	11,017	1.20
	NETHERLANDS (3.16%)	**33,740**	**3.69**
5,255	Adyen	10,261	1.12
43,081	ASML	23,479	2.57
	SPAIN (2.14%)	**17,714**	**1.94**
378,036	Cellnex Telecom	17,714	1.94
	SWEDEN (4.14%)	**32,805**	**3.59**
850,910	Avanza Bank	19,845	2.17
78,800	Spotify Technology	12,960	1.42

Sustainable Future Managed Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	SWITZERLAND (1.33%)	**11,452**	**1.25**
41,200	Roche	11,452	1.25
	UNITED KINGDOM (4.28%)	**50,109**	**5.48**
686,251	Abcam	9,312	1.02
988,363	Compass	15,033	1.64
64,944	Intertek	3,349	0.37
159,414	London Stock Exchange	11,927	1.30
773,480	Prudential	10,488	1.15
	UNITED STATES OF AMERICA (56.84%)	**537,677**	**58.72**
33,800	Adobe	15,113	1.65
19,900	Alphabet 'A'	38,560	4.21
142,000	American Tower	28,883	3.16
54,100	Ansys	14,338	1.57
132,400	Autodesk	30,588	3.34
166,200	Bright Horizons Family Solutions	17,869	1.95
226,000	Cadence Design Systems	24,000	2.62
343,606	Charles Schwab	16,793	1.83
104,400	DocuSign	22,366	2.44
105,855	Ecolab	16,817	1.84
40,520	Equinix	23,910	2.61
104,803	First Republic Bank	14,695	1.61
48,300	Illumina	17,222	1.88
45,700	Intuit	17,425	1.90
32,400	Intuitive Surgical	23,104	2.52
132,800	IQVIA	23,652	2.58
99,136	Nasdaq	13,311	1.45
5,120	NVR	19,204	2.10
53,500	Palo Alto Networks	15,355	1.68
117,900	PayPal	23,365	2.55
172,900	PTC	16,839	1.84
68,100	Splunk	6,954	0.76
63,370	Thermo Fisher Scientific	24,613	2.69
142,000	VeriSign	22,084	2.41

Sustainable Future Managed Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED STATES OF AMERICA (continued)		
184,500	Visa 'A'	32,704	3.57
196,600	Waste Connections	17,913	1.96
	Portfolio of investments	**865,477**	**94.55**
	Net other assets	**49,881**	**5.45**
	Total net assets	**915,358**	**100.00**

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

All investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 January 2021.

Sustainable Future Managed Growth Fund (continued)

Statement of Total Return (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital gains		102,945		47,268
Revenue	2,440		1,446	
Expenses	(2,824)		(1,217)	
Interest payable and similar charges	–		(2)	
Net (expense)/revenue before taxation	(384)		227	
Taxation	(514)		(202)	
Net (expense)/revenue after taxation		(898)		25
Total return before distributions		**102,047**		**47,293**
Distributions		(79)		(214)
Change in net assets attributable to shareholders from investment activities		**101,968**		**47,079**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**627,061**		**313,292**
Amounts received on issue of shares	197,835		73,687	
Amounts paid on cancellation of shares	(11,590)		(4,567)	
		186,245		69,120
Change in net assets attributable to shareholders from investment activities		101,968		47,079
Retained distributions on accumulation shares		84		235
Closing net assets attributable to shareholders		**915,358**		**429,726**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future Managed Growth Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	865,477	581,103
Current assets:		
Debtors	19,118	7,700
Cash and bank balances	40,851	39,004
Total assets	**925,446**	**627,807**
Liabilities		
Creditors:		
Bank overdrafts	(1)	(-)
Other creditors	(10,087)	(746)
Total liabilities	**(10,088)**	**(746)**
Net assets attributable to shareholders	**915,358**	**627,061**

Sustainable Future UK Growth Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

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

Investment Policy

The Sub-fund will invest at least 80% in companies which are incorporated, domiciled or conduct significant business in the United Kingdom (UK). All investments will be expected to conform to our social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

The Sub-fund will typically invest 95% (minimum 80%) in equities or equity related derivatives but may also invest in collective investment schemes (up to 10% of Sub-fund assets), corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Sustainable Future UK Growth Fund (continued)

Investment review

Market review

In terms of macro backdrop, pace of recovery, interest rates and inflation remain dominant topics for sentiment, particularly the latter as the level climbed to 2.5% in June, remaining above the Bank of England's 2% target. This is leading to speculation around when policy tightening may be needed but, mirroring the US Federal Reserve, the Bank of England has upped its expectations for inflation but insisted this does not pose a threat to growth. Short term, the Bank said CPI (consumer price index) inflation could reach 3%, mainly due to developments in energy and other commodity prices, but this should be transitory.

Against this backdrop, as always, we believe a well-diversified portfolio with multiple thematic drivers and high-quality companies is the best way to navigate whatever macroeconomic developments emerge. The recovery in more cyclical sectors of the market continues and, as a consequence of our growth and quality focus, the Sub-fund lagged the peer group over the period.

Worries of inflation can have an odd impact on markets. Initially, fears of inflation quickly turn to concerns of rising interest rates to quell the purchasing power-sapping force. This move increases the discount rate investors use to value future cashflows, resulting in a decrease in the present value of future cashflow – potentially reducing share prices. High-quality companies, the type our Sustainable Future process seeks, often have (i) a strong brand, (ii) unique or differentiated product or service, and (iii) loyal customers. These attributes typically result in the company trading at a premium to lower-quality peers. These higher valuation, 'longer duration', companies are negatively impacted by rising rates as their valuation is based on strong future cashflow growth well into the future.

Conversely, lower-quality companies, with no discernible competitive advantages, commoditised products or services, tend to trade at lower valuations – with little value ascribed to long-term cashflow growth. These relatively 'short duration' assets become more attractive to investors as they are less impacted by increasing discount rates. Equally, inflationary pressures are usually caused by an economic boom, as we are now seeing with the pandemic recovery, where aggregate demand is rebounding strongly. At such times, many investors (often with a shorter time horizon) believe the rising economic tide will raise all boats, deciding to invest in lower-quality, lower valuation companies – not seeing the sense in paying a premium for quality.

However, all the reasons high-quality companies were admired in the first place, if the thesis of quality was correct, bestows them with pricing power. Pure pricing power is the ability to increase prices of a product with no impact on demand, known as inelasticity demand. A good example of this might be a luxury good, where an increase in price has little impact on volumes sold – it may even make the product more exclusive and desirable, actually increasing demand. During times of inflation, where the prices of labour, raw materials and other inputs are increasing, it is important for a company to be able to pass these cost pressures on to customers in order to protect their profitability. Only businesses with strong competitive advantages have this rare pricing power.

We remain confident our process of investing in high-quality, high-return businesses with a tailwind from enabling a cleaner, healthier and safer economy will continue to produce superior results over the long term, and even towards the latter part of the review period, there were signs of quality/growth making up the year-to-date performance gap.

Sub-fund review

The Sustainable Future UK Growth Fund (Class 2 accumulation) returned 13.6% over the six months under review, underperforming the IA UK All Companies peer group average of 14.2% but outperforming the MSCI UK Index's 12.4% (both of which are comparator benchmarks)*.

Looking at our top contributors over the period, it is little surprise to find GW Pharmaceuticals, which has been in the Sub-fund since right back in June 2001, shortly after launch. This is the global leader in developing cannabinoid-based treatments, changing the lives of many people with epilepsy. Recognising this expertise, Irish-based Jazz Pharmaceuticals agreed a $7.2 billion cash-and-stock deal to acquire GW and expand its neuroscience portfolio, which closed in Q2 and saw the company leave the portfolio.

In many ways, GW encapsulates three core elements of our approach, producing a positive outcome for society and our clients, exemplifying the need for a long-term investment horizon, and requiring courage to stray from the herd. Innovation is central to the

Sustainable Future UK Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

healthcare sector and sustainability overall, with people needing to be fit and healthy to enjoy a cleaner and safer world in future. It is also what attracts us to these companies and, although GW has exited the Sub-fund, we continue to focus on businesses working to address unmet medical needs.

Another holding buoyed by takeover news was John Laing Group, exposed to our *Building better cities* theme, with shares jumping on the announcement the company is to be acquired by US private equity firm KKR. The takeover values the investor and manager of infrastructure projects at 403p a share, representing a 27% premium on the closing price of John Laing stock on the day of the announcement.

Oxford BioMedica was another strong position, with the company announcing an update to the 18-month vaccine supply agreement signed with AstraZeneca in September 2020. Following successful manufacture of large-scale batches, AstraZeneca has committed to an increase in the amount required in the second half of the year. As a result, Oxford Biomedica raised guidance for expected revenues from this deal from in excess of £50 million to over £100 million, and forecasts significant growth in EBITDA (earnings before interest, tax, depreciation and amortisation) as a result. The company confirmed this commitment should not have any impact on current partnerships or its ability to secure and support new relationships in the cell and gene therapy field. As we have said before, while the vaccine grabs the headlines, the investment case for Oxford BioMedica's shares is primarily based on other conditions its technology can treat, varying from lymphoma to Parkinson's.

Other top performers over the period including Learning Technologies Group (LTG), having seen its shares flatten earlier in the year amid greater focus on value areas of the market. LTG is held under our *Providing education* theme, with a collection of e-learning, compliance, training and Human Resources software and content brands. The company continues to consolidate the e-learning space with a number of acquisitions designed to access new technologies, geographies and cross sell to new customers, with a deal for learning, performance and skills development platform Bridge the latest addition. Long term, we remain excited about the prospects for this founder-led business.

Softcat also remains among the stronger names, exposed to our *Enhancing digital security* theme, which continues its demand and market share gains. Public sector growth remains resilient, with healthcare, education and local authorities looking to increase efficiency and safety through digitisation of services, and this was coupled with a strong rebound in IT spend from SME customers. This outlay on hardware, software and, in particular, security, is not discretionary; the economy continues to digitise and businesses must spend to compete, and given its obsession with customer satisfaction and unique culture, Softcat is best placed to help its customers thrive.

Other top performers included several of our financial holdings, linked to the themes of *Insuring a sustainable future and Increasing financial resilience*, as the sector enjoyed a strong first half of 2021. Showcasing the kind of financials we own, Paragon Banking provides long-term mortgages to professional landlords, supporting growing provision of homes for rent in the UK. The company reported its busiest new advances quarter for over a decade in Q2, on the back of what CEO Nigel Terrington – one of the longest-serving chief executives in our portfolio, having started in 1995 – called a transformational year in its retail deposit division in 2020.

Continuing on this theme of housing provision, Countryside Properties reported strong Q2 results as demand for affordable housing, houses for rent and owner-occupied, continues to grow. Countryside is distinctive among housebuilders in focusing equally on these three types and in developing communities. It is well known that there is a severe shortage of quality housing in the UK and we feel the Countryside model helps fill this shortfall. The company was 99% forward sold for the year across all tenures at the end of June and the total forward order book stood at £1.2 billion.

Also benefitting from strong results is St James's Place (SJP): over the first six months of the year, it attracted £9.2 billion of new client investments, with strong flows reflecting a combination of factors including improving sentiment, a sharp increase in household savings rates, and high levels of engagement. We hold this company under our *Saving for the future* theme, recognising savings rates have to increase substantially if we are to avoid a huge shortfall in pension provision. SJP's net inflows, together with the positive impact from investment markets, resulted in funds under management closing the first half at a record £143.8 billion, up 11% year to-date.

Sustainable Future UK Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

Highlighting the company's commitment to sustainable investing, St James's Place has announced Robeco as its engagement partner, providing services to SJP through dialogue with investee companies on environmental, social and governance (ESG) issues and sustainability risks and opportunities.

Among the few detractors over the six months, London Stock Exchange Group (LSE) shares suffered their largest one-day fall in more than 20 years in early March. In its final-year results, the company disappointed the market with cost and revenue synergy guidance over the next few years following the Refinitiv acquisition. We know the business well and believe the management team was unfairly punished for doing the right thing – investing in its digital infrastructure, people and portfolio of solutions. Short-term investors wished to see near-term earnings accretion at the expense of the sustainability and growth of the business and the rising price over recent weeks shows the long-term case for LSE, as the global scale provider of financial data and analytics, is coming through again.

Trainline also saw its shares shed a third of their value over May on the back of the UK government's plans to create a new public sector body to oversee Britain's railways. Great British Railways will own and manage rail infrastructure, issue contracts to private firms to run trains, set most fares and timetables, and sell tickets, which could threaten Trainline's business model as an online platform for tickets and railcards. In response, the company said it is supportive of these plans, which should provide opportunities to innovate for the benefit of customers and grow the business.

The variability in outcomes for Trainline's UK business has clearly widened and the main risk is what happens to the 5% commission rate currently in place. On the other hand, we could envisage a situation where Trainline is actually better off, should it win the government's contract to white label the train ticket solution. Even with pressure on commission rates, the volumes Trainline would be processing in this instance could be multiples of what it was doing pre-Covid. There are many known unknowns we will be following closely but we think the brand Trainline has built in the UK is strong and the habits of consumers to buy tickets through its app will be difficult to break. Finally, while still early days, the international business (Trainline has replicated its UK operations in Germany, Spain, Italy and France) appears to be gaining momentum and should this continue, the company will be more diverse.

In terms of purchases over the period, we added Home REIT under our *Building better cities* theme, another company looking to provide property to help alleviate homelessness in the UK. This addresses a critical need, with an increasing homeless population, from women fleeing domestic abuse, people leaving prison, individuals suffering from mental health or drug and alcohol issues and foster care leavers, but a lack of available and affordable housing to accommodate them. At present, local authorities are struggling to meet the cost of providing accommodation to the homeless, with the worsening shortage meaning they are forced into using more expensive bed and breakfast hotels and guesthouses. These relationships with local authorities and housing associations will provide stability of rent for Home REIT, offering long-term leases at cheaper levels.

We also bought First Derivatives under our *Increasing the efficiency of industrial and agricultural processes* theme: this is a company focused on organising and making sense of complex data sets, often in circumstances where time is of the essence such as trading platforms. It has an extremely committed customer base because of how transformative it can be: for one South American telecom client for example, First Derivatives was able to take its time sensitive-data and make the company's response five times quicker and reduce the number of energy-hungry servers to process this from 80 down to two.

More recently, we added consumer review website Trustpilot, a further purchase for *Increasing financial resilience*. A recent Initial Public Offering (IPO), the business was founded in Denmark in 2007 to address the 'trust gap' on the internet. They take a neutral stance towards reviews and everyone has to follow the same rules, with a basic mission to improve trust by enabling independent communication between consumers and companies.

We also took a position in Genuit Group under our *Building better cities* theme, with the company changing its name from Polypipe Group in April. This is a leading provider of sustainable construction products, focusing on water, climate and ventilation management solutions.

** Source: FE Analytics, primary share class (2 Acc), total return, net of fees and income reinvested, 31.01.21-31.07.2021.*

Sustainable Future UK Growth Fund (continued)

Investment review (continued)

Sub-fund review (continued)

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

Past performance is not a guide to future performance, investments can result in a total loss of capital.

Material portfolio changes by value

Purchases	Sales
GlaxoSmithKline	GW Pharmaceuticals
Draper Esprit	John Laing
Trustpilot	Kerry
Genuit	Countryside Properties
Unilever	3i
London Stock Exchange	Trainline
First Derivatives	Ceres Power
Syncona	National Express
Hargreaves Lansdown	
Prudential	

Sustainable Future UK Growth Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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

- This Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Sub-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 Sub-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 Sub-fund or a representative fund or index's value has moved up and down in the past.
- The Sub-fund is categorised 6 because funds of this type have experienced medium to high rises and falls in value in the past.
- The Sub-fund can invest in derivatives. Derivatives are used to protect against currencies, credit and interests rates move 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 Sub-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 Sub-fund will invest in smaller companies and may invest a small proportion (less than 10%) of the Sub-fund in unlisted securities. There may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the Sub-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 Sub-fund to defer or suspend redemptions of its shares.

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

Sustainable Future UK Growth Fund (continued)

Performance record (unaudited)
as at 31 July 2021

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Net Accumulation	1.2783	0.9127
Class 3 Net Accumulation	2.6552	1.9670
M Accumulation	0.5942	0.4389
M Income	0.5892	0.4419

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Net Accumulation	273,143,851	789,467	289.03
Class 3 Net Accumulation	81,509,288	340,028	417.16
M Accumulation	110,000	128	116.28
M Income	8,072,384	9,253	114.62
31 January 2021			
Class 2 Net Accumulation	194,147,395	493,036	253.95
Class 3 Net Accumulation	79,783,202	291,831	365.78
M Accumulation+	10,000	10	102.09
M Income+	8,499,074	8,597	101.15
31 January 2020			
Class 2 Net Accumulation	123,737,138	301,469	243.64
Class 3 Net Accumulation	75,976,487	265,491	349.44
31 January 2019			
Class 2 Net Accumulation	77,881,435	153,296	196.83
Class 3 Net Accumulation	71,589,441	201,186	281.03

+ Share class launched 11 February 2020

Sustainable Future UK Growth Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (95.14%)	**1,066,878**	**93.68**
	UNITED KINGDOM (85.63%)	**961,933**	**84.46**
	Alternative Energy Sources (3.82%)	**6,665**	**0.58**
660,521	Ceres Power	6,665	0.58
	Banks (2.46%)	**31,740**	**2.79**
5,744,793	Paragon Banking	31,740	2.79
	Biotechnology (5.70%)	**55,669**	**4.88**
1,472,249	Abcam	19,978	1.75
2,683,517	Oxford Biomedica	35,691	3.13
	Building Materials (0.00%)	**14,262**	**1.25**
2,235,448	Genuit	14,262	1.25
	Chemicals (2.96%)	**33,497**	**2.94**
397,824	Croda International	33,497	2.94
	Commercial Services (3.06%)	**30,468**	**2.67**
590,927	Intertek	30,468	2.67
	Computers (5.33%)	**61,566**	**5.41**
2,836,656	GB	24,679	2.17
1,908,249	Softcat	36,887	3.24
	Cosmetics & Personal Care (2.04%)	**29,352**	**2.58**
707,352	Unilever	29,352	2.58
	Diversified Financial Services (10.75%)	**122,524**	**10.76**
4,850,827	AJ Bell	20,393	1.79
1,600,709	Hargreaves Lansdown	26,124	2.29
465,854	London Stock Exchange	34,855	3.06
1,111,013	Mortgage Advice Bureau	14,554	1.28
1,619,888	St James's Place	25,700	2.26
1,283,051	Trufin	898	0.08

Sustainable Future UK Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Electronics (5.77%)	**76,795**	**6.74**
920,063	Halma	26,571	2.33
1,268,354	Oxford Instruments	30,567	2.68
2,179,311	Smart Metering Systems	19,657	1.73
	Engineering & Construction (2.51%)	**21,730**	**1.91**
13,282,326	Helios Towers	21,730	1.91
	Food Services (1.79%)	**17,499**	**1.54**
1,150,513	Compass	17,499	1.54
	Home Builders (4.66%)	**47,995**	**4.21**
6,661,910	Countryside Properties	35,075	3.08
3,116,264	Crest Nicholson	12,920	1.13
	Insurance (5.22%)	**58,956**	**5.17**
10,850,785	Legal & General	28,364	2.49
2,170,912	Prudential	29,438	2.58
684,066	Thrive Renewables+	1,154	0.10
	Internet (2.74%)	**44,159**	**3.88**
6,524,684	Trainline	22,080	1.94
6,167,310	Trustpilot	22,079	1.94
	Investment Companies (2.33%)	**22,468**	**1.98**
610,170	Capital for Colleagues	198	0.02
7,863,307	Distribution Finance Capital	4,403	0.39
15,469,245	SDCL Energy Efficiency Income Trust	17,867	1.57
	Leisure Time (1.45%)	**19,115**	**1.68**
6,938,375	Gym	19,115	1.68
	Miscellaneous Manufacturing (1.16%)	**10,414**	**0.91**
1,707,180	Porvair	10,414	0.91

Sustainable Future UK Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Pharmaceuticals (4.60%)	**39,371**	**3.46**
2,776,920	GlaxoSmithKline	39,371	3.46
	Private Equity (5.92%)	**91,420**	**8.03**
2,735,949	3i	34,979	3.07
2,837,317	Draper Esprit	28,430	2.50
24,315,301	IP	28,011	2.46
	Real Estate Investment & Services (0.03%)	**259**	**0.02**
382,000	Ethical Property+	259	0.02
	Real Estate Investment Trusts (1.90%)	**18,317**	**1.61**
6,263,398	Home REIT	7,140	0.63
10,695,661	PRS REIT	11,177	0.98
	Retail (2.44%)	**23,865**	**2.10**
8,988,835	DFS Furniture	23,865	2.10
	Software (4.16%)	**55,600**	**4.88**
883,447	First Derivatives	20,364	1.79
16,419,560	Learning Technologies	35,236	3.09
	Transportation (2.83%)	**28,227**	**2.48**
10,377,692	National Express	28,227	2.48
	IRELAND (7.45%)	**76,046**	**6.68**
	Building Materials (1.67%)	**24,101**	**2.12**
307,965	Kingspan	24,101	2.12
	Food Producers (2.55%)	**13,466**	**1.18**
126,311	Kerry	13,466	1.18

Sustainable Future UK Growth Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	IRELAND (continued)		
	Forest Products & Paper (3.23%)	**38,479**	**3.38**
952,673	Smurfit Kappa	38,479	3.38
	CZECH REPUBLIC (2.06%)	**28,899**	**2.54**
	Computers (2.06%)	**28,899**	**2.54**
4,984,272	Avast	28,899	2.54
	COLLECTIVE INVESTMENT SCHEMES (3.29%)	**35,589**	**3.12**
	GUERNSEY (2.59%)	**27,360**	**2.40**
12,997,430	Syncona	27,360	2.40
	UNITED KINGDOM (0.70%)	**8,229**	**0.72**
11,162,710	US Solar Fund	8,229	0.72
	Portfolio of investments	**1,102,467**	**96.80**
	Net other assets	**36,409**	**3.20**
	Total net assets	**1,138,876**	**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 January 2021.

Stocks shown as REITs represent Real Estate Investment Trust.

+ Unquoted security.

Sustainable Future UK Growth Fund (continued)

Statement of Total Return (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital gains/(losses)		117,038		(70,507)
Revenue	8,787		4,677	
Expenses	(3,515)		(1,869)	
Interest payable and similar charges	–		(1)	
Net revenue before taxation	5,272		2,807	
Taxation	(123)		–	
Net revenue after taxation		5,149		2,807
Total return before distributions		**122,187**		**(67,700)**
Distributions		(5,149)		(2,807)
Change in net assets attributable to shareholders from investment activities		**117,038**		**(70,507)**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**793,474**		**566,960**
Amounts received on issue of shares	246,835		98,921	
Amounts paid on cancellation of shares	(24,127)		(16,746)	
		222,708		82,175
Change in net assets attributable to shareholders from investment activities		117,038		(70,507)
Retained distributions on accumulation shares		5,656		2,963
Closing net assets attributable to shareholders		**1,138,876**		**581,591**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Sustainable Future UK Growth Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	1,102,467	781,004
Current assets:		
Debtors	22,163	4,756
Cash and bank balances	37,109	8,727
Total assets	**1,161,739**	**794,487**
Liabilities		
Creditors:		
Distribution payable	(48)	(37)
Other creditors	(22,815)	(976)
Total liabilities	**(22,863)**	**(1,013)**
Net assets attributable to shareholders	**1,138,876**	**793,474**

UK Ethical Fund

Report for the period from 1 February 2021 to 31 July 2021

Investment Objective

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

Investment Policy

The Sub-fund will invest at least 80% in companies which are incorporated, domiciled or conduct significant business in the United Kingdom (UK). All investments will be expected to conform to our ethical, social and environmental criteria as set out on the Liontrust website (www.liontrust.co.uk).

The Sub-fund will typically invest 95% (minimum 80%) in equities or equity related derivatives but may also invest in collective investment schemes (up to 10% of Sub-fund assets), corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits.

The Sub-fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

UK Ethical Fund (continued)

Investment review

Market review

In terms of macro backdrop, pace of recovery, interest rates and inflation remain dominant topics for sentiment, particularly the latter as the level climbed to 2.5% in June, remaining above the Bank of England's 2% target. This is leading to speculation around when policy tightening may be needed but, mirroring the US Federal Reserve, the Bank of England has upped its expectations for inflation but insisted this does not pose a threat to growth. Short term, the Bank said CPI (consumer price index) inflation could breach 3%, mainly due to developments in energy and other commodity prices, but this should be transitory.

Against this backdrop, as always, we believe a well-diversified portfolio with multiple thematic drivers and high-quality companies is the best way to navigate whatever macroeconomic developments emerge. The recovery in more cyclical sectors of the market continues and, as a consequence of our growth and quality focus, the Sub-fund lagged the peer group over the period.

Worries of inflation can have an odd impact on markets. Initially, fears of inflation quickly turn to concerns of rising interest rates to quell the purchasing power-sapping force. This move increases the discount rate investors use to value future cashflows, resulting in a decrease in the present value of future cashflow – potentially reducing share prices. High-quality companies, the type our Sustainable Future process seeks, often have (i) a strong brand, (ii) unique or differentiated product or service, and (iii) loyal customers. These attributes typically result in the company trading at a premium to lower-quality peers. These higher valuation, 'longer duration', companies are negatively impacted by rising rates as their valuation is based on strong future cashflow growth well into the future.

Conversely, lower-quality companies, with no discernible competitive advantages, commoditised products or services, tend to trade at lower valuations – with little value ascribed to long-term cashflow growth. These relatively 'short duration' assets become more attractive to investors as they are less impacted by increasing discount rates. Equally, inflationary pressures are usually caused by an economic boom, as we are now seeing with the pandemic recovery, where aggregate demand is rebounding strongly. At such times, many investors (often with a shorter time horizon) believe the rising economic tide will raise all boats, deciding to invest in lower-quality, lower valuation companies – not seeing the sense in paying a premium for quality.

However, all the reasons high-quality companies were admired in the first place, if the thesis of quality was correct, bestows them with pricing power. Pure pricing power is the ability to increase prices of a product with no impact on demand, known as inelasticity demand. A good example of this might be a luxury good, where an increase in price has little impact on volumes sold – it may even make the product more exclusive and desirable, actually increasing demand. During times of inflation, where the prices of labour, raw materials and other inputs are increasing, it is important for a company to be able to pass these cost pressures on to customers in order to protect their profitability. Only businesses with strong competitive advantages have this rare pricing power.

We remain confident our process of investing in high-quality, high-return businesses with a tailwind from enabling a cleaner, healthier and safer economy will continue to produce superior results over the long term, and even towards the latter part of the review period, there were signs of quality/growth making up the year-to-date performance gap.

Sub-fund review

The UK Ethical Fund (Class 2 accumulation) returned 13.5% over the six months under review, underperforming the IA UK All Companies peer group average of 14.2% but outperforming the MSCI UK Index's 12.4% (both of which are comparator benchmarks)*.

Top performers over the period including Learning Technologies Group (LTG), having seen its shares flatten earlier in the year amid greater focus on value areas of the market. LTG is held under our *Providing education* theme, with a collection of e-learning, compliance, training and Human Resources software and content brands. The company continues to consolidate the e-learning space with a number of acquisitions designed to access new technologies, geographies and cross sell to new customers, with a deal for learning, performance and skills development platform Bridge the latest addition. Long term, we remain excited about the prospects for this founder-led business.

Another long-term contributor is Softcat, exposed to our *Enhancing digital security* theme, which continues its strong demand and market share gains. Public sector growth remains resilient, with healthcare, education and local authorities looking to increase

UK Ethical Fund (continued)

Investment review (continued)

Sub-fund review (continued)

efficiency and safety through digitisation of services, and this was coupled with a strong rebound in Information Technology (IT) spend from small and medium-sized enterprises (SME) customers. This outlay on hardware, software and, in particular, security, is not discretionary; the economy continues to digitise and businesses must spend to compete, and given its obsession with customer satisfaction and unique culture, Softcat is well placed to help its customers thrive.

Other top performers included several financial holdings, linked to the themes of *Insuring a sustainable future* and *Increasing financial resilience*, as the sector enjoyed a strong first half of 2021. Showcasing the kind of financials we own, Paragon Banking Group provides long-term mortgages to professional landlords, supporting growing provision of homes for rent in the UK. The company reported its busiest new advances quarter for over a decade in Q2, on the back of what CEO Nigel Terrington – one of the longest-serving chief executives in our portfolio, having started in 1995 – called a transformational year in its retail deposit division in 2020.

Continuing on this theme of housing provision, Countryside Properties reported strong Q2 results as demand for affordable housing, houses for rent and owner-occupied, continue to grow. Countryside is distinctive among housebuilders in focusing equally on these three types and in developing communities. It is well known that there is a severe shortage of quality housing in the UK and we feel the Countryside model helps fill this shortfall. The company was 99% forward sold for the year across all tenures at the end of June, and the total forward order book stood at £1.2 billion.

Also benefitting from strong results is St James's Place (SJP): over the first six months of the year, it attracted £9.2 billion of new client investments, with strong flows reflecting a combination of factors including improving sentiment, a sharp increase in household savings rates, and high levels of engagement. We hold this company under our *Saving for the future* theme, recognising savings rates have to increase substantially if we are to avoid a huge shortfall in pension provision. SJP's net inflows, together with the positive impact from markets, resulted in funds under management closing the first half at a record £143.8 billion, up 11% year to-date.

Highlighting the company's commitment to sustainable investing, St James's Place has announced Robeco as its engagement partner, providing services to SJP through dialogue with investee companies on ESG issues and sustainability risks and opportunities.

Elsewhere, John Laing Group, exposed to our *Building better cities* theme, saw its shares jump on the announcement the company is to be acquired by US private equity firm KKR. The takeover values the investor and manager of infrastructure projects at 403p a share, representing a 27% premium on the closing price of John Laing stock on the day of the announcement.

Oxford Instruments, whose devices support research into advanced materials, semiconductors, quantum computing and cell biology, was another company able to report solid Q1 results in June, with revenues up 1.7% and order book growth of 13.2%. It also announced the acquisition of WITec, a German provider of microscopy imaging solutions, in line with the strategy to support attractive end markets.

A further consistent performer is sustainable packaging provider Smurfit Kappa and the company recently announced underlying revenue growth of 11% for the first half, and strong volume growth across the majority of its sectors and markets. Smurfit has also made significant progress on sustainability targets; it is the first in its industry to target at least net zero emissions by 2050 and, compared to its baseline year of 2005, reduced emissions intensity by 37.3% by the end of 2020.

Among the few detractors over the six months, London Stock Exchange Group (LSE) shares suffered their largest one-day fall in more than 20 years in early March. In its final-year results, the company disappointed the market with cost and revenue synergy guidance over the next few years following the Refinitiv acquisition. We know the business well and believe the management team was unfairly punished for doing the right thing – investing in its digital infrastructure, people and portfolio of solutions. Short-term investors wished to see near-term earnings accretion at the expense of the sustainability and growth of the business and the rising price over recent weeks shows the long-term case for LSE, as the global scale provider of financial data and analytics, is coming through again.

Trainline also saw its shares shed a third of their value over May on the back of the UK government's plans to create a new public sector body to oversee Britain's railways. Great British Railways will own and manage rail infrastructure, issue contracts to private firms to run trains, set most fares and timetables, and sell tickets, which could threaten Trainline's business model as an online platform for

UK Ethical Fund (continued)

Investment review (continued)

Sub-fund review (continued)

tickets and railcards. In response, the company said it is supportive of these plans, which should provide opportunities to innovate for the benefit of customers and grow the business.

The variability in outcomes for Trainline's UK business has clearly widened and the main risk is what happens to the 5% commission rate currently in place. On the other hand, we could envisage a situation where Trainline is actually better off, should it win the government's contract to white label the train ticket solution. Even with pressure on commission rates, the volumes Trainline would be processing in this instance could be multiples of what it was doing pre-Covid. There are many known unknowns we will be following closely but we think the brand Trainline has built in the UK is strong and the habits of consumers to buy tickets through its app will be difficult to break. Finally, while still early days, the international business (Trainline has replicated its UK operations in Germany, Spain, Italy and France) appears to be gaining momentum and should this continue, the company will be more diverse.

In terms of purchases over the period, we added Home REIT under our *Building better cities* theme, another company looking to provide property to help alleviate homelessness in the UK. This addresses a critical need, with an increasing homeless population, from women fleeing domestic abuse, people leaving prison, individuals suffering from mental health or drug and alcohol issues and foster care leavers, but a lack of available and affordable housing to accommodate them. At present, local authorities are struggling to meet the cost of providing accommodation to the homeless, with the worsening shortage meaning they are forced into using more expensive bed and breakfast hotels and guesthouses. These relationships with local authorities and housing associations will provide stability of rent for Home REIT, offering long-term leases at cheaper levels.

We also bought First Derivatives under our *Increasing the efficiency of industrial and agricultural processes* theme: this is a company focused on organising and making sense of complex data sets, often in circumstances where time is of the essence such as trading platforms. It has an extremely committed customer base because of how transformative it can be: for one South American telecom client for example, First Derivatives was able to take its time sensitive-data and make the company's response five times quicker and reduce the number of energy-hungry servers to process this from 80 down to two.

More recently, we added consumer review website Trustpilot, a further purchase for *Increasing financial resilience*. A recent IPO, the business was founded in Denmark in 2007 to address the 'trust gap' on the internet. They take a neutral stance towards reviews and everyone has to follow the same rules, with a basic mission to improve trust by enabling independent communication between consumers and companies.

We also took a position in Genuit Group under our *Building better cities* theme, with the company changing its name from Polypipe Group in April. This is a leading provider of sustainable construction products, focusing on water, climate and ventilation management solutions.

** Source: FE Analytics, primary share class (2 Acc), total return, net of fees and income reinvested, 31.01.21-31.07.21.*

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

Past performance is not a guide to future performance, investments can result in a total loss of capital.

UK Ethical Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases	Sales
Draper Esprit	John Laing
Genuit	Draper Esprit
Trustpilot	St James's Place
First Derivatives	Trainline
London Stock Exchange	National Express
Oxford Instruments	Compass
Hargreaves Lansdown	Legal & General
Smart Metering Systems	Ceres Power
Prudential	Countryside Properties
Intertek	Crest Nicholson

UK Ethical Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-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

- This Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Sub-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 Sub-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 Sub-fund or a representative fund or index's value has moved up and down in the past.
- The Sub-fund is categorised 6 primarily because of 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 Sub-fund;
  - any company which has high overseas earnings may carry a higher currency risk;
- The Sub-fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.
- The Sub-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 Sub-fund will invest in smaller companies and may invest a small proportion (less than 10%) of the Sub-fund in unlisted securities. There may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the Sub-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 Sub-fund to defer or suspend redemptions of its shares.
- Counterparty risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

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

UK Ethical Fund (continued)

Performance record (unaudited)
as at 31 July 2021

Income record

Any distributions payable are paid on a semi-annual basis (31 March and 30 September). The table shows distributions declared over the specified periods.

For the six months ending	31 July 2021 per share (p)	31 July 2020 per share (p)
Class 2 Net Accumulation	2.0539	1.3535
Class 3 Net Income	2.5547	1.7872

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
31 July 2021			
Class 2 Net Accumulation	119,032,225	457,702	384.52
Class 3 Net Income	127,363,221	441,017	346.27
31 January 2021			
Class 2 Net Accumulation	102,296,266	345,718	337.96
Class 3 Net Income	127,988,930	391,544	305.92
31 January 2020			
Class 2 Net Accumulation	72,654,479	240,336	330.79
Class 3 Net Income	126,271,093	381,657	302.25
31 January 2019			
Class 2 Net Accumulation	40,453,864	103,001	254.61
Class 3 Net Income	126,198,723	299,610	237.41

UK Ethical Fund (continued)

Portfolio Statement (unaudited)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (93.47%)	**865,223**	**96.27**
	UNITED KINGDOM (85.39%)	**775,815**	**86.33**
	Alternative Energy Sources (4.39%)	**6,287**	**0.70**
623,050	Ceres Power	6,287	0.70
	Banks (3.98%)	**39,949**	**4.45**
7,230,562	Paragon Banking	39,949	4.45
	Building Materials (0.00%)	**11,619**	**1.29**
1,821,223	Genuit	11,619	1.29
	Chemicals (3.28%)	**26,174**	**2.91**
2,516,701	Treatt	26,174	2.91
	Commercial Services (3.04%)	**26,742**	**2.98**
518,661	Intertek	26,742	2.98
	Computers (5.86%)	**57,888**	**6.44**
2,746,479	GB	23,894	2.66
1,758,614	Softcat	33,994	3.78
	Diversified Financial Services (15.12%)	**132,179**	**14.71**
6,747,557	AJ Bell	28,367	3.16
1,951,744	Hargreaves Lansdown	31,852	3.54
413,217	London Stock Exchange	30,917	3.44
1,129,645	Mortgage Advice Bureau	14,798	1.65
1,581,244	St James's Place	25,086	2.79
1,655,472	Trufin	1,159	0.13
	Electricity (1.31%)	**11,492**	**1.28**
1,243,768	National Grid	11,492	1.28
	Electronics (6.49%)	**81,121**	**9.03**
890,208	Halma	25,709	2.86
1,258,698	Oxford Instruments	30,335	3.38
2,780,142	Smart Metering Systems	25,077	2.79

UK Ethical Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Engineering & Construction (3.14%)	**25,582**	**2.85**
15,636,787	Helios Towers	25,582	2.85
	Food Services (2.23%)	**15,378**	**1.71**
1,011,018	Compass	15,378	1.71
	Home Builders (5.92%)	**52,786**	**5.87**
7,047,992	Countryside Properties	37,108	4.13
3,781,449	Crest Nicholson	15,678	1.74
	Insurance (7.66%)	**67,418**	**7.51**
12,616,484	Legal & General	32,980	3.67
2,403,373	Prudential	32,590	3.63
1,095,006	Thrive Renewables+	1,848	0.21
	Internet (3.25%)	**34,686**	**3.86**
6,230,046	Trainline	21,083	2.35
3,799,806	Trustpilot	13,603	1.51
	Investment Companies (2.78%)	**26,771**	**2.97**
915,253	Capital for Colleagues	297	0.03
9,983,929	Distribution Finance Capital	5,591	0.62
18,080,462	SDCL Energy Efficiency Income Trust	20,883	2.32
	Leisure Time (2.41%)	**25,612**	**2.85**
9,296,661	Gym	25,612	2.85
	Private Equity (0.28%)		
	Real Estate Investment & Services (0.08%)	**533**	**0.06**
788,000	Ethical Property+	533	0.06
	Real Estate Investment Trusts (2.33%)	**23,473**	**2.61**
6,755,629	Home REIT	7,701	0.86
15,092,691	PRS REIT	15,772	1.75

UK Ethical Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Retail (2.81%)	**25,621**	**2.85**
9,650,270	DFS Furniture	25,621	2.85
	Software (5.24%)	**54,699**	**6.08**
761,765	First Derivatives	17,559	1.95
17,306,516	Learning Technologies	37,140	4.13
	Transportation (3.79%)	**29,805**	**3.32**
10,957,775	National Express	29,805	3.32
	IRELAND (6.03%)	**64,223**	**7.14**
	Building Materials (1.97%)	**25,118**	**2.79**
320,956	Kingspan	25,118	2.79
	Forest Products & Paper (4.06%)	**39,105**	**4.35**
968,191	Smurfit Kappa	39,105	4.35
	CZECH REPUBLIC (2.05%)	**25,185**	**2.80**
	Computers (2.05%)	**25,185**	**2.80**
4,343,732	Avast	25,185	2.80
	COLLECTIVE INVESTMENT SCHEMES (2.98%)	**26,254**	**2.92**
	GUERNSEY (1.03%)	**8,508**	**0.95**
6,464,854	Renewables Infrastructure	8,508	0.95
	UNITED KINGDOM (1.95%)	**17,746**	**1.97**
6,612,744	Greencoat UK Wind	9,007	1.00
11,854,456	US Solar Fund	8,739	0.97
	Portfolio of investments	**891,477**	**99.19**
	Net other assets	**7,242**	**0.81**
	Total net assets	**898,719**	**100.00**

UK Ethical Fund (continued)

Portfolio Statement (unaudited) (continued)
as at 31 July 2021

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 January 2021.

Stocks shown as REITs represent Real Estate Investment Trust.

+ Unquoted security.

UK Ethical Fund (continued)

Statement of Total Return (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Income				
Net capital gains/(losses)		100,040		(107,339)
Revenue	8,204		5,159	
Expenses	(2,514)		(1,672)	
Interest payable and similar charges	–		(1)	
Net revenue before taxation	5,690		3,486	
Taxation	(143)		–	
Net revenue after taxation		5,547		3,486
Total return before distributions		**105,587**		**(103,853)**
Distributions		(5,547)		(3,486)
Change in net assets attributable to shareholders from investment activities		**100,040**		**(107,339)**

Statement of Change in Net Assets Attributable to Shareholders (unaudited)
for the period ended 31 July 2021

	(£'000)	1.2.2021 to 31.7.2021 (£'000)	(£'000)	1.2.2020 to 31.7.2020 (£'000)
Opening net assets attributable to shareholders		**737,262**		**621,993**
Amounts received on issue of shares	94,016		83,240	
Amounts paid on cancellation of shares	(35,044)		(22,349)	
		58,972		60,891
Change in net assets attributable to shareholders from investment activities		100,040		(107,339)
Retained distributions on accumulation shares		2,445		1,264
Closing net assets attributable to shareholders		**898,719**		**576,809**

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

UK Ethical Fund (continued)

Balance Sheet (unaudited)
as at 31 July 2021

	31.7.2021 (£'000)	31.1.2021 (£'000)
Assets		
Fixed assets		
Investments	891,477	711,112
Current assets:		
Debtors	4,688	11,820
Cash and bank balances	7,339	18,072
Total assets	**903,504**	**741,004**
Liabilities		
Creditors:		
Distribution payable	(3,254)	(2,590)
Other creditors	(1,531)	(1,152)
Total liabilities	**(4,785)**	**(3,742)**
Net assets attributable to shareholders	**898,719**	**737,262**

Securities Financing Transactions (unaudited)

as at 31 July 2021

Securities Lending

Securities lending transactions entered into by the Sub-funds are subject to a written legal agreement between the Sub-funds and the Stock Lending Agent, The Bank of New York Mellon (London Branch), a related party to the Sub-funds, 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 Depositary") on behalf of the Sub-funds. Collateral received is segregated from the assets belonging to the Sub-funds' Depositary or the Stock Lending Agent.

The total income earned from securities lending transactions is split between the relevant Sub-fund and the Stock Lending Agent. The Sub-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 tables below show the net income earned by the Sub-funds from securities lending activity during the period.

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Sustainable Future Cautious Managed Fund				
Securities lending				
Gross return	15	–	6	21
% of total	70%	0%	30%	100%
Cost	–	–	–	–

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Sustainable Future Corporate Bond Fund				
Securities lending				
Gross return	4	–	2	6
% of total	70%	0%	30%	100%
Cost	–	–	–	–

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Sustainable Future Defensive Managed Fund				
Securities lending				
Gross return	33	–	14	47
% of total	70%	0%	30%	100%
Cost	–	–	–	–

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Return and cost (continued)

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Sustainable Future European Growth Fund				
Securities lending				
Gross return	14	–	6	20
% of total	70%	0%	30%	100%
Cost	–	–	–	–

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Sustainable Future Global Growth Fund				
Securities lending				
Gross return	16	–	7	23
% of total	70%	0%	30%	100%
Cost	–	–	–	–

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Sustainable Future Managed Fund				
Securities lending				
Gross return	38	–	16	54
% of total	70%	0%	30%	100%
Cost	–	–	–	–

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Sustainable Future Managed Growth Fund				
Securities lending				
Gross return	8	–	3	11
% of total	70%	0%	30%	100%
Cost	–	–	–	–

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Return and cost (continued)

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Sustainable Future UK Growth Fund				
Securities lending				
Gross return	18	–	8	26
% of total	70%	0%	30%	100%
Cost	–	–	–	–

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust UK Ethical Fund				
Securities lending				
Gross return	12	–	5	17
% of total	70%	0%	30%	100%
Cost	–	–	–	–

Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-funds's total lendable assets and Net Asset Value (NAV) as at 31 July 2021. The income earned from securities lending are also shown for the period ended 31 July 2021. Total lendable assets represents the aggregate value of assets forming part of the Sub-funds's securities lending programme. This excludes any assets held by the Sub-funds that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan

Fund	% of lendable assets	% of NAV	Income earned (£'000)
Liontrust Sustainable Future Cautious Managed Fund	4.51	3.80	15
Liontrust Sustainable Future Corporate Bond Fund	0.75	0.72	4
Liontrust Sustainable Future Defensive Managed Fund	8.11	6.83	33
Liontrust Sustainable Future European Growth Fund	5.18	4.86	14
Liontrust Sustainable Future Global Growth Fund	1.38	1.29	16
Liontrust Sustainable Future Managed Fund	1.64	1.47	38
Liontrust Sustainable Future Managed Growth Fund	0.48	0.45	8
Liontrust Sustainable Future UK Growth Fund	4.71	4.30	18
Liontrust UK Ethical Fund	0.82	0.78	12

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Securities Lending (continued)

The following tables detail the value of securities on loan and associated collateral received, analysed by counterparty as at undefined.

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Sustainable Future Cautious Managed Fund			
BNP Paribas	France	988	1,119
Citigroup Global Markets Limited	UK	20,934	21,510
Credit Suisse International	Switzerland	196	236
Merrill Lynch International	UK	1,429	1,539
Morgan Stanley International	UK	2,629	2,851
The Bank of Nova Scotia	Canada	9,274	10,211
UBS	Switzerland	1,852	2,005
Total		**37,302**	**39,471**

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Sustainable Future Corporate Bond Fund			
Citigroup Global Markets Limited	UK	1,868	1,962
UBS	Switzerland	4,315	4,403
Total		**6,183**	**6,365**

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Sustainable Future Defensive Managed Fund			
Citigroup Global Markets Limited	UK	40,871	41,823
Credit Suisse International	Switzerland	424	511
J.P. Morgan Securities Plc	UK	18,066	18,580
Morgan Stanley International	UK	4,082	4,387
The Bank of Nova Scotia	Canada	8,978	9,886
UBS	Switzerland	738	804
Total		**73,159**	**75,991**

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Securities Lending (continued)

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Sustainable Future European Growth Fund			
Citigroup Global Markets Limited	UK	7,114	7,827
Credit Suisse International	Switzerland	2,207	2,573
J.P. Morgan Securities Plc	UK	2,934	3,269
Merrill Lynch International	UK	11,068	11,915
The Bank of Nova Scotia	Canada	2,776	3,056
Total		**26,099**	**28,640**

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Sustainable Future Global Growth Fund			
Citigroup Global Markets Limited	UK	3,143	3,458
Credit Suisse International	Switzerland	81	97
Merrill Lynch International	UK	18,873	20,317
Total		**22,097**	**23,872**

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Sustainable Future Managed Fund			
Citigroup Global Markets Limited	UK	10,480	11,474
J.P. Morgan Securities Plc	UK	24,097	26,835
The Bank of Nova Scotia	Canada	6,904	7,601
UBS	Switzerland	506	552
Total		**41,987**	**46,462**

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Sustainable Future Managed Growth Fund			
Citigroup Global Markets Limited	UK	4,108	4,520
Total		**4,108**	**4,520**

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Securities Lending (continued)

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Sustainable Future UK Growth Fund			
Citigroup Global Markets Limited	UK	2,329	2,563
Credit Suisse International	Switzerland	6,649	8,008
J.P. Morgan Securities Plc	UK	144	160
Merrill Lynch International	UK	11,843	12,749
Morgan Stanley International	UK	519	579
The Bank of Nova Scotia	Canada	23,560	25,940
UBS	Switzerland	3,949	4,306
Total		**48,993**	**54,305**

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust UK Ethical Fund			
Credit Suisse International	Switzerland	72	86
Morgan Stanley International	UK	24	27
The Bank of Nova Scotia	Canada	6,247	6,879
UBS	Switzerland	632	689
Total		**6,975**	**7,681**

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

Collateral

The Sub-funds engage 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 July 2021

Collateral (continued)

The following tables provide an analysis by currency of the underlying cash and non-cash collateral received / posted by way of title transfer collateral arrangement by the Sub-funds, in respect of securities lending transactions, as at 31 July 2021.

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Sustainable Future Cautious Managed Fund				
Securities lending transactions				
AUD	-	-	96	-
CHF	-	-	253	-
EUR	-	-	4,221	-
GBP	-	-	27,357	-
HKD	-	-	1,435	-
JPY	-	-	82	-
SEK	-	-	18	-
USD	-	-	6,009	-
Total	**-**	**-**	**39,471**	**-**

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Sustainable Future Corporate Bond Fund				
Securities lending transactions				
AUD	-	-	747	-
EUR	-	-	5,608	-
SEK	-	-	10	-
Total	**-**	**-**	**6,365**	**-**

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Sustainable Future Defensive Managed Fund				
Securities lending transactions				
AUD	-	-	17	-
CAD	-	-	24	-
CHF	-	-	633	-
DKK	-	-	227	-
EUR	-	-	4,992	-
GBP	-	-	64,484	-
JPY	-	-	119	-
NOK	-	-	201	-
SEK	-	-	71	-
USD	-	-	5,223	-
Total	**-**	**-**	**75,991**	**-**

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Collateral (continued)

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Sustainable Future European Growth Fund				
Securities lending transactions				
AUD	-	-	731	-
CHF	-	-	1,750	-
EUR	-	-	2,253	-
GBP	-	-	3,562	-
HKD	-	-	11,111	-
JPY	-	-	395	-
SEK	-	-	42	-
USD	-	-	8,796	-
Total	**-**	**-**	**28,640**	**-**

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Sustainable Future Global Growth Fund				
Securities lending transactions				
AUD	-	-	1,247	-
CHF	-	-	76	-
EUR	-	-	387	-
GBP	-	-	534	-
HKD	-	-	18,946	-
SEK	-	-	72	-
USD	-	-	2,610	-
Total	**-**	**-**	**23,872**	**-**

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Sustainable Future Managed Fund				
Securities lending transactions				
AUD	-	-	468	-
CHF	-	-	10,713	-
DKK	-	-	276	-
EUR	-	-	6,342	-
GBP	-	-	8,167	-
JPY	-	-	3,111	-
NOK	-	-	244	-
SEK	-	-	57	-
USD	-	-	17,084	-
Total	**-**	**-**	**46,462**	**-**

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Collateral (continued)

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Sustainable Future Managed Growth Fund				
Securities lending transactions				
CHF	-	-	81	-
EUR	-	-	504	-
GBP	-	-	698	-
USD	-	-	3,237	-
Total	**-**	**-**	**4,520**	**-**

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Sustainable Future UK Growth Fund				
Securities lending transactions				
AUD	-	-	783	-
CHF	-	-	1,571	-
EUR	-	-	1,413	-
GBP	-	-	19,272	-
HKD	-	-	11,889	-
JPY	-	-	19	-
SEK	-	-	45	-
USD	-	-	19,313	-
Total	**-**	**-**	**54,305**	**-**

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust UK Ethical Fund				
Securities lending transactions				
CHF	-	-	108	-
EUR	-	-	122	-
GBP	-	-	5,004	-
USD	-	-	2,447	-
Total	**-**	**-**	**7,681**	**-**

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

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Collateral (continued)

The following tables provide an analysis of the type, quality and maturity tenor of non-cash collateral received / posted by the Sub-funds by way of title transfer collateral arrangement in respect of securities lending transactions, as at 31 July 2021.

				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)
Liontrust Sustainable Future Cautious Managed Fund							
Collateral received - securities lending							
Fixed income							
Investment grade	–	1	8	343	24,659	–	**25,011**
Equities							
Recognised equity index	–	–	–	–	–	14,460	**14,460**
Total	**–**	**1**	**8**	**343**	**24,659**	**14,460**	**39,471**

				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)
Liontrust Sustainable Future Corporate Bond Fund							
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	13	205	5,951	–	**6,169**
Equities							
Recognised equity index	–	–	–	–	–	196	**196**
Total	**–**	**–**	**13**	**205**	**5,951**	**196**	**6,365**

				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)
Liontrust Sustainable Future Defensive Managed Fund							
Collateral received - securities lending							
Fixed income							
Investment grade	–	1	9	662	62,443	–	**63,115**
Equities							
Recognised equity index	–	–	–	–	–	12,876	**12,876**
Total	**–**	**1**	**9**	**662**	**62,443**	**12,876**	**75,991**

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Collateral (continued)

				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)**
Liontrust Sustainable Future European Growth Fund							
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	–	79	859	–	**938**
Equities							
Recognised equity index	–	–	–	–	–	27,702	**27,702**
Total	**–**	**–**	**–**	**79**	**859**	**27,702**	**28,640**

				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)**
Liontrust Sustainable Future Global Growth Fund							
Collateral received - securities lending							
Equities							
Recognised equity index	–	–	–	–	–	23,872	**23,872**
Total	**–**	**–**	**–**	**–**	**–**	**23,872**	**23,872**

				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)**
Liontrust Sustainable Future Managed Fund							
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	8	98	3,141	–	**3,247**
Equities							
Recognised equity index	–	–	–	–	–	43,215	**43,215**
Total	**–**	**–**	**8**	**98**	**3,141**	**43,215**	**46,462**

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Collateral (continued)

Collateral type and quality	1 - 7 days (£'000)	8 - 30 days (£'000)	31 - 90 days (£'000)	Maturity Tenor 91 - 365 days (£'000)	More than 365 days (£'000)	Open transactions (£'000)	Total (£'000)
Liontrust Sustainable Future Managed Growth Fund							
Collateral received - securities lending							
Equities							
Recognised equity index	–	–	–	–	–	4,520	**4,520**
Total	**–**	**–**	**–**	**–**	**–**	**4,520**	**4,520**

Collateral type and quality	1 - 7 days (£'000)	8 - 30 days (£'000)	31 - 90 days (£'000)	Maturity Tenor 91 - 365 days (£'000)	More than 365 days (£'000)	Open transactions (£'000)	Total (£'000)
Liontrust Sustainable Future UK Growth Fund							
Collateral received - securities lending							
Fixed income							
Investment grade	–	3	–	58	4,574	–	**4,635**
Equities							
Recognised equity index	–	–	–	–	–	49,670	**49,670**
Total	**–**	**3**	**–**	**58**	**4,574**	**49,670**	**54,305**

Collateral type and quality	1 - 7 days (£'000)	8 - 30 days (£'000)	31 - 90 days (£'000)	Maturity Tenor 91 - 365 days (£'000)	More than 365 days (£'000)	Open transactions (£'000)	Total (£'000)
Liontrust UK Ethical Fund							
Collateral received - securities lending							
Fixed income							
Investment grade	–	–	–	3	708	–	**711**
Equities							
Recognised equity index	–	–	–	–	–	6,970	**6,970**
Total	**–**	**–**	**–**	**3**	**708**	**6,970**	**7,681**

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 July 2021

Collateral (continued)

As at 31 July 2021, all non-cash collateral received by the Sub-funds in respect of securities lending transactions is held by the Sub-fund's Depositary (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 Sub-funds by way of the title transfer collateral arrangement across securities lending transactions as at 31 July 2021.

Issuer	Value (£'000)	% of the Fund's NAV
Liontrust Sustainable Future Cautious Managed Fund		
Citigroup Global Markets Limited	21,510	2.19
The Bank of Nova Scotia	10,211	1.04
Morgan Stanley & Co. International Plc.	2,851	0.29
UBS AG	2,005	0.21
Merrill Lynch International	1,539	0.16
BNP Paribas Arbitrage	1,119	0.11
Credit Suisse International	236	0.02
Total	**39,471**	**4.02**

Issuer	Value (£'000)	% of the Fund's NAV
Liontrust Sustainable Future Corporate Bond Fund		
UBS AG	4,403	0.52
Citigroup Global Markets Limited	1,962	0.23
Total	**6,365**	**0.75**

Issuer	Value (£'000)	% of the Fund's NAV
Liontrust Sustainable Future Defensive Managed Fund		
Citigroup Global Markets Limited	41,823	3.90
JP Morgan Securities, Plc.	18,580	1.73
The Bank of Nova Scotia	9,886	0.92
Morgan Stanley & Co. International PLC	4,387	0.41
UBS AG	804	0.08
Credit Suisse International	511	0.05
Total	**75,991**	**7.09**

Issuer	Value (£'000)	% of the Fund's NAV
Liontrust Sustainable Future European Growth Fund		
Merrill Lynch International	11,915	2.22
Citigroup Global Markets Limited	7,827	1.45
JP Morgan Securities, Plc.	3,269	0.61
The Bank of Nova Scotia	3,056	0.57
Credit Suisse International	2,573	0.48
Total	**28,640**	**5.33**

Securities Financing Transactions (unaudited)(continued)

as at 31 July 2021

Collateral (continued)

Issuer	Value (£'000)	% of the Fund's NAV
Liontrust Sustainable Future Global Growth Fund		
Merrill Lynch International	20,317	1.19
Citigroup Global Markets Limited	3,458	0.20
Credit Suisse International	97	0.00
Total	**23,872**	**1.39**

Issuer	Value (£'000)	% of the Fund's NAV
Liontrust Sustainable Future Managed Fund		
JP Morgan Securities, Plc.	26,835	0.94
Citigroup Global Markets Limited	11,474	0.40
The Bank of Nova Scotia	7,601	0.27
UBS AG	552	0.02
Total	**46,462**	**1.63**

Issuer	Value (£'000)	% of the Fund's NAV
Liontrust Sustainable Future Managed Growth Fund		
Citigroup Global Markets Limited	4,520	0.49
Total	**4,520**	**0.49**

Issuer	Value (£'000)	% of the Fund's NAV
Liontrust Sustainable Future UK Growth Fund		
The Bank of Nova Scotia	25,940	2.28
Merrill Lynch International	12,749	1.12
Credit Suisse International	8,008	0.70
UBS AG	4,306	0.38
Citigroup Global Markets Limited	2,563	0.23
Morgan Stanley & Co. International Plc.	579	0.05
JP Morgan Securities, Plc.	160	0.01
Total	**54,305**	**4.77**

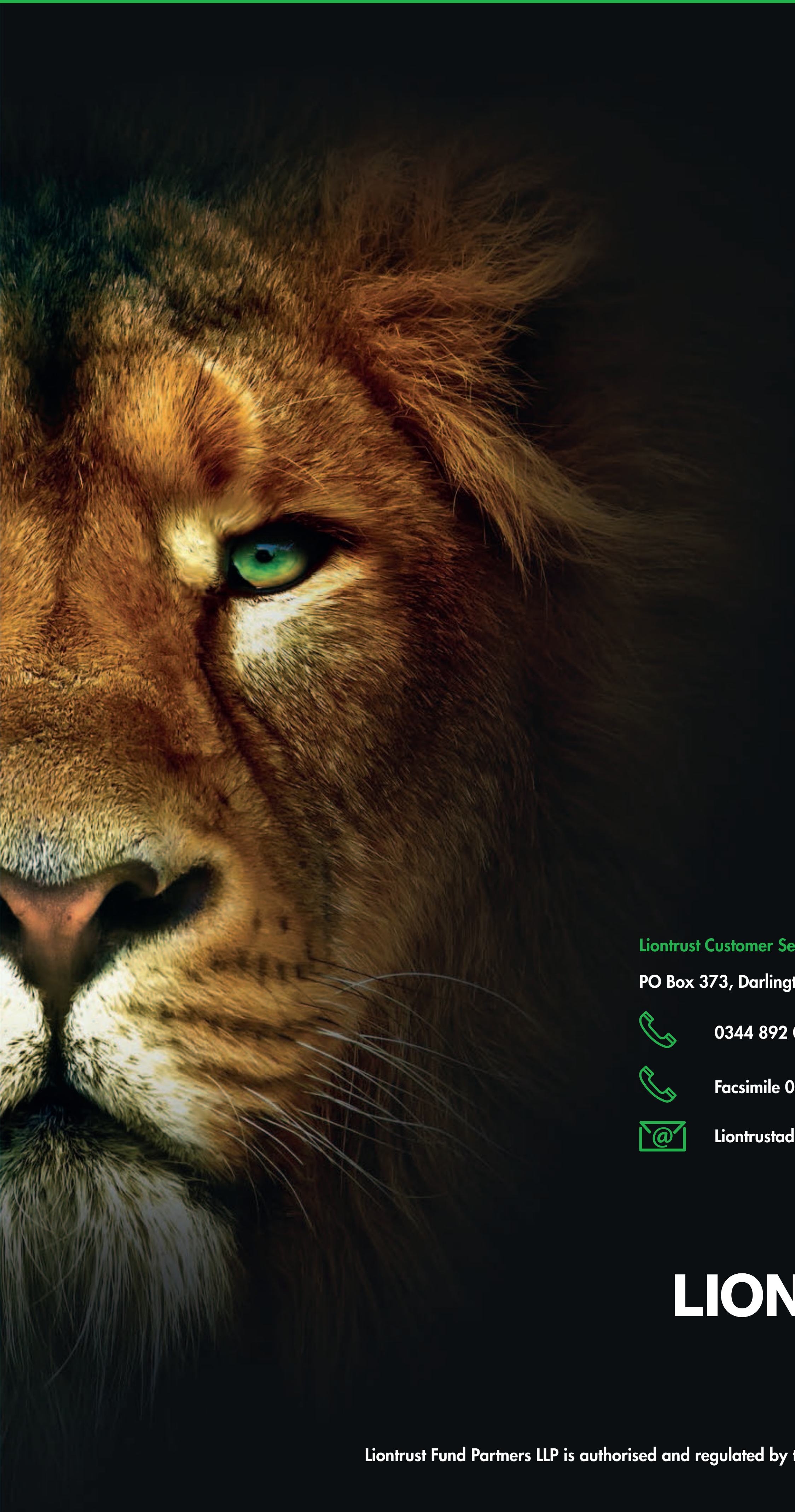
Issuer	Value (£'000)	% of the Fund's NAV
Liontrust UK Ethical Fund		
The Bank of Nova Scotia	6,879	0.76
UBS AG	689	0.08
Credit Suisse International	86	0.01
Morgan Stanley & Co. International Plc.	27	0.00
Total	**7,681**	**0.85**

Additional Information (unaudited)

Important information

Past performance is not a guide to future performance, investments can result in a total loss of capital. It is important to remember that the price of shares, and the income from them, can fall as well as rise and is not guaranteed and that investors may not get back the amount originally invested. The issue of shares 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 investment in Funds as long term. The annual management fees of the Liontrust Sustainable Future Cautious Managed Fund and Liontrust Sustainable Future Defensive Managed Fund are deducted from capital. Whilst this results in the dividend paid to investors being higher than would be the case were the annual management fee charged to income, the potential for capital growth may be reduced.



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