LIONTRUST MACRO EQUITY INCOME FUND

Annual Report & Financial Statements

For the year:
1 August 2019
to
31 July 2020

LIONTRUST FUND PARTNERS LLP

LIONTRUST

Contents

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

Management and Administration

Authorised Fund Manager ("Manager")

Liontrust Fund Partners LLP
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London WC2R 0EZ

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Administration and Dealing facsimile 020 7964 2562
Email Liontrustadmin@bnymellon.com
Website www.liontrust.co.uk

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

Investment Adviser

Liontrust Investment Partners LLP
2 Savoy Court
London WC2R 0EZ

Authorised and regulated by the FCA.

Trustee

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

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

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.

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Liontrust Macro Equity Income Fund

Liontrust Asset Management PLC

Liontrust Asset Management PLC (the "Company") is a specialist asset manager with £20.6 billion in assets under management as at 30 September 2020 and which takes pride in having a distinct culture and approach to running 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 seven fund management teams: four that invest in UK, European, Asian and Global equities, a Global Fixed Income team, a Sustainable Investment team and one team that manages Multi-Asset portfolios.
- 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.

Managers' Investment Report

Investment objective

The Fund aims to deliver a high level of income with potential for capital growth over the long term (5 years or more).

Income Target Benchmark

The Fund aims to deliver a net target yield of at least 110% of the net yield of the FTSE All-Share index each year.

Investment Policy

The Fund will invest at least 80% in companies which are incorporated, domiciled, listed or conduct significant business in the United Kingdom (UK).

The 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 Fund assets), corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits.

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

The Team

Stephen Bailey and Jamie Clark manage the Liontrust Macro-Thematic Process.

The Process

The process is based on the analysis of economic, political, social and cultural developments to identify Macro-Themes. The fund managers define a Macro-Theme as an undiscounted, structural change in the process of realisation; and the related passage to theme-maturity, as the macro-trend. The fund managers believe this investment process equips them to locate unappreciated investment ideas and capture the full, long-term potential of each portfolio holding. There are four stages to the process: theme discovery; identification of theme-assisted and theme-impaired companies; bottom-up analysis of prospective investments; portfolio construction and management.

Changes to the Fund: The manager of the Fund changed from the Macro Thematic team to the Global Equity team on 2 October 2020. Liontrust is proposing to merge the Fund with the Liontrust Income Fund, which will be subject to investor and regulatory approval.

Managers' Investment Report (continued)

Performance of the Fund

The Fund has an income target benchmark of 110% the yield on the FTSE All-Share Index. Its distributions over the 12 months to 31 July 2020 – expressed relative to the Fund's price on 31 July 2019 – give a 12 month yield of 4.4%. The FTSE All-Share Index yield on the same basis was 3.8%, meaning the Fund met its objective.

In the twelve months to 31 July 2020 an investment in the Fund returned -19.6% (institutional class) and -20.2% (retail class). This compares with a return of -17.8% from the Fund's comparator benchmark, the FTSE All-Share Index and a return of -17.2% from the IA UK Equity Income sector, also a comparator benchmark.

From the Fund's launch on 31 October 2003 to 31 July 2020, an investment in the Fund has risen 212% (institutional class) and 195% (retail class) compared with a rise of 179% from the FTSE All-Share Index comparator benchmark and a return of 159% from the IA UK Equity Income sector comparator benchmark.

Source: Financial Express, bid to bid basis, total return, net of fees, income reinvested. The primary unit class post-Retail Distribution Review is the institutional class, whereas pre-Retail Distribution Review the bundled Retail class performance history is used, unadjusted for the lower fees of the post Retail Distribution Review classes.

A final quarterly dividend of 1.58 pence per unit (income units) and 3.20 pence per unit (accumulation units) was distributed to retail unitholders, 1.69 pence per unit (income units) and 3.39 pence per unit (accumulation units) to institutional unitholders and 1.67 pence per unit (income units) and 3.32 pence per unit (accumulation units) to advised class unitholders at the end of September 2020.

This takes the year's total dividend to 8.08 pence per unit (income units) and 15.96 pence per unit (accumulation units) was distributed to retail unitholders, 8.59 pence per unit (income units) and 16.87 pence per unit (accumulation units) to institutional unitholders and 8.49 pence per unit (income units) and 16.53 pence per unit (accumulation units) to advised class unitholders at the end of September 2020.

Source: Liontrust Fund Partners LLP.

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

Managers' Investment Report (continued)

Risk and Reward profile

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

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

1	2	3	4	5	6	7

- The Synthetic Risk and Reward Indicator ("SRRI") is based upon historical data and may not be relied upon to gauge the future risk profile of the Fund.
- The SRRI shown is not guaranteed to remain the same and may shift over time.
- The lowest category (1) does not mean 'risk free'.
- The Fund's risk and reward category has been calculated using the methodology set by the European Commission. It is based upon the rate by which the Fund or a representative fund or Index's value has moved up and down in the past.
- The Fund is categorised 6 for its exposure to equities.
- The SRRI may not fully take into account the following risks:
  - That a company may fail thus reducing its value within the Fund;
  - Any company which has high overseas earnings may carry a higher currency risk; and
  - 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 Fund.

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

Managers' Investment Report (continued)

The Market

The FTSE All-Share returned -17.8% in the 12 months to 31 July 2020.

The election result in December was a key focus for UK investors during the first half of the review period. The unexpected size of the Conservative majority bestowed investors with a degree of certainty that had been lacking in the political tumult of the last three and a half years. US-China trade relations were also a key influence. The trade spat between the two superpowers appeared to escalate in the summer, serving to depress risk-free rates and stoke market expectations of coming monetary stimulus. However, as 2019 came to a close the pair reached a breakthrough in negotiations and agreed a "phase one" deal which was signed in January.

These factors were swiftly overshadowed by the outbreak of coronavirus in China's Wuhan province. From this point forward, market events were dictated by the pandemic, the increasingly desperate efforts of governments to limit its human cost and the bearing this had for both economies and financial markets.

The UK government's response was typical of that seen in the western world, with lockdown measures imposed and massive fiscal measures introduced – such as the Job Retention Scheme. Per the policy textbook, fiscal assistance was amplified by monetary easing. Notwithstanding limited room to manoeuvre, the Bank of England cut the base rate to 0.1% and undertook a further £300bn quantitative easing, a dose as large as any administered in the Global Financial Crisis (GFC).

The economic impact was huge: UK GDP is estimated to have fallen a record 20% in Q2, taking the economic contraction over the first half of 2020 to 22%. For context, UK GDP contracted by 6% (annualised) over the six quarters of the GFC and 7% over the 10 quarters of the Great Depression.

As the scale of the pandemic became clear in February and March, investors reacted with alarm and engaged in broadly indiscriminate selling which left no strata of the stock market, whether large or small-cap, unscathed. From its mid-January peak to mid-March trough, the FTSE All-Share lost 35%.

However, the incredible scale of the global policy response and investors' optimism regarding the ability to arrest the pandemic's spread led to a strong market bounce. The FTSE All-Share recovered 10% in Q2.

Dividend security was one of the prominent issues for the UK market as the crisis bit. A large number of companies were forced to cancel or defer dividends in response to the impact of coronavirus. March and April saw around 170 cancellations in the UK market.

Stylistically, dividend cancellations seemed skewed to cheaply rated or value-style companies. But this is less a consequence of any innate vulnerability and much more to do with the fact that mature, or cyclical value stocks are more likely to pay a dividend. We hasten to add that quality was represented amongst the list of dividend-cutters (Rentokil, Rightmove, etc).

Many UK corporates also moved to raise emergency funds – in March and April more than 40 companies raised over £3.5bn by selling equity at an average discount of 21%. Whilst some of the cash raises were undertaken to finance growth opportunities, the majority were initiated from a position of weakness and speak of the financial difficulties assailing many UK companies.

The Fund

The Fund has an income target benchmark of 110% the yield on the FTSE All-Share Index. Its distributions over the 12 months to 31 July 2020 – expressed relative to the Fund's price on 31 July 2019 – give a 12 month yield of 4.4%. The FTSE All-Share Index yield on the same basis was 3.8%, meaning the Fund met its objective.

In the 12 months to 31 July 2020, the Fund returned -19.6% (institutional accumulation unit class). The FTSE All-Share index comparator benchmark returned -17.8% and the average return of funds in the IA UK Equity Income sector, also a comparator benchmark, was -17.2%.

After a poor start to the period, UK-centric businesses rose sharply thanks to December's decisive election result and an associated increase in Brexit clarity. This delivered a fillip to performance. The portfolio's overweight position in UK financials proved especially beneficial. The life insurers of our *Population Ageing* theme were in the vanguard of the winners, whilst the banks and diversified financials of our *Rising Rates* basket contributed meaningfully.

Managers' Investment Report (continued)

The Fund (continued)

Stylistically, however, the risk aversion that gripped markets in the first quarter of 2020 had a negative bearing on the portfolio's value-style dividend payers. At root, our value exposure is a strategic call on the tension between value's unusual discount to growth-style stocks and value's record of superior historic returns. This still holds. However, during episodes of risk aversion, value's more cyclical constituency can suffer disproportionately.

Over the six months to 31 July 2020, the MSCI UK Value Index returned -26.3%, substantially behind the MSCI UK Growth Index return of -4.7%.

The portfolio's housebuilders provide a notable example of value underperformance. We are overweight housebuilders on grounds of the structural undersupply of newbuild housing and our conviction that the return of fiscal activism promises higher volumes and rising shareholder returns. However, in an environment where building and selling houses was temporarily impossible, we saw a heavy tumble in our holdings; Redrow (-48%), Vistry Group (-42%), Bellway (-35%) and Taylor Wimpey (-25%) all finished deep in negative territory for the year. However, assuming ongoing economic normalisation, we believe that housebuilders remain high-return, cash-generative businesses, with attractive shareholder returns policies. As lockdown measures have been relaxed, each has resumed operations and sales.

Ancillary building materials businesses declined for precisely the same reasons. Brick maker Forterra (-44%) suffered the most, with share price weakness compounded by a defensive £55m placing. Peer Ibstock (-28%) also featured amongst the Fund's worst performers. Whilst near-term earnings visibility is presently lacking, the UK's structural undersupply of new build housing gives us confidence in the medium-term prospects of the portfolio's brick-makers.

The Fund's financials overweight – a manifestation of our *Population Ageing* and *Rising Rates* macro themes – gives a further instance of value's underperformance over the review period. Lloyds Banking (-50%), HSBC (-40%) and Barclays (-33%) fell as their obvious cheapness was obscured by lower risk-free rates, anticipated credit write-offs and mandated dividend cuts. Life insurance holdings were also affected, Legal & General (-11%) and Aviva (-33%) falling as markets grappled with the risk of rising annuity book impairments.

The Fund's holdings in Royal Dutch Shell (-51%) and BP (-39%) were further casualties of the pandemic as oil demand slowed and inventories increased, threatening earnings and dividends. Although oil holdings were amongst the Fund's weakest performers, our benchmark-relative underweight produced positive relative returns. By the end of the review period, we had sold out of both positions, bringing the Fund's *Oil Equilibrium* macro-theme to a close.

Weakness amongst cyclicals was mirrored by strength amongst defensives such as utilities and healthcare. The Fund benefitted from overweight holdings in National Grid (+12%), Severn Trent (+3.3%) and United Utilities (+3.1%), as investors sought the refuge of stable, debt-like utility cashflows. Pharmaceutical AstraZeneca (+25%) was another bright spot.

The portfolio's auto-insurer overweight offers another instance of the extent to which defensive outperformance contributed to returns. Interim updates demonstrated the unique benefit reaped by these companies over the course of lockdown: less frequent car journeys, fewer accidents, lower claims and higher retention of premium income. This dynamic explains the positive absolute and relative returns registered by holdings like Sabre Insurance (+20%) and Admiral (+17%). Mid-cap Hastings (+14%) also contributed to this effect, after receiving a preliminary approach from Finnish insurer Sampo (confirmed post-review period at 250p).

Spreadbetters, IG (+38%) and CMC Markets (+65%), also featured amongst the portfolio's best performers by virtue of the link between market volatility and earnings. This relationship was writ large in interim market updates: IG disclosing a 36% year on year increase in net trading revenue and CMC Markets reporting a near doubling of client trading activity vis a vis the prior year.

Managers' Investment Report (continued)

Portfolio Activity

Digital Economy

Flutter Entertainment was sold due to a combination of domestic political/regulatory hostility and uncertain overseas growth which left an expensive business susceptible to de-rating. Its modest dividend yield looked unattractive in comparison to UK income alternatives.

We added a holding in Greggs to the portfolio in light of the tension between its quality growth characteristics and market-average earnings multiple. However, the position was exited as it became clearer that any earnings recovery was now deferred thanks to the impact of Covid-19 on both consumer behaviour and the accelerating trend for office workers to spend more time at home. The position in Smurfit Kappa was also sold, on the assumption that any lockdown e-commerce earnings uplift would be reversed as recession took root.

Broadcaster ITV was another sell. The company was an early Covid dividend cutter thanks to the cyclicality of its advertising revenues and the probable disruption and delay to production earnings. Recruitment business Hays was sold in recognition of its inherently cyclical earnings and dividends, at a point where the enforcement of lockdown measures gave warning of economic contraction and falling recruitment intentions.

The economic consequences of Covid-19 required a more defensive strategic bias so a new position in WM Morrison was added. WM Morrison's stable earnings and cash flow underpin persistent dividend distributions, while its experience of the global financial crisis demonstrates dividend maintenance under duress. The shares remain modestly rated in spite of such clear defensive virtues.

A new position was also initiated in J Sainsbury, whose defensive food earnings afford an offset to macro uncertainty. A free cash flow yield of over 10% speaks of an attractive value opportunity.

Population Ageing

The position in St James's Place was sold. Its premium rating was threatened by the discomfiting combination of mis-selling accusations, the very public problems of tied products and the cash strain of investing for earnings growth.

Scarce Resource

Antofagasta was sold as it was a rump position with little utility to the broader portfolio.

Financial Value (formerly Rising Rates)

On a matter of housekeeping, the *Rising Rates* theme has been rechristened as *Financial Value*. Our argument has always been that there is an obvious asymmetry to low rates and that the circumstances which have produced them (ageing, excess savings, deficient demand, etc.) would eventually be reversed. We argued that Brexit had exerted a similar, suppressive effect on UK rates (market and policy) and that a definitive outcome would also serve to correct this. Typically, higher rates are a boon to businesses like banks which depend on bond income. It's now clear, however, that the jolt of Covid-19 (and any ameliorative monetary measures) has postponed this outcome and the associated re-rating of UK financials.

Rising rates are still likely, chiefly due to the inflationary implications of the present increase in government spending; it's simply that we must wait. What hasn't changed is the abundant value opportunities amongst UK financials, businesses like Barclays and Lloyds Banking, which trade on historically depressed valuations despite the enormous operational progress and financial repair that's been accomplished over the last decade. In this way, we remain overweight *Financial Value*.

Changes to the theme's holdings included the disposal of positions in Brewin Dolphin, Close Brothers, Royal Bank of Scotland and HSBC. Lower asset values mean lower fee income and dividend coverage for Brewin Dolphin, while the Lloyds-Schroders wealth business threatens competition and fee disinflation. Close Brothers' SME-focus means it is inescapably exposed to the coming rise in business insolvencies. As proven by the present crisis, majority public ownership makes Royal Bank of Scotland acutely vulnerable to political interference; a politically mandated dividend cut resulted in an over-capitalised business with no obvious means to return excess capital. HSBC's investment case has been weakened by slowing Asian growth, April's dividend suspension and China's tightening control of Hong Kong.

Managers' Investment Report (continued)

Portfolio Activity (continued)

Financial Value (formerly Rising Rates) (continued)

M&G, a UK focused asset manager spun out of portfolio holding Prudential, was added. Brexit angst and Asia-bias of existing Prudential shareholders created temporary selling pressure and presented a buying opportunity in the company. Meanwhile, Jupiter Fund Management was sold. A high concentration of assets and sales meant the business looked increasingly vulnerable to disappointment. Its rating appeared rich when judged in terms of asset and earnings growth.

CMC Markets was added to the Fund early in the Covid-19 crisis. The spread-betting company has acyclical online revenues that insulate the business against the 'sudden stop' recession of lockdown. Results release in April demonstrate the strong link between market volatility and earnings and the company affirmed its 50% dividend payout ratio, in a market where one third of UK dividend payers have cut disbursements. Following a very strong return over a two month holding period, the position was closed in an instance of our profit capture discipline.

Infrastructure Spending

A new position was opened in UK housebuilder Bellway. The margin of Conservative electoral victory offered clarity regarding Brexit and the UK economy and counselled increased exposure to value-rated, UK cyclicals. The structural housing supply shortfall underpins the long-term demand backdrop. Bellway is a high-margin, cash-generative housebuilder with net cash on balance sheet and a record of growing shareholder returns.

Redrow and Vistry Group were also added. Formed from the merger of Bovis Homes and Linden Homes, we felt Vistry Group should benefit from coming divisional and procurement synergies, while Redrow's combination of a discount to peer group and high margins suggested an attractive value opportunity. However, the growing Covid-19 crisis presented a substantial obstacle to near-term volumes and earnings, leading us to close the positions in both stocks.

We invested proceeds into PRS REIT, which increases portfolio exposure to the Private Rented Sector (PRS) asset class. The switch gives exposure to defensive residential rental income at the expense of cyclical housebuilder earnings. Its stable cash flows offer an attractive alternative to government debt's negative real returns, while the Covid-19 shock offered the chance to buy shares at a significant discount to historic NAV.

New theme positions were also initiated in Eurocell, a manufacturer of PVC-U building products, and Vesuvius, the mid-cap foundry technology business.

New Oil Equilibrium

The holdings in BP and Royal Dutch Shell were sold, resulting in the macro-theme's closure. The total return case for both Royal Dutch Shell and BP had been diluted by the respective announcement and anticipation of dividend cuts. The Covid-19 demand shock implies lower oil demand, earnings, and cashflow. While other industries have the same short-term challenges, the oil & gas sector faces the additional headwind of a transition to renewable and clean energy alternatives – an inflexion which may be catalysed by the pandemic.

Security of Earnings

With visibility of earnings in mind, we have initiated *Security of Earnings* as our latest macro-theme. Given the market trauma of March and April, the thesis is simply to make the portfolio more robust in the event of further coronavirus-related setbacks. Mindful of both capital preservation and our total return mandate, we have concentrated on businesses where stability of historic earnings permits some reasonable expectation of a business's earnings power, or typical earnings. This serves as a powerful counterweight to the portfolio's cyclical constituencies. Further, if we're correct in our expectation that the recovery will be fraught with continued earnings disappointments, it's likely that such businesses will trade at a premium. Presently, the theme consists of utilities Severn Trent and United Utilities. Whilst not outright value, both stocks look cheap in market-relative terms.

We also bought into Tate & Lyle, the mid-cap ingredients business. In May's full year numbers, it confirmed payment of a dividend that is amply covered by statutory earnings (1.8x) and free cash flow (2x). The business has quality characteristics (low leverage, return on capital over cost of capital) but its shares trade on a value rating of 13x earnings.

Managers' Investment Report (continued)

Outlook

It's likely that the UK's economic shock-and-awe approach has curtailed the risk of a financial crisis. It's also probable that the scope and speed of the response lends itself to a meaningful economic recovery. What's less clear, is the trajectory of any bounce. For us, a V-shaped recovery is improbable because of the inevitable lags and errors with which stimulus will be deployed. We may also be prone to subsequent disease peaks, which could demand renewed economic lockdowns. This says nothing of the damage already inflicted on the appetites of entrepreneurs and consumers.

While it's unlikely that the pace of any recovery will be sufficient to excite animal spirits, we are convinced that value's unprecedented discount to growth warrants continued exposure. Just as economic contraction can punish value, so expansion stirs demand for these companies and the prevailing belief is that the economic trough of the Covid-19 shock is now historic. On a five-year view, the MSCI Value index's underperformance of the MSCI Growth index has only been worse in 2% of the time since the indices were launched. Similarly, when measured in terms of prospective price/earnings multiples, the MSCI Value index has only ever been cheaper (relative to the MSCI Growth index) for 3% of the time. Whilst a divergence of this order may not tell us when this relationship will invert, it does suggest that it's primed to mean-revert.

Dividends remain a key talking point, as UK companies struggle with the economic consequences of coronavirus. As with any other UK income manager, the portfolio has suffered dividend cancellations and deferrals. That said, many such decisions were made by companies in the teeth of absolute uncertainty. We would suggest that as operating visibility returns by increments, many dividend cutters will resume payments. Evidence to this effect can be seen in the slowing pace of dividend cancellations that has followed the crescendo of March and April.

Many portfolio companies have maintained dividends throughout the present crisis and we anticipate this will remain the case. Which says nothing of the fact that dividend cancellations may be offset through the prudent addition of businesses with records of dividend persistence; the Fund's supermarkets offering an obvious example of this strategy. Although it will undoubtedly prove challenging for any UK Equity Income manager to outpace headline dividend pressures, it remains our objective to deliver a dividend outcome consistent with the Fund's stated investment objective.

Stephen Bailey and Jamie Clark

Fund Managers

November 2020

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

Authorised Status

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

Statement of the Manager's Responsibilities

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

The Financial Conduct Authority's Collective Investment Scheme Sourcebook ("the Regulations") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Scheme and of its net income/expenses and the net gains/losses on the property of the Scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Association ("IA") in May 2014, updated in June 2017;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation.

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

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Liontrust Macro Equity Income Fund ("the Trust") for the Year Ended 31 July 2020

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

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

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

The Trustee must ensure that:

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

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

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

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

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

For and on behalf of

The Bank of New York Mellon (International) Limited

1 Canada Square
London E14 5AL

19 November 2020

Certification of Financial Statements by Partners of the Manager

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

John Ions

Chief Executive

Antony Morrison

Partner, Head of Finance

Liontrust Fund Partners LLP
19 November 2020

Independent Auditors' Report to the Unitholders of Liontrust Macro Equity Income Fund (the "Trust")

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Liontrust Macro Equity Income Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 31 July 2020 and of the net revenue and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 July 2020; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern.

Independent Auditors' Report to the Unitholders of Liontrust Macro Equity Income Fund (the "Trust") (continued)

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities set out on page 11, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to wind up or terminate the Trust, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Unitholders of Liontrust Macro Equity Income Fund (the "Trust") (continued)

Other required reporting

Opinion on matter required by the Collective Investment Schemes Sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes Sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Edinburgh

19 November 2020

Comparative Tables

for the year ended 31 July 2020

Advised Accumulation Accounting year ended	31 July 2020 per unit (p)	31 July 2019 per unit (p)	31 July 2018 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	363.77	354.99	349.62
Return before operating charges	(71.19)	12.72	9.29
Operating charges	(3.80)	(3.94)	(3.92)
Return after operating charges	(74.99)	8.78	5.37
Distributions	(16.53)	(19.32)	(18.15)
Retained distributions on accumulation units	16.53	19.32	18.15
Closing net asset value per unit	**288.78**	**363.77**	**354.99**
After transaction costs of*	(0.48)	(0.53)	0.72
Performance†			
Return after charges	(20.61)%	2.47%	1.54%
Other information			
Closing net asset value (£'000)	63	124	156
Closing number of units	21,845	34,079	43,857
Operating charges**	1.14%	1.14%	1.11%
Direct transaction costs*	0.14%	0.15%	0.20%
Prices			
Highest unit price	391.53	377.87	376.46
Lowest unit price	237.39	311.46	330.81

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

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

† Performance per comparative table based on bid market price portfolio valuation usually at midday on the last day of the accounting period and with related accounting adjustments,unless where materially different from a valuation carried out at close of business on the last day of the accounting period.

Comparative Tables (continued)

for the year ended 31 July 2020

Advised Income Accounting year ended	31 July 2020 per unit (p)	31 July 2019 per unit (p)	31 July 2018 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	189.90	195.88	203.11
Return before operating charges	(36.08)	6.61	5.35
Operating charges	(1.96)	(2.13)	(2.23)
Return after operating charges	(38.04)	4.48	3.12
Distributions	(8.49)	(10.46)	(10.35)
Closing net asset value per unit	**143.37**	**189.90**	**195.88**
After transaction costs of*	(0.25)	(0.28)	0.41
Performance†			
Return after charges	(20.03)%	2.29%	1.54%
Other information			
Closing net asset value (£'000)	6	60	62
Closing number of units	4,040	31,921	31,922
Operating charges**	1.15%	1.14%	1.11%
Direct transaction costs*	0.14%	0.15%	0.20%
Prices			
Highest unit price	200.60	203.61	213.76
Lowest unit price	120.96	168.90	188.09

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

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

† Performance per comparative table based on bid market price portfolio valuation usually at midday on the last day of the accounting period and with related accounting adjustments,unless where materially different from a valuation carried out at close of business on the last day of the accounting period.

Comparative Tables (continued)

for the year ended 31 July 2020

Institutional Accumulation Accounting year ended	31 July 2020 per unit (p)	31 July 2019 per unit (p)	31 July 2018 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	370.31	360.51	354.17
Return before operating charges	(72.64)	12.93	9.42
Operating charges	(3.02)	(3.13)	(3.08)
Return after operating charges	(75.66)	9.80	6.34
Distributions	(16.87)	(19.64)	(18.40)
Retained distributions on accumulation units	16.87	19.64	18.40
Closing net asset value per unit	**294.65**	**370.31**	**360.51**
After transaction costs of*	(0.49)	(0.53)	0.73
Performance†			
Return after charges	(20.43)%	2.72%	1.79%
Other information			
Closing net asset value (£'000)	26,742	38,217	40,520
Closing number of units	9,076,062	10,320,431	11,239,658
Operating charges**	0.89%	0.89%	0.86%
Direct transaction costs*	0.14%	0.15%	0.20%
Prices			
Highest unit price	398.99	380.88	374.63
Lowest unit price	242.05	316.62	335.66

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

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

† Performance per comparative table based on bid market price portfolio valuation usually at midday on the last day of the accounting period and with related accounting adjustments,unless where materially different from a valuation carried out at close of business on the last day of the accounting period.

Comparative Tables (continued)

for the year ended 31 July 2020

Institutional Income Accounting year ended	31 July 2020 per unit (p)	31 July 2019 per unit (p)	31 July 2018 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	192.23	197.74	204.52
Return before operating charges	(36.86)	6.72	5.40
Operating charges	(1.54)	(1.68)	(1.74)
Return after operating charges	(38.40)	5.04	3.66
Distributions	(8.59)	(10.55)	(10.44)
Closing net asset value per unit	**145.24**	**192.23**	**197.74**
After transaction costs of*	(0.25)	(0.29)	0.41
Performance†			
Return after charges	(19.98)%	2.55%	1.79%
Other information			
Closing net asset value (£'000)	25,899	41,614	79,566
Closing number of units	17,831,481	21,648,260	40,237,011
Operating charges**	0.89%	0.89%	0.86%
Direct transaction costs*	0.14%	0.15%	0.20%
Prices			
Highest unit price	203.20	203.01	211.26
Lowest unit price	122.60	170.68	189.71

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

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

† Performance per comparative table based on bid market price portfolio valuation usually at midday on the last day of the accounting period and with related accounting adjustments,unless where materially different from a valuation carried out at close of business on the last day of the accounting period.

Comparative Tables (continued)

for the year ended 31 July 2020

Retail Accumulation Accounting year ended	31 July 2020 per unit (p)	31 July 2019 per unit (p)	31 July 2018 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	351.91	345.14	341.63
Return before operating charges	(68.72)	12.27	9.04
Operating charges	(5.27)	(5.50)	(5.53)
Return after operating charges	(73.99)	6.77	3.51
Distributions	(15.96)	(18.73)	(17.69)
Retained distributions on accumulation units	15.96	18.73	17.69
Closing net asset value per unit	**277.92**	**351.91**	**345.14**
After transaction costs of*	(0.47)	(0.51)	0.70
Performance†			
Return after charges	(21.03)%	1.96%	1.03%
Other information			
Closing net asset value (£'000)	5,666	8,225	10,475
Closing number of units	2,038,925	2,337,223	3,034,967
Operating charges**	1.64%	1.64%	1.61%
Direct transaction costs*	0.14%	0.15%	0.20%
Prices			
Highest unit price	378.00	376.88	377.14
Lowest unit price	228.92	302.20	322.19

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

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

† Performance per comparative table based on bid market price portfolio valuation usually at midday on the last day of the accounting period and with related accounting adjustments,unless where materially different from a valuation carried out at close of business on the last day of the accounting period.

Comparative Tables (continued)

for the year ended 31 July 2020

Retail Income Accounting year ended	31 July 2020 per unit (p)	31 July 2019 per unit (p)	31 July 2018 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	181.04	187.67	195.59
Return before operating charges	(34.55)	6.29	5.14
Operating charges	(2.66)	(2.93)	(3.11)
Return after operating charges	(37.21)	3.36	2.03
Distributions	(8.08)	(9.99)	(9.95)
Closing net asset value per unit	**135.75**	**181.04**	**187.67**
After transaction costs of*	(0.24)	(0.27)	0.39
Performance†			
Return after charges	(20.55)%	1.79%	1.04%
Other information			
Closing net asset value (£'000)	6,497	9,930	14,448
Closing number of units	4,786,158	5,484,927	7,698,432
Operating charges**	1.64%	1.64%	1.61%
Direct transaction costs*	0.14%	0.15%	0.20%
Prices			
Highest unit price	190.84	200.12	211.43
Lowest unit price	114.94	161.49	180.53

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

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

† Performance per comparative table based on bid market price portfolio valuation usually at midday on the last day of the accounting period and with related accounting adjustments,unless where materially different from a valuation carried out at close of business on the last day of the accounting period.

Portfolio Statement

as at 31 July 2020

Holding	Stock description	Market value (£'000)	Percentage of total net assets (%)
	UNITED KINGDOM (98.28%)	**64,362**	**99.21**
	Basic Materials (19.92%)	**12,679**	**19.55**
129,687	Anglo American	2,425	3.74
2,107,708	Anglo Pacific	2,491	3.84
149,521	BHP	2,475	3.82
256,122	Glencore	447	0.69
48,654	Johnson Matthey	1,089	1.68
81,303	Rio Tinto (UK Regd.)	3,752	5.78
	Consumer Goods (2.56%)	**3,905**	**6.02**
103,716	Barratt Developments	530	0.82
13,421	Bellway	342	0.53
34,665	Persimmon	833	1.28
243,158	Tate & Lyle	1,583	2.44
521,501	Taylor Wimpey	617	0.95
	Consumer Services (4.75%)	**5,211**	**8.04**
584,323	Bloomsbury Publishing	1,186	1.83
733,393	J Sainsbury	1,373	2.12
568,156	Tesco	1,233	1.90
759,471	WM Morrison	1,419	2.19
	Financials (36.97%)	**23,616**	**36.38**
17,383	Admiral	417	0.64
596,125	Aviva	1,572	2.42
2,091,137	Barclays	2,103	3.24
174,433	Chesnara	496	0.76
316,088	Direct Line	937	1.44
419,944	Hastings	874	1.35
139,744	IG	1,028	1.59
1,526,349	Legal & General	3,265	5.03
6,661,755	Lloyds Banking	1,751	2.70
708,967	M&G	1,138	1.75
554,796	Man	686	1.06
503,429	Phoenix	3,315	5.11
2,325,707	PRS REIT†	1,707	2.63
226,644	Prudential	2,506	3.86
264,334	Sabre Insurance	800	1.23
49,796	Schroders	1,021	1.57

Portfolio Statement (continued)

as at 31 July 2020

Holding	Stock description	Market value (£'000)	Percentage of total net assets (%)
	Health Care (8.09%)	**4,942**	**7.62**
17,000	AstraZeneca	1,450	2.24
228,297	GlaxoSmithKline	3,492	5.38
	Industrials (5.42%)	**3,918**	**6.04**
158,778	BAE Systems	778	1.20
305,664	DS Smith	798	1.23
109,881	Eurocell	187	0.29
281,288	Forterra	436	0.67
578,862	Ibstock	920	1.42
23,093	Marshalls	137	0.21
162,179	Vesuvius	662	1.02
	Oil and Gas (10.50%)		
	Telecommunications (6.07%)	**4,174**	**6.44**
1,150,170	BT	1,134	1.75
2,630,635	Vodafone	3,040	4.69
	Utilities (4.00%)	**5,917**	**9.12**
3385,920	National Grid	3,473	5.35
50,305	Severn Trent	1,232	1.90
134,622	United Utilities	1,212	1.87
	IRELAND (1.76%)		
	Industrials (1.51%)		
	Consumer Services (0.25%)		
	Portfolio of investments	**64,362**	**99.21**
	Net other assets	**511**	**0.79**
	Total net assets	**64,873**	**100.00**

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

Comparative figures shown in brackets relate to 31 July 2019.

† Real Estate Investment Trust (REIT).

Financial Statements

Statement of Total Return

for the year ended 31 July 2020

	Notes	(£'000)	1.8.2019 to 31.7.2020 (£'000)	(£'000)	1.8.2018 to 31.7.2019 (£'000)
Income					
Net capital losses	2		(22,505)		(4,103)
Revenue	3	4,179		6,669	
Expenses	4	(866)		(1,216)	
Interest payable and similar charges	7	(10)		(7)	
Net revenue before taxation		3,303		5,446	
Taxation	5	29		(26)	
Net revenue after taxation			3,332		5,420
Total return before distribution			**(19,173)**		**1,317**
Distribution	6		(4,198)		(6,639)
Change in net assets attributable to unitholders from investment activities			**(23,371)**		**(5,322)**

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 July 2020

	(£'000)	1.8.2019 to 31.7.2020 (£'000)	(£'000)	1.8.2018 to 31.7.2019 (£'000)
Opening net assets attributable to unitholders		**98,170**		**145,227**
Amounts received on creation of units	8,065		6,227	
Amounts paid on cancellation of units	(19,957)		(50,645)	
		(11,892)		(44,418)
Dilution adjustment		–		37
Change in net assets attributable to unitholders from investment activities (see above)		(23,371)		(5,322)
Retained distributions on Accumulation units		1,966		2,646
Closing net assets attributable to unitholders		**64,873**		**98,170**

Financial Statements (continued)

Balance sheet
as at 31 July 2020

	Notes	31.7.2020 (£'000)	31.7.2019 (£'000)
Assets			
Fixed assets			
Investments		64,362	98,213
Current assets:			
Debtors	8	357	682
Cash and bank balances	9	906	222
Total assets		**65,625**	**99,117**
Liabilities			
Distribution payable		(377)	(566)
Other creditors	10	(375)	(381)
Total liabilities		**(752)**	**(947)**
Net assets attributable to unitholders		**64,873**	**98,170**

Notes to the Financial Statements

for the year ended 31 July 2020

1 Accounting policies

a) Basis of preparation

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

b) Recognition of revenue

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

(ii) Special cash dividends are treated as either revenue or capital depending on the facts of each particular case.

(iii) Bank interest, stock lending and nominal interest on interest-bearing securities is recognised on an accruals basis.

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

(v) Dividends received from UK REITs are split into PID (Property Income Distributions) and Non-PID components for tax purposes. Revenue arising from UK REITs tax-exempt rental business is colloquially known as PID revenue and is taxable in the hands of the Fund. A UK REIT may also carry out other activities that give rise to taxable profits and gains, it is from these that the REIT will make a non-PID distribution, these are treated for tax purposes in the same way as dividends from normal UK companies.

(vi) Distributions on collective investment schemes are recognised when the securities are quoted ex-dividend.

c) Expenses

All expenses are deducted from capital and are accounted for on an accruals basis.

d) Basis of valuation of investments

All investments are usually valued at 12 midday, on the last business day of the accounting year. Listed investments have been valued at bid-market value, net of any accrued income.

e) Taxation

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

f) Deferred taxation

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

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

g) Foreign exchange

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

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

1.1 Distribution policies

h) Basis of distribution

Income produced by the Fund's investments accumulates during each accounting period. If at the end of the accounting period revenue exceeds expenses, the net revenue of the Fund is available to be distributed to unitholders.

The operating expenses of the Fund are paid out of the Fixed Rate Administration fee by the Manager.

i) Special dividends

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

j) Stock dividends

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

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

2 Net capital losses

	1.8.2019 to 31.7.2020 (£'000)	1.8.2018 to 31.7.2019 (£'000)
Non-derivative securities	(22,503)	(4,088)
Forward foreign exchange currency contracts	(2)	(18)
Transaction charges	–	3
Net capital losses	**(22,505)**	**(4,103)**

3 Revenue

	1.8.2019 to 31.7.2020 (£'000)	1.8.2018 to 31.7.2019 (£'000)
Money Market Deposits	–	1
Overseas non-taxable revenue	97	681
Stock dividends	38	–
Stocklending income	–	2
UK dividends	4,044	5,985
Total revenue	**4,179**	**6,669**

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

4 Expenses

	1.8.2019 to 31.7.2020 (£'000)	1.8.2018 to 31.7.2019 (£'000)
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	745	1,047
Fixed rate administration fees	121	136
	866	**1,183**
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	–	(6)
Trustee's fees	–	2
	–	**(4)**
Other expenses		
Administration fee	–	40
Audit fee*	–	1
Other expenses	–	(4)
	–	**37**
Total expenses	**866**	**1,216**

* The audit fee for the year, excluding VAT, was £9,923 (2019: £9,450).

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

5 Taxation

	1.8.2019 to 31.7.2020 (£'000)	1.8.2018 to 31.7.2019 (£'000)
a) Analysis of charge in year		
Irrecoverable overseas tax	(29)	26
Total tax (credit)/charge for the year (see note 5(b))	**(29)**	**26**

b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for authorised unit trusts of 20% (2019: 20%). The differences are explained below:

	1.8.2019 to 31.7.2020 (£'000)	1.8.2018 to 31.7.2019 (£'000)
Net revenue before taxation	3,303	5,446
Corporation tax	661	1,089
Effects of:		
Movement in unrecognised tax losses	192	244
Overseas tax	(29)	26
Prior year adjustment to tax losses	(17)	–
Revenue not subject to tax	(836)	(1,333)
Total tax (credit)/charge for year (see note 5(a))	**(29)**	**26**

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

c) Deferred tax

At the year end, there is a potential deferred tax asset of £7,332,470 (2019: £7,140,670) due to tax losses of £36,662,352 (2019: £35,703,350). It is considered unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised (2019: same).

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

6 Distributions

	1.8.2019 to 31.7.2020 (£'000)	1.8.2018 to 31.7.2019 (£'000)
First distribution	1,719	2,202
Second distribution	533	786
Third distribution	1,087	2,239
Final distribution	750	1,072
Amounts deducted on cancellation of units	168	428
Amounts received on creation of units	(59)	(88)
Net distribution for the year	**4,198**	**6,639**
Reconciliation of net revenue after taxation to:		
Net revenue after taxation	3,332	5,420
Fees paid from capital	866	1,216
Add: Income brought forward from previous year	–	3
Net distribution for the year	**4,198**	**6,639**

Details of the distribution per unit are set out in the table on pages 42 to 45.

7 Interest payable and similar charges

	1.8.2019 to 31.7.2020 (£'000)	1.8.2018 to 31.7.2019 (£'000)
Overdraft interest	10	7
Total interest	**10**	**7**

8 Debtors

	31.7.2020 (£'000)	31.7.2019 (£'000)
Accrued revenue	320	496
Amounts receivable on creation of units	21	140
Overseas tax recoverable	16	34
Sales awaiting settlement	–	12
Total debtors	**357**	**682**

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

9 Cash and bank balances

	31.7.2020 (£'000)	31.7.2019 (£'000)
Cash at bank	906	222
Total cash and bank balances	**906**	**222**

10 Other creditors

	31.7.2020 (£'000)	31.7.2019 (£'000)
Accrued expenses	72	104
Amounts payable on cancellation of units	303	277
Total other creditors	**375**	**381**

11 Contingent liabilities

There were no contingent liabilities or outstanding commitments at the balance sheet date (2019: £nil).

12 Related party transactions

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

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

The charges made by the Manager during the year are disclosed in note 4 on page 30. At 31 July 2020 £58,946 was due to the Manager (2019: £89,623). This amount is included under 'Accrued expenses' in note 10.

During the year the Manager received creation monies of £8,123,716 (2019: £8,586,559) and paid cancellation monies of £20,125,462 (2019: £53,345,295). At 31 July 2020 there were creation monies due from the Manager of £21,147 (2019: £139,521). There were cancellation monies due to the Manager of £303,419 at 31 July 2020 (2019: £276,675).

13 Securities on loan

The aggregate value of securities on loan at 31 July 2020 is £Nil (2019: £Nil). Securities on loan are included in the portfolio statement and no account is taken of any collateral held. The aggregate value of collateral held at 31 July 2020 is £Nil (2019: £Nil). The aggregate value of collateral held at 31 July 2020 is £Nil (2019: £Nil).

The gross earnings and fees paid for the year are £Nil (2019: £2,494) and £Nil (2019: £798).

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

14 Risk management policies

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

- equity shares;
- cash and short-term debtors and creditors that arise directly from its operations;
- units or shares in collective investment schemes; and
- derivatives.*

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

The main risks arising from the Fund's financial instruments are market price risk, interest rate risk, foreign currency risk, liquidity risk and credit and counterparty risk. The Manager's policies for managing these risks are summarised below. The Fund has used a combination of risk measurements and limits to measure and monitor portfolio risk. This is in line with the Liontrust Group's Risk Management Process. These policies have remained unchanged since the beginning of the year to which these financial statements relate and during the prior year.

* No derivatives were held in the current year.

Market price risk

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

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

As at 31 July 2020 and 31 July 2019 the overall market exposure for the Fund was as shown in the Portfolio Statement, other than for derivatives where (if used) the exposure could be greater. The Fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Fund to market price risk is estimated below which shows the expected change in the market value of the Fund when a representative market index changes by 10%. These percentage movements are based on the Investment Adviser's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Fund has previously changed when that corresponding market index has moved taking into account the Fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 July 2020, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 11.2%.

As at 31 July 2019, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value was expected to have been an increase/a decrease of 8.9%.

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

14 Risk management policies (continued)

Market price risk (continued)

Some limitations of sensitivity analysis are;

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

The Fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR). The Fund's global exposure to derivatives at the year-end has been calculated using the Commitment approach.

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statements for the notional values of any forwards and futures contracts. VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

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

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

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements. The main liquidity risk of the Fund is the redemption of any units that investors wish to sell, which are redeemable on demand under the prospectus. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

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

Counterparty credit risk

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

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

The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty.

This list is reviewed at least annually.

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

14 Risk management policies (continued)

Counterparty credit risk (continued)

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

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

The Trustee is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation, as at 31 July 2020 was A (Standard & Poor's rating).

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

In addition BNYMSA, as banker, holds cash of the Fund on deposit. Such cash is held on the balance sheet of BNYMSA.

In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

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

Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates. The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate in line with overnight bank rates. As a result, the fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

14 Risk management policies (continued)

Foreign currency risk

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

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

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

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific unwanted currency risk being identified. The Fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The Manager believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

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

The Portfolio Statement on pages 23 to 24 shows the countries in which the Fund is invested. The securities in the portfolio are priced in local currency. An analysis of monetary assets and liabilities in foreign currencies at the period end (including cash and outstanding income) is shown below:

	Currency exposure	
Currency	31.7.2020 Total (£'000)	31.7.2019 Total (£'000)
Euro	119	176
Swiss francs	49	–
US dollar	3	5
	171	**181**

If the exchange rate at 31 July 2020 between the functional currency and all other currencies had increased or decreased by 1% with all other variables held constant, this would have increased or decreased net assets attributable to holders of units of the Fund by approximately 0.00%/(0.00%) respectively.

If the exchange rate at 31 July 2019 between the functional currency and all other currencies had increased or decreased by 1% with all other variables held constant, this would have increased or decreased net assets attributable to holders of units of the Fund by approximately 0.00%/(0.00%) respectively.

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

15 Portfolio transaction costs

For the year ending 31 July 2020

Purchases (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	20,895	7	0.03	103	0.49
Total purchases	**20,895**	**7**		**103**	
Total purchases including transaction costs	**21,005**				

Sales (excluding derivatives)	(£'000)	(£'000)	%	(£'000)	%
Equity instruments (direct)	32,373	12	0.04	–	–
Total sales	**32,373**	**12**		**–**	
Total sales net of transaction costs	**32,361**				
Total transaction costs		**19**		**103**	
Total transaction costs as a % of average net assets		**0.02%**		**0.12%**	

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

15 Portfolio transaction costs (continued)

For the year ending 31 July 2019

Purchases (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	29,304	10	0.03	147	0.50
Total purchases	**29,304**	**10**		**147**	
Total purchases including transaction costs	**29,461**				

Sales (excluding derivatives)	(£'000)	(£'000)	%	(£'000)	%
Equity instruments (direct)	69,964	24	0.03	–	–
Total sales	**69,964**	**24**		**–**	
Total sales net of transaction costs	**69,940**				
Total transaction costs		**34**		**147**	
Total transaction costs as a % of average net assets		**0.03%**		**0.12%**	

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

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

For the Fund's investment transactions in debt and money market instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Fund's daily liquidity position are excluded from the analysis.

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.15% (2019: 0.13%).

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

16 Fair value of financial assets and financial liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value as shown in the table below. The numerical disclosures in respect of financial instruments and the management of interest rate and currency risks are included below where applicable.

Valuation of financial investments

31.7.2020	Assets (£'000)	Liabilities (£'000)
Level 1: Quoted prices	64,362	–
	64,362	**–**

31.7.2019	Assets (£'000)	Liabilities (£'000)
Level 1: Quoted prices	98,213	–
	98,213	**–**

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

Notes to the Financial Statements (continued)

for the year ended 31 July 2020

17 Post balance sheet events

As indicated in the Accounting Policies in the Notes to the financial statements on page 27, the investments have been valued at midday on 31 July 2020. Since that date the Fund's quoted prices have changed as detailed in the following table, which shows the quoted prices at midday on 31 July 2020 and at midday on 17 November 2020. This is deemed to be a non-adjusting post balance sheet event.

	Price at 31 July 2020 (pence per unit)	Price at 17 November 2020 (pence per unit)	% change
Advised Accumulation	291.52	321.78	10.38%
Advised Income	146.19	157.14	7.49%
Institutional Accumulation	297.51	328.65	10.47%
Institutional Income	148.30	159.52	7.57%
Retail Accumulation	280.59	309.26	10.22%
Retail Income	138.65	148.80	7.32%

The following table summarises the total NAV movement since the balance sheet date:

	NAV at 31 July 2020 (£'000)	NAV at 17 November 2020 (£'000)	% change
Advised Accumulation	63	68	7.94%
Advised Income	6	6	0.00%
Institutional Accumulation	26,742	28,915	8.13%
Institutional Income	25,899	21,139	(18.38)%
Retail Accumulation	5,666	5,983	5.59%
Retail Income	6,497	6,790	4.51%

Institutional Income unit class had redemptions of greater than 10% since the year end. However, other classes of the fund have not seen significant activity during the same period.

18 Unit classes

For the year ending 31 July 2020

	Opening units	Units created	Units cancelled	Units converted	Closing units
Advised Accumulation	34,079	605	(619)	(12,220)	21,845
Advised Income	31,921	999	–	(28,880)	4,040
Institutional Accumulation	10,320,431	603,386	(1,898,977)	51,222	9,076,062
Institutional Income	21,648,260	3,088,702	(7,092,332)	186,851	17,831,481
Retail Accumulation	2,337,223	28,567	(287,710)	(39,155)	2,038,925
Retail Income	5,484,927	160,862	(686,937)	(172,694)	4,786,158

Distribution Tables

for the year ended 31 July 2020

First distribution

Group 1 - Units purchased prior to 1 August 2019
Group 2 - Units purchased 1 August 2019 to 31 October 2019

Accumulation units	Net Revenue Pence per unit	Equalisation Pence per unit	Distribution paid 31.12.2019 Pence per unit	Distribution paid 31.12.2018 Pence per unit
Advised - Group 1	6.67	–	6.67	5.73
Advised - Group 2	0.17	6.50	6.67	5.73
Institutional - Group 1	6.80	–	6.80	5.83
Institutional - Group 2	1.66	5.14	6.80	5.83
Retail - Group 1	6.45	–	6.45	5.57
Retail - Group 2	2.10	4.35	6.45	5.57

Income units	Net Revenue Pence per unit	Equalisation Pence per unit	Distribution paid 31.12.2019 Pence per unit	Distribution paid 31.12.2018 Pence per unit
Advised - Group 1	3.48	–	3.48	3.17
Advised - Group 2	0.01	3.47	3.48	3.17
Institutional - Group 1	3.52	–	3.52	3.19
Institutional - Group 2	1.04	2.48	3.52	3.19
Retail - Group 1	3.32	–	3.32	3.03
Retail - Group 2	0.72	2.60	3.32	3.03

Distribution Tables (continued)

for the year ended 31 July 2020

Second distribution

Group 1 - Units purchased prior to 1 November 2019
Group 2 - Units purchased 1 November 2019 to 31 January 2020

Accumulation units	Net Revenue Pence per unit	Equalisation Pence per unit	Distribution paid 31.3.2020 Pence per unit	Distribution paid 31.3.2019 Pence per unit
Advised - Group 1	2.08	–	2.08	2.20
Advised - Group 2	0.63	1.45	2.08	2.20
Institutional - Group 1	2.13	–	2.13	2.22
Institutional - Group 2	0.44	1.69	2.13	2.22
Retail - Group 1	2.01	–	2.01	2.13
Retail - Group 2	0.63	1.38	2.01	2.13

Income units	Net Revenue Pence per unit	Equalisation Pence per unit	Distribution paid 31.3.2020 Pence per unit	Distribution paid 31.3.2019 Pence per unit
Advised - Group 1	1.07	–	1.07	1.19
Advised - Group 2	1.07	–	1.07	1.19
Institutional - Group 1	1.08	–	1.08	1.20
Institutional - Group 2	0.21	0.87	1.08	1.20
Retail - Group 1	1.02	–	1.02	1.14
Retail - Group 2	0.11	0.91	1.02	1.14

Distribution Tables (continued)

for the year ended 31 July 2020

Third distribution

Group 1 - Units purchased prior to 1 February 2020
Group 2 - Units purchased 1 February 2020 to 30 April 2020

Accumulation units	Net Revenue Pence per unit	Equalisation Pence per unit	Distribution paid 30.6.2020 Pence per unit	Distribution paid 30.6.2019 Pence per unit
Advised - Group 1	4.46	–	4.46	7.44
Advised - Group 2	1.89	2.57	4.46	7.44
Institutional - Group 1	4.55	–	4.55	7.57
Institutional - Group 2	2.15	2.40	4.55	7.57
Retail - Group 1	4.30	–	4.30	7.21
Retail - Group 2	2.26	2.04	4.30	7.21

Income units	Net Revenue Pence per unit	Equalisation Pence per unit	Distribution paid 30.6.2020 Pence per unit	Distribution paid 30.6.2019 Pence per unit
Advised - Group 1	2.27	–	2.27	4.01
Advised - Group 2	2.27	–	2.27	4.01
Institutional - Group 1	2.30	–	2.30	4.05
Institutional - Group 2	1.30	1.00	2.30	4.05
Retail - Group 1	2.16	–	2.16	3.83
Retail - Group 2	0.63	1.53	2.16	3.83

Distribution Tables (continued)

for the year ended 31 July 2020

Final distribution

Group 1 - Units purchased prior to 1 May 2020
Group 2 - Units purchased 1 May 2020 to 31 July 2020

Accumulation units	Net Revenue Pence per unit	Equalisation Pence per unit	Distribution payable 30.9.2020 Pence per unit	Distribution paid 30.9.2019 Pence per unit
Advised - Group 1	3.32	–	3.32	3.95
Advised - Group 2	1.42	1.90	3.32	3.95
Institutional - Group 1	3.39	–	3.39	4.02
Institutional - Group 2	1.89	1.50	3.39	4.02
Retail - Group 1	3.20	–	3.20	3.82
Retail - Group 2	1.57	1.63	3.20	3.82

Income units	Net Revenue Pence per unit	Equalisation Pence per unit	Distribution payable 30.9.2020 Pence per unit	Distribution paid 30.9.2019 Pence per unit
Advised - Group 1	1.67	–	1.67	2.09
Advised - Group 2	1.67	–	1.67	2.09
Institutional - Group 1	1.69	–	1.69	2.11
Institutional - Group 2	1.21	0.48	1.69	2.11
Retail - Group 1	1.58	–	1.58	1.99
Retail - Group 2	0.45	1.13	1.58	1.99

Additional Information

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 15 October 2003.

Prospectus: Copies of the Fund's Prospectus are available free of charge from the Manager upon request, and from our website, www.liontrust.co.uk.

Unit type: The Fund issues accumulation and income units. Investors can elect at any time to have any income either paid out or automatically reinvested to purchase units at no initial charge.

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

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

The minimum initial lump sum investment in the Fund is £1,000, the minimum additional investment is £1,000 and the amount you may sell back to the Manager at any one time is £500. Please refer to the Prospectus for more details.

A contract note in respect of any purchase will be issued the day following the dealing date. Unit certificates will not be issued. Instructions to sell your units may be required to be given by telephone and then confirmed in writing to Liontrust Customer Services Team, PO Box 373, Darlington, DL1 9RQ. A contract note confirming the instruction to sell will be issued the day following the dealing day. Following receipt of a correctly completed Form of Renunciation, a cheque in settlement will be sent directly to you or your bank/building society, if proof of ownership of the account has been received by us, in four business days. Liontrust does not make or accept payments to or from third parties unauthorised by the Financial Conduct Authority or other financial regulator.

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

Initial charge	%	Ongoing charges figure*	%	Included within the OCF is the Annual Management Charge**	%
Advised class	up to 2.00	Advised class	1.14	Advised class	1.00
Institutional class	Nil	Institutional class	0.89	Institutional class	0.75
Retail class	up to 5.00	Retail class	1.64	Retail class	1.50

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

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

The Operating charges figures shown on the comparative tables on pages 17 to 22 are calculated on an ex-post basis over the period, whereas the Ongoing charges figures shown above is a calculation as at a point in time, and therefore there could be immaterial differences between the two.

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

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

Capital Gains Tax: As an authorised unit trust, any capital gains made within the Fund is exempt from UK Capital Gains Tax. An individual's first £12,300 of net gains on disposals in the 2020-2021 tax year are exempt from tax (2019-2020: £12,000).

Additional Information (continued)

Income Tax: UK tax resident individuals are now entitled to a new tax-free dividend allowance in place of the dividend tax credit. Consequently, all income from dividend distributions is now regarded as gross income.

UK resident individuals who are not liable to tax are not able to reclaim the tax credits from the HM Revenue and Customs. In the case of UK resident individuals who are liable to starting or basic rate tax only, the tax credit will match his or her liability on the distribution and there will be no further tax to pay and no right to claim repayments from the HM Revenue and Customs. In the case of a higher rate tax payer, the tax credit will be set against, but not fully match, his or her tax liability on the distribution. Such people will have an additional tax liability to pay.

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

- Aggregate total remuneration paid by the Manager to its staff (employees and members)
- Aggregate total remuneration paid by Liontrust Asset Management PLC to all UCITS code staff

	Headcount	Total Remuneration (£000)
Manager UK Staff*	**59**	**8,076**
of which		
Fixed remuneration	59	5,168
Variable remuneration	59	2,908
UCITS Aggregate Remuneration Code Staff**	**6**	**232**
of which		
Senior Management	2	18
Other control functions:		
Other code staff/risk takers	4	214

* The Manager's staff are members of Liontrust Fund Partners LLP or Group staff who are employed by Liontrust Asset Management PLC but have their costs apportioned to the Manager.

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

Remuneration is made up of fixed pay (i.e. salary and benefits such as pension contributions) and variable pay (annual performance based or linked directly to investment management revenues). Annual incentives are designed to reward performance in line with the business strategy, objectives, values and long term interests of the Manager and the Liontrust Asset Management PLC Group. The annual incentive earned by an individual is dependent on the achievement of financial and non-financial objectives, including adherence to effective risk management practices.

The Manager provides long-term incentives which are designed to link reward with long-term success and recognise the responsibility participants have in driving future success and delivering value. Long-term incentive awards are conditional on the satisfaction of corporate performance measures. The structure of remuneration packages is such that the fixed element is sufficiently large to enable a flexible incentive policy to be operated.

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

Additional Information (continued)

Remuneration (continued):

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

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

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

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

The 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. During the year to 31 July 2020 and at the balance sheet date, the fund did not use SFTs or total return swaps, as such no disclosure is required.

Assessment for 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. This assessment will be presented to investors in a composite report for all the Liontrust funds on www.liontrust.co.uk and the first one will be available no later than 31 December 2020.

Changes to the Fund: The manager of the Fund changed from the Macro Thematic team to the Global Equity team on 2 October 2020. Liontrust is proposing to merge the Fund with the Liontrust Income Fund, which will be subject to investor and regulatory approval.

Changes to the Prospectus: With effect from 10 February 2020, the Investment Objective and Policy of the Fund were updated. Full details can be found in the letter dated 8 January 2020 sent by Liontrust Fund Partners LLP to investors in the Fund. The updated Investment Objective and Policy can also be found in the Prospectus, Instrument of Incorporation and Key Investor Information Documents.

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

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

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

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