



2 SAVOY COURT, LONDON WC2R 0EZ TELEPHONE: 020-7412 1700 FACSIMILE: 020-7412 1779  
ADMINISTRATION & DEALING ENQUIRIES: 0844 892 1007 FACSIMILE: 0844 892 0560  
E-MAIL: [admin@liontrust.co.uk](mailto:admin@liontrust.co.uk) WEBSITE: [www.liontrust.co.uk](http://www.liontrust.co.uk)

## **LIONTRUST FUND PARTNERS LLP**

**This Document is the Prospectus of the Authorised Funds as listed below:**

**Liontrust Asia Income Fund**  
**Liontrust European Absolute Return Fund**  
**Liontrust European Growth Fund**  
**Liontrust FTSE 100 Tracker Fund**  
**Liontrust Income Fund**  
**Liontrust Special Situations Fund**  
**Liontrust UK Growth Fund**  
**Liontrust UK Smaller Companies Fund**

**Valid as at 30 January 2012**

**Prepared in accordance with Chapter 4 of the Collective Investment Schemes Sourcebook**

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## 1. INTRODUCTION

This Prospectus is prepared in accordance with the Collective Investment Schemes Sourcebook (“COLL Sourcebook”) as published by the Financial Services Authority (“FSA”) as part of its Handbook. The Authorised Funds (“Funds”) described in this Prospectus are Authorised Unit Trusts (“AUTs”) under the Financial Services and Markets Act 2000 (“the Act”). Each of the Funds is structured as a trust. Each of the Funds is a UCITS scheme for the purposes of the categorisations of the COLL Sourcebook.

Investors hold Units which reflect the value of the assets held by the Fund. Investors will in no event be liable for the debts, if any, of the Fund, beyond their initial investment.

## 2. CURRENCY

The base currency of the Funds is pounds sterling.

## 3. THE AUTHORISED FUND MANAGER (“THE MANAGER”)

Liontrust Fund Partners LLP is the Manager of the Funds and is a limited liability partnership incorporated in England & Wales. It is an indirect subsidiary of Liontrust Asset Management PLC, a public company limited by shares, incorporated in England and Wales.

<b>Registered and Head Office</b>	2 Savoy Court, London WC2R 0EZ
<b>Registered in England</b>	No: OC351697
<b>Date of Incorporation</b>	Liontrust Fund Partners LLP was incorporated in England and Wales on 22 January 2010.
<b>Members of the Manager</b>	M R Allpress S R L Corbett J R Digweed C P Galvin J H Harbottle S J J Hildrey J M V Hughes-Morgan J S Ions M F Kearney A C Morrison M P Morrissey Ms J A Sellers D J Sheppard R A Stead

### Authorisation

The Manager is authorised and regulated by the Financial Services Authority (“FSA”) of 25 The North Colonnade, Canary Wharf, London E14 5HS.

### Unit Trusts Managed by the Manager

The Manager is the manager of the Funds described in this prospectus, that is: Liontrust Asia Income Fund, Liontrust European Absolute Return Fund, Liontrust European Growth Fund, Liontrust FTSE 100 Tracker Fund, Liontrust Income Fund, Liontrust Special Situations Fund, Liontrust UK Growth Fund and Liontrust UK Smaller Companies Fund, all of which are authorised unit trust schemes (also see section 1 above).

The Manager is permitted to delegate its management and administration functions, but not responsibility, to third parties, subject to the rules in the COLL Sourcebook. It has therefore delegated the functions of investment adviser, registrar and fund administration as set out in sections 5, 6 and 8 below.

## 4. THE TRUSTEE

The Trustee for the Funds is State Street Trustees Limited (registered no.29823 84), a private company limited by shares incorporated in England and Wales on 24th October 1994. Its ultimate holding company is State Street Corporation, a company incorporated in the State of Massachusetts, USA.

Its registered office is at 20 Churchill Place, London E14 5HJ. Its Head Office (and the address which should be used for correspondence) is 525 Ferry Road, Edinburgh EH5 2AW.

The principal business activity of State Street Trustees Limited is acting as a Trustee and Depositary of collective investment schemes. It is authorised and regulated by the FSA.

The Trustee has delegated the custody of assets of the Funds to State Street Bank & Trust Company, London.

## **5. THE INVESTMENT ADVISER**

The Investment Adviser to Liontrust Asia Income Fund, Liontrust European Absolute Return Fund, Liontrust European Growth Fund, Liontrust Income Fund Liontrust Special Situations Fund, Liontrust UK Growth Fund and Liontrust UK Smaller Companies Fund is Liontrust Investment Partners LLP (“LIP”), which is authorised and regulated by the FSA. LIP is an indirect subsidiary of Liontrust Asset Management PLC. There is an Investment Management Agreement between the Manager and LIP dated 1 July 2011.

The Investment Adviser to Liontrust FTSE 100 Tracker Fund is State Street Global Advisors Limited (“SSGA”), 20 Churchill Place, London E14 5HJ which is authorised and regulated by the FSA. There is an Investment Management Agreement between the Manager and SSGA dated 29 July 2004 (and amended on 8 July 2010).

The Investment Advisers have full discretionary powers both to advise and manage the relevant Funds on behalf of the Manager. The Investment Advisers are not paid commission but are paid fees by the Manager, which are laid out in the Investment Management Agreement between the respective companies.

## **6. THE REGISTRAR**

The Manager has delegated the function of Registrar to International Financial Data Services (IFDS), IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS. The register of holders and sub-register may be inspected by unitholders at the offices of IFDS during normal business hours. The cost of the maintenance of the register and the sub-register fees for ISA unitholders is paid out of the property of each Fund and for all Funds is levied, with effect from 1 July 2011, at 0.0800% per annum of the value of the Scheme Property of each Fund. The cost is calculated and paid monthly in arrears.

## **7. THE AUDITORS**

The Auditors of the Funds are PricewaterhouseCoopers LLP of PO Box 90, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH.

## **8. DELEGATED FUNCTIONS**

### **Administration – Dealing, Settlement & Registration**

The Dealing, Settlement and Registration administrative functions for unitholders in the Funds have been delegated to International Financial Data Services (IFDS), IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS.

### **Administration – Fund Accounting, Valuation & Pricing**

The Fund Accounting, Valuation and Pricing administrative functions have been delegated to State Street Bank & Trust Company, 20 Churchill Place, London E14 5HJ.

## **9. THE CONSTITUTION OF THE FUNDS**

All Funds listed in this Prospectus are authorised unit trust schemes and are categorised in accordance with the COLL Sourcebook. The relevant category of the Funds and the effective date of the Authorisation Order made by the FSA are listed in Table 1 below. Each Fund is constituted by a Trust Deed, the dates of which are also given in Table 1 below.

**Table 1: Category, Date of Order and Constitution**

<b>Scheme</b>	<b>Category of Scheme</b>	<b>Date of Authorisation Order</b>	<b>Date of Constitution of Trust Deed</b>
Liontrust Asia Income Fund*	UCITS Scheme	9 <sup>th</sup> October 2009	9 <sup>th</sup> October 2009
Liontrust European Absolute Return Fund	UCITS Scheme	3 <sup>rd</sup> July 2009	3 <sup>rd</sup> July 2009
Liontrust European Growth Fund	UCITS Scheme	12 <sup>th</sup> September 2006	6 <sup>th</sup> September 2006
Liontrust FTSE 100 Tracker Fund	UCITS Scheme	12 <sup>th</sup> July 1995	6 <sup>th</sup> July 1995
Liontrust Income Fund	UCITS Scheme	8 <sup>th</sup> May 1990	1 <sup>st</sup> May 1990
Liontrust Special Situations Fund	UCITS Scheme	8 <sup>th</sup> September 2005	5 <sup>th</sup> September 2005
Liontrust UK Growth Fund	UCITS Scheme	28 <sup>th</sup> January 1993	27 <sup>th</sup> January 1993
Liontrust UK Smaller Companies Fund	UCITS Scheme	2 <sup>nd</sup> August 1995	27 <sup>th</sup> July 1995

\* Liontrust Asia Income Fund only becomes available to investors with effect from 8th February 2012. There will be an initial launch period from 9am 8<sup>th</sup> February 2012 to 5pm 5<sup>th</sup> March 2012. The first fund valuation will be at 12:00 on 6<sup>th</sup> March 2012.

## **10. PROFILE OF THE TYPICAL INVESTOR**

The Funds are marketable to both private investors and professional investors and advisers wishing to have exposure to the UK stock market, to the European stock markets and to the Asian stock markets, depending on the applicable Fund. While Liontrust European Absolute Return Fund will provide investors with exposure to European stock markets, the returns from the Fund are not expected to correlate to the movement in the underlying stock market indices. Investors should regard their investment as medium to long-term and should read the Risk Warnings set out in section 11, below. “R” Class Units or Retail Units are available to the general public with a minimum investment of £1,000, “I” Class Units, or Institutional Units are available to professional investors with a minimum investment of £5,000,000 whilst “J” Class units are available to Professional Advisors with a minimum investment of £10,000. All clients within the Funds will be classified as Retail Clients as defined within the FSA Handbook.

## **11. SPECIFIC RISK FACTORS**

### **General**

Investors should be aware of the following risk factors when investing in the Funds:

It is important to remember that the price of units and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested. Past performance should not be considered as a guide to future performance.

The initial charge on the issue of units is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard stock market investment as long-term.

### **Investment Risk**

The main risks arising from the Funds’ financial instruments are market price risk, exchange rate risk, interest rate risk, liquidity risk, derivatives and warrants risk and credit and counter-party risk. These risks are summarised below, the Manager has policies for managing each of these risks.

### **Market price risk**

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements. The Manager reviews the portfolios 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 Funds’ investment objectives. An individual fund manager has responsibility for monitoring the existing portfolios, in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet an acceptable risk-reward profile.

Liontrust UK Smaller Companies Fund and Liontrust Special Situations Fund may have a significant proportion of their assets in companies which are traded on the Alternative Investment Market (AIM). The nature of AIM investments is such that prices can be volatile and realisations may not achieve current book value, especially when such sales represent a significant proportion of that company’s market capital.

As Liontrust Special Situations Fund and Liontrust European Growth Fund will have a concentrated portfolio of stocks, if the price of one of these stocks should move significantly, this may have a notable effect on the value of the respective portfolio.

#### **Exchange rate risk**

Changes in the rate of exchange of currencies may affect the value of your investment, to the extent that the Funds may invest in stocks denominated in foreign currencies. The effect of currency movements can be significant for a Fund where some or all of its investments are denominated in currencies other than pounds sterling and may adversely affect the value of an investment. A fund may also use hedging to mitigate the exchange rate risk, but this will not remove all exchange rate risk. In addition, depending on an investor's currency of reference, currency movements may adversely affect the value of an investment.

#### **Interest rate risk**

Interest receivable on bank deposits or payable on any borrowing will be affected by fluctuations in interest rates.

#### **Liquidity risk**

The Funds' assets mainly comprise securities that can be readily sold. Liontrust UK Smaller Companies Fund invests exclusively in smaller companies, which may be less liquid than larger companies. Liontrust Special Situations Fund also invests a large proportion of its assets in smaller companies. In addition, Liontrust Income Fund will invest some of its assets in smaller companies. Liontrust Asia Income Fund invests primarily in Asian companies, which may be less liquid than companies in more developed markets. The main liability of the Funds is the redemption of any units that investors wish to sell.

#### **Derivatives and warrants risk**

**The use of futures, options, warrants, forwards or swaps involves increased risk.** A Fund's ability to use such instruments successfully depends on the Investment Adviser's ability accurately to predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the Investment Adviser's predictions are wrong, or if the derivatives do not work as anticipated, the Fund could suffer greater loss than if the Fund had not used derivatives.

**Use of derivatives for efficient portfolio management will generally have the effect of reducing the risk profile and volatility of the Funds. Use of derivatives for investment purposes (which is permissible for all the Funds except Liontrust FTSE 100 Tracker Fund) may increase the risk profile and volatility of the Funds.**

**Warrants can expose a Fund to a higher degree of risk because of the effect of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of a warrant. The prices of warrants can therefore be volatile. As up to 100% of the property of a Fund may be invested in warrants, the net asset value of that Fund may at times be highly volatile.**

#### **Credit and counterparty risk**

Certain transactions in securities that the Funds enter into expose them to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Funds have fulfilled their responsibilities.

Investments in derivatives that a Fund enters into expose it to the risk that the counterparty will not fulfill their obligations.

The Funds only buy and sell investments through brokers which have been approved by the Manager as an acceptable counter-party. This list is reviewed annually.

#### **Performance Fee**

For Liontrust European Absolute Return Fund, the Investment Adviser will receive a performance fee which is based on the appreciation in the Net Asset Value per unit, and accordingly the performance fee will increase with regard to unrealised appreciation, as well as realised gains.

#### **Liontrust FTSE 100 Tracker Fund**

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

### **Fund Specific Risk Management**

Additional information, supplementary to this Prospectus, is available from the Manager regarding the quantitative limits applying to the risk management of each Fund and the methods used to manage them, together with notes regarding any recent development of the risk and yields of the main categories of investment.

## **12. INVESTMENT OBJECTIVES AND POLICY**

In order for the Funds to be qualifying investments for an Individual Savings Account (“ISA”), they will be managed in accordance with the ISA regulations issued by the HM Revenue & Customs as amended from time to time, and under terms agreed between the Manager and the investor.

The investment objectives and policy of each of the Funds are explained below:

### **Liontrust Asia Income Fund**

The investment objective of Liontrust Asia Income Fund is to provide a high level of income with long term capital appreciation.

Although the Fund may invest in all economic sectors in all parts of the world, it is intended that it will currently invest primarily in equities and equity-related derivatives (such as total return swaps of equities, futures and options) in companies deriving the majority of their revenues in Asia excluding Japan which are listed on a recognised stock exchange worldwide. The Fund may also invest in other transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

### **Liontrust European Absolute Return Fund**

The investment objective of Liontrust European Absolute Return Fund is to achieve a positive absolute return for investors through a portfolio of investments primarily in equities and equity-related securities (including derivatives for investment purposes) of European companies. It is expected that a positive absolute return is capable of being generated under all market conditions. The Fund will not be benchmarked against any European equity index.

Although the Fund may invest in all economic sectors in all parts of the world, it is intended that it will currently invest primarily in equities and equity-related securities (including derivatives) in companies incorporated in any European Economic Area (“EEA”) Member State, together with Switzerland, which are listed on a recognised stock exchange of an EEA Member State or Switzerland. The Fund will not be restricted in choice of investment by either size or sector. The Fund may invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

### **Liontrust European Growth Fund**

The investment objective of Liontrust European Growth Fund is to provide long-term capital growth through a concentrated portfolio of investments primarily in European companies excluding the UK.

Although the Fund may invest in all economic sectors in all parts of the world, it is intended that it will currently invest primarily in equities in companies incorporated in any European Economic Area (“EEA”) Member State, together with Switzerland, but other than the UK, which are listed on a recognised stock exchange of an EEA Member State or Switzerland. The Fund may also invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

### **Liontrust FTSE 100 Tracker Fund**

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

### **Liontrust Income Fund**

The investment objective of Liontrust Income Fund is to provide a high level of income with capital values keeping pace with inflation.

Although the Fund may invest in all economic sectors in all parts of the world, it is intended that it will currently invest primarily in securities in companies listed on the International Stock Exchange of the UK and Ireland. The Fund may also invest in shares issued by companies incorporated in any European Economic Area (“EEA”) Member State other than the UK which are listed on a recognised stock exchange of an EEA Member State. The Fund may also invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

#### **Liontrust Special Situations Fund**

The investment objective of Liontrust Special Situations Fund is to provide long-term capital growth.

To achieve this aim, the Fund will invest primarily in a concentrated portfolio of UK companies’ shares. The Fund will invest where the fund manager believes there are the greatest opportunities to provide long term capital growth. The Fund will not be restricted in choice of investment by either size or sector. The Fund may also invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

#### **Liontrust UK Growth Fund**

The investment objective of Liontrust UK Growth Fund is to provide long-term capital growth through a portfolio of mainly United Kingdom (“UK”) equities but with the option of investing part of the portfolio overseas.

Although the Fund may invest in all economic sectors in all parts of the world, it is intended that it will currently invest primarily in securities in companies listed on the International Stock Exchange of the UK and Ireland. The Fund may also invest in shares issued by companies incorporated in any European Economic Area (“EEA”) Member State other than the UK which are listed on a recognised stock exchange of an EEA Member State. The Fund may also invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

#### **Liontrust UK Smaller Companies Fund**

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

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

### **13. INVESTMENT RESTRICTIONS**

The investment objectives and policy are subject to the limits on investment under the COLL Sourcebook. The restricted limits, which apply to all the Funds, are summarised below:

- a. The Funds may invest without limit in approved securities which are transferable securities listed on an Eligible Securities Market and (except Liontrust FTSE 100 Tracker Fund) in approved money-market instruments.
- b. A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
  - i. the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - ii. its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem units at the request of any qualifying unitholder under the FSA Rules;
  - iii. reliable valuation is available for it as follows:
    - in the case of a transferable security admitted to or dealt in on an eligible market, where

there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

- in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- iv. appropriate information is available for it as follows:
- in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
- v. it is negotiable; and
- vi. its risks are adequately captured by the risk management process of the Manager.

Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

- i. not to compromise the ability of the Manager to comply with its obligation to redeem units at the request of any qualifying unitholder; and
  - ii. to be negotiable.
- c. An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time. All the Funds (except Liontrust FTSE 100 Tracker Fund) are able to invest in approved money-market instruments.
- d. Under the terms of the COLL Sourcebook, up to 10% in value of the property of each of the Funds may consist of transferable securities which are not admitted to or dealt in on an Eligible Securities Market or money-market instruments that are not approved money-market instruments (except Liontrust FTSE 100 Tracker Fund which may not invest in money-market instruments).
- e. No more than 5% in value of the property of a Fund may be invested in transferable securities or approved money-market instruments issued by any single body. As exceptions to this:
- i. up to 10% in value of the property of a Fund may be invested in such securities issued by any single body, if the value of all such holdings does not exceed 40% of the value of the property of that Fund;
  - ii. for all Funds except Liontrust FTSE 100 Tracker Fund (which is not permitted to invest in covered bonds) up to 25% in value of the property of a Fund may be invested in respect of covered bonds, provided that where a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the property of the Fund; and
  - iii. as long as 35% or less of the property of the Fund is invested in government and public securities issued by any one body, there is no limit on the amount which may be invested in:
    - a. such securities; or
    - b. such securities issued by any one body or of any one issue.
- f. Each of the Funds (subject to paragraphs b) iv and j below in the case of Liontrust FTSE 100 Tracker Fund):
- i. must not acquire transferable securities (other than debt securities) which:
    - a) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

- b) represent more than 10% of those securities issued by that body corporate;
  - ii. must not acquire more than 10% of the debt securities issued by any single body;
  - iii. must not acquire more than 10% of the units in a collective investment scheme; and
  - iv. must not acquire more than 10% of the approved money market instruments issued by any single body (except Liontrust FTSE 100 Tracker Fund which may not invest in money-market instruments).
- g. Up to 100% in value of the property of a Fund (except for Liontrust FTSE 100 Tracker Fund where the limit is 5% in value of the property of the Fund) may consist of warrants, provided that warrants may be held only if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the limits applicable to each of the Funds. **Warrants can expose a Fund to a higher degree of risk because of the effect of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement in the price of a warrant. The prices of warrants can therefore be volatile. As up to 100% of the property of a Fund (except for Liontrust FTSE 100 Tracker Fund where the limit is 5% in value of the property of the Fund) may be invested in warrants, the net asset value of that Fund may at times be highly volatile.**
- h. Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing or potential call for any sum unpaid could be paid by the Fund at any time when the payment is required without contravening the COLL Sourcebook.
- i. Up to 10% in value of the property of a Fund (except in the case of Liontrust FTSE 100 Tracker Fund, where the limit is 5% in value of the property of the Fund, which limit may be increased to 10% on 60 days' notice to unitholders in Liontrust FTSE 100 Tracker Fund) may be invested in units or shares in a collective investment scheme ("second scheme") if the second scheme satisfies all of the conditions set out in COLL 5.2. 13R, including:
- (i) UCITS schemes; and
  - (ii) schemes which are not UCITS schemes provided such schemes comply with the conditions necessary for them to enjoy the rights conferred by the UCITS Directive or they are recognised schemes under FSMA.
- Each scheme in (i) and (ii) above must have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes.
- Any investment in collective investment schemes run by the Manager or an associate can only be made where COLL 5.2.16R is complied with (there is no double charging of the preliminary charge).
- j. Underwriting and sub-underwriting may, subject to certain conditions, be entered into for the account of a Fund. The exposure of the Fund to such agreements and undertakings must, on any business day, be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit applicable to the Fund.
- k. For Liontrust FTSE 100 Tracker Fund only, the Fund:
- i. may invest (up to a limit of 5% of the Fund) in certain structured instruments which have the purpose of increasing exposure to the performance of an index constituent share; and
  - ii. may invest up to 20% in value of the property of the Fund in shares and debentures which are issued by the same body.
- l. In respect of each Fund:
- i) **the Fund may consist of permitted derivatives and forward transactions for investment or efficient portfolio management purposes (except Liontrust FTSE 100 Tracker Fund, which may use derivatives and forward transactions for efficient portfolio management purposes only) which may increase the risk profile of the Fund. Derivatives may be used to create synthetic short positions. All derivatives will be subject to a risk management process to manage the risks associated with these derivatives;**
  - ii) the exposure to any one counterparty in an OTC derivative transaction must not exceed 5 percent in value of the property of the Fund. This limit is raised to 10 percent where the counterparty is an approved bank;
  - iii) a transaction in derivatives or a forward transaction must not be effected for the Fund unless the transaction is of a kind specified herein and the transaction is covered. Where the Fund invests in

derivatives, the exposure to the underlying assets must not exceed the general limits on spread (noted in (e) to (i) above). Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section;

- iv) a transaction in a derivative must be in an approved derivative; or be one which complies with the requirements for entering into OTC transactions in derivatives. A transaction in a derivative must have the underlying consisting of any or all of the following to which the Fund is dedicated, i.e. transferable securities, money market instruments, deposits, derivatives, collective investment scheme units, financial indices, interest rates, foreign exchange rates, and currencies. A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A transaction in a derivative must not cause the Fund to diverge from its investment objectives as stated in the Trust Deed constituting the Fund and the most recently published version of this Prospectus. A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units in collective investment schemes, or derivatives. Any forward transaction must be with an approved counterparty. Any forward transaction must be made with an eligible institution or an approved bank. All derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee; and it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining;
- v) there is a requirement to cover sales; no agreement on behalf of the Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Fund at the time of the agreement. This requirement does not apply to a deposit.
- vi) any transaction in an OTC derivative must be:
- in a future, an option, a contract for difference or a swap;
  - with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an eligible institution or an approved bank; or a person whose permission (including any requirements or limitations), as published in the FSA Register or whose home state authorisation, permits it to enter into the transaction as principal off-exchange;
  - on approved terms; the terms of the transaction in derivatives are approved only if, the Manager carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value;
  - capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of (i) an up-to-date market value which the Manager and the Trustee have agreed is reliable or (ii) if the value referred to in (i) is not available, on the basis of a pricing model with the Manager and the Trustee have agreed uses an adequate recognised methodology; and
  - subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it or (ii) a department within the Manager which is independent from the department in charge of managing the property of the Fund and which is adequately equipped for such a purpose;
- vii) collateral required under OTC derivative transactions must be:
- marked-to-market on a daily basis and exceed the value of the amount at risk;
  - exposed only to negligible risks and is liquid;
- 
- held by a third party custodian not related to the provider or is legally secured from the

consequences of a failure of a related third party; and

- be fully enforced by the Fund at any time;

OTC derivative positions with the same counterparty may be netted provided that the netting procedures comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and are based on legally binding agreements;

viii) the Manager uses a risk management process, as reviewed by the Trustee, enabling it to monitor and measure as frequently as appropriate the risk of the Fund's positions and their contribution to the overall risk profile of the Fund. Before using the process, the Manager will notify the FSA of the details of the risk management process;

ix) the Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its property. Exposure will include any initial outlay in respect of that transaction. Cover ensures that the Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the property. Therefore, the Fund must hold property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Detailed requirements for cover of the Fund are set out below. A future is to be regarded as an obligation to which the Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the Fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something). Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction;

x) transactions may only be entered into if the maximum potential exposure created by the transaction, in terms of the principal or notional principal of the derivative, does not exceed the net asset value of the scheme property and their global exposure to the underlying assets does not exceed the investment limit laid down in the COLL Sourcebook.

Global exposure within a Fund is a measure of the maximum potential loss to the Fund from the use of derivative instruments. Depending on the risk profile of the Fund, this is calculated using the "commitment approach" or, where appropriate, the "Value-at-Risk approach", which is considered to be an advanced risk measurement methodology.

The "commitment approach" converts derivatives into the equivalent position in the underlying assets and thereby measures the incremental exposure provided by derivatives, after all appropriate netting or hedging positions have been removed. The commitment approach is currently used by all of the Funds save for the Liontrust European Absolute Return Fund.

The "Value at Risk (VaR) approach" is an estimate of the maximum potential loss due to market risk rather than leverage. The VaR approach estimates the maximum potential loss at a given confidence level, or probability, over a specific time period under normal market conditions. The VaR approach is currently used by the Liontrust European Absolute Return Fund.

Below are details of an estimate of the expected leverage of the Liontrust European Absolute Return Fund, under normal market conditions, calculated for this purpose as the sum of all notional derivative positions including currency hedging positions. Also shown is the expected leverage level if the netting and hedging provisions under the commitment approach were availed of:

<b>Liontrust European Absolute Alpha Fund</b>	<b>Sum of notional derivatives</b>	<b>Commitment Approach</b>
Expected leverage under normal market conditions	250% of the NAV of the Fund	180% of the NAV of the Fund
Maximum leverage levels	350% of the NAV of the Fund	250% of the NAV of the Fund

Shareholders should be aware that there is a possibility of higher leverage levels than those under normal market conditions, and in this regard, the maximum leverage levels for the fund are also shown.

- m. The Manager must not acquire, or cause to be acquired for a Fund of which it is the manager, transferable securities issued by a body corporate and carrying rights to vote (whether or not on

substantially all matters) at a general meeting of that body corporate if immediately before the acquisition, the aggregate of any such securities held for that Fund, together with any such securities already held for other Funds of which it is the manager, gives the Manager power to influence significantly the conduct of business of that body corporate; or the acquisition gives the Manager that power. The Manager is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

- n. Each Fund (except Liontrust FTSE 100 Tracker Fund, which may not invest in deposits) may invest the property of the Fund in deposits provided that not more than 20% in value of the property of the Fund is to consist of deposits with a single body.

#### **14. BORROWING POWERS**

The Trustee may, on the instructions of the Manager and subject to the COLL Sourcebook, borrow money from an “eligible institution” or an approved bank (please see FSA Handbook, for full definition of “eligible institution” and “approved bank”) for the use of a Fund on terms that the borrowing is to be repayable out of the property of the Fund.

Borrowing must be on a temporary basis and in any event must not exceed three months without the prior consent of the Trustee, which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis. The Manager must ensure that borrowing does not, on any business day, exceed 10% of the value of the property of the Fund.

This 10% limit also applies to other arrangements designed to achieve a temporary injection of money into the property of each Fund, in the expectation that such borrowing will be repaid e.g. by way of a combination of derivatives which produces an effect similar to borrowings.

These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes, i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

#### **15. DERIVATIVES – EFFICIENT PORTFOLIO MANAGEMENT**

The Trustee (on the instructions of the Manager) and the Manager may utilise the property of all the Funds listed in this Prospectus to enter into transactions for the purposes of efficient portfolio management. The purpose of efficient portfolio management is to achieve one or more of the following in respect of that Fund: reduce risk, reduce cost and/or generate additional capital or income with a risk level which is consistent with the risk profile of the relevant Fund and the risk diversification rules laid down in the COLL Sourcebook.

There is no limit on the amount of the property of a Fund which may be used for efficient portfolio management but the transaction must be economically appropriate to the reduction of the relevant risks (whether in property prices, interest rates or exchange rates) or to the reduction of the relevant costs and the exposure must be fully “covered” (i.e. not requiring a significant provision to be made in respect of it) by cash or other property sufficient to meet any obligation to pay or deliver that could arise. The use of derivatives for efficient portfolio management purposes will not affect the risk profile of any of the Funds.

These transactions (except stocklending transactions) may involve options, futures or contracts for differences which are dealt in or traded on an Eligible Derivatives Market or in special circumstances an “off-exchange option” or a “synthetic future” or a forward transaction in a currency. All transactions must be covered in order to limit the exposure to risk.

There are various possible ways in which economically appropriate transactions may be permitted as listed below:

##### **Closing Out**

The property of a Fund may be used in transactions to close out another transaction.

##### **Reduction of Risk**

The property of a Fund may also be used in a transaction which the Manager reasonably regards as economically appropriate to the reduction of risk or cost arising in the management of the Fund as a result of fluctuations in:

- the price of the property of the Fund or any part of the Fund; or
- the price of property which it is proposed should be acquired for the Fund; or
- the price of transferable securities of a particular description or relating to particular geographic or economic sectors where it is proposed that such securities should be acquired for the Fund; or

- interest rates; or
- exchange rates.

### **Better Pricing**

The Manager may enter into transactions where it appears reasonably economically appropriate in order to acquire or dispose of property of a Fund where the total price of the transaction, including for example the exercise price of an option, is reasonably regarded by the manager as a better price than if the property was acquired or disposed of directly.

### **Cash Flow Management**

The Manager may also enter into transactions it reasonably regards as economically appropriate to the reduction of risk or cost arising in the management of a Fund by reason of any receipt or expenditure of money which is certain to take place at some time and is anticipated to take place within one month.

### **Additional Returns**

The Manager is also permitted to enter into transactions it reasonably regards as economically appropriate with a view to generating additional income or capital for a Fund with no, or an acceptable degree of, risk but only on the basis that the Manager is certain (or certain barring accidents which are not reasonably foreseeable) that the Fund will derive some benefit whether by way of capital or income by:

- Arbitrage: enter into transactions to take advantage of pricing imperfections in the markets; or
- Writing options: call options may be written (giving the Fund an obligation to sell transferable securities if called on) on property which the Fund holds or may properly hold (or an index of securities wholly related to or reasonably congruent with such property) which appear to the Manager as certain to cause the Fund to derive some benefit. If a call option is written, there must be sufficient property to which the call option relates in the Fund, which may not be disposed of while the option is outstanding and which may be called on if the holder of the option decides to exercise it. If a put option is written, then it must have an expiry date within a reasonable time and must relate to property which the Manager wishes to include within the property of the Fund at the time of writing or exercise of the option.

### **Stocklending**

As an element of hedging, the Manager may request the Trustee to enter into certain stocklending transactions in respect of the Funds. Briefly, such transactions are those where the Trustee delivers the securities which are the subject of the transaction, in return for which it is agreed that securities of the same kind and amount should be re-delivered to the Trustee at a later date. The Trustee at the time of delivery of the securities receives assets as collateral to cover the risk of the future re-delivery not being completed.

Such transactions must always comply with the relevant requirements of the Income and Corporation Taxes Act 1988. The transactions must also comply with the relevant requirements in the COLL Sourcebook. There is no limit on the value of the property of the Funds which may be the subject of stocklending transactions.

For Liontrust European Growth Fund and Liontrust European Absolute Return Fund the income received is split between the Fund, the Manager for the administration of the Stocklending on behalf of the Fund and State Street Bank & Trust Company who will manage the Stocklending activity. The current split of the income received is that the Fund will receive 60%, the Manager will receive 10% and State Street Bank & Trust Company will receive 30%.

## **16. DERIVATIVES – INVESTMENT PURPOSES**

The Funds (except for Liontrust FTSE 100 Tracker Fund, which may not use derivatives or forward transactions for investment purposes) may utilise derivative strategies to meet the investment objective and policy of the Fund. These strategies may include creating synthetic short positions. The use of these strategies will be subjected to a risk management process which will involve managing counterparty exposure, in respect of OTC derivative transactions, by holding collateral and/or netting positions with the same counterparty which are on equivalent terms.

**Use of derivatives for efficient portfolio management will generally have the effect of reducing the risk profile and volatility of the Funds. Use of derivatives for investment purposes may increase the risk profile and volatility of the Funds, although the Manager does not intend that the use of derivatives will affect the risk profile and volatility of the Funds.**

The Manager may use one or more separate counterparties for derivative instruments. The various limits and regulatory requirements relating to derivative instruments are described more fully in Section 13 above.

## **17. ELIGIBLE MARKETS**

The Funds may invest or deal in the list of Eligible Markets listed in Appendix 3.

## **18. THE CHARACTERISTICS OF UNITS IN THE FUNDS**

The nature of the rights represented by units is that of a beneficial interest under a Trust.

### **Voting Rights**

Neither the Manager nor any Associate of the Manager shall be entitled to vote at any meeting of unitholders except that the Manager and such an Associate may vote in respect of units which either of them holds as bare trustee or nominee on behalf of the person from whom either of them has received voting instructions. On a show of hands, every unitholder, who being an individual present in person, or being a corporation is present by a properly authorised representative, has one vote. On a poll, votes may be given either personally or by proxy. The voting rights for each unit is the proportion of the voting rights attached to all of the units in issue that the price of the unit bears to the aggregate price or prices of all the units in issue.

Where all the units in a Trust are registered to, or held by, the Manager or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Trustee to the process, instead be passed with the written consent of unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the units of the Fund in issue.

In the case of joint unitholders, the vote of the most senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint unitholders. For this purpose seniority must be determined by the order in which the names stand in the register of unitholders.

### **Type of Units**

As at the date of this Prospectus, with the exception of Liontrust European Absolute Return Fund, all the Funds issue "Distribution Units". A Distribution Unit is a unit in respect of which net distribution allocated is distributed periodically to holders. However, unitholders may elect at any time to have the distribution reinvested. Liontrust European Absolute Return Fund issues "Accumulation Units". An Accumulation Unit is a unit in respect of which net distribution income is retained in the property of the Fund.

## **19. VALUATION OF PROPERTY**

The value of the property of each Fund shall be determined in accordance with the relevant rules of the FSA for dual priced funds (contained in the FSA's Collective Investment Scheme Sourcebook).

The property of the Funds will be valued on each Business Day (as defined within the FSA Handbook), at 12:00 hours, on a forward pricing basis, for the purpose of determining the issue and redemption prices of units. The calculation of the creation and cancellation prices of units will commence immediately thereafter. The property will be valued on the offer basis for the purpose of calculating the creation price of units and the amount of the initial charge, and on the bid basis for the purpose of calculating the cancellation price of units or for determining the investment limits.

The Manager may at any time during any business day carry out an additional valuation of the property of a Fund if the Manager considers it appropriate to do so. Any such additional valuation would be undertaken after consulting with the Trustee.

For the purpose of calculating the Manager's and the Trustee's annual charge, the value of the property will be determined on a mid-market basis. On the issue or repurchase of units by the Manager the relevant prices respectively will not exceed those calculated on the offer basis (together with the initial charge) and will not be less than those calculated on the bid basis.

## **20. ISSUE AND REDEMPTION OF UNITS**

Investors may apply in writing or telephone to purchase or redeem units from the Manager on any Business Day (as defined within the FSA Handbook), between 09:00 hours and 17:00 hours.

### **Retail, Institutional and "J" Class Units**

There are three classes of unit (each a "Class") in Liontrust Asia Income Fund however only the "R" & "I" class units are presently available to investors. Two classes of unit are available in every other Fund (except for Liontrust FTSE 100 Tracker Fund and Liontrust UK Smaller Companies Fund in which only one class of unit is available which is comparable to the Retail Units of the other Funds):

1. “R” Class Units or Retail Units which are available to the general public with a minimum investment of £1,000;
2. “T” Class Units or Institutional Units which are available to professional investors with a minimum investment of £5,000,000; and
3. “J” Class Units which are available to Professional Advisors with a minimum investment of £10,000

#### **New Issue**

An investor’s first instruction to open an account should be in writing and their cheques should accompany their applications. Cheques should be made payable to ‘Liontrust Fund Partners LLP’. All purchases of units will be acknowledged by a contract note. In the case of telephone applications, payment is due immediately on receipt of the contract note.

Units will be issued at a Forward Price based on the buying price calculated by reference to the next valuation point. Certificates will not be issued in respect of registered units.

In its dealings in units the Manager is dealing as principal.

#### **Redemption**

The minimum value of units (or lower, at the Manager’s discretion) which may be redeemed in any one transaction is stated in Tables 2, 3 and 4 below. Requests for redemption will be acknowledged by a contract note and units will be redeemed at a Forward Price based on the selling price calculated by reference to the next valuation point.

The investor must complete, sign and return to the Manager a Form of Renunciation, unless a Contractual Settlement Agreement is in place. Partial disposals are permitted, but the Manager may refuse to accept an instruction to redeem part of a holding if by doing so the residual value of the units remaining in the holding would be less than the minimum investment requirement (or lower, at the Manager’s discretion) as stated in Tables 2, 3 and 4 below.

The Manager may with prior agreement of the Trustee, or shall if the Trustee so requires, suspend the issue and redemption of units, ensuring that any such suspension is reviewed at least every 28 days, if the Manager or the Trustee is of the opinion that there is good and sufficient reason to do so having regard to the interests of the participants. In the event of a suspension of units, the Manager or the Trustee will immediately inform the FSA, stating the reason for its action. The Manager will ensure that a notification of the suspension is made to unitholders as soon as practicable after suspension commences and keep unitholders appropriately informed about the suspension including, if known, its likely duration. The calculation of creation and cancellation prices will recommence immediately following the valuation point following such circumstances ceasing to apply.

Currently, transfers of title to units may not be effected on the authority of an electronic communication.

#### **In-specie Redemptions**

Units representing 5% or more of a Fund and in respect of which redemption is requested may (either at the request of the unitholder or by election of the Manager) be redeemed *in specie* in accordance with the COLL Sourcebook. In which case, instead of payment in cash, the redeeming unitholder will be entitled to a pro rata transfer of property out of the Fund and the units to the equivalent value of the *in specie* securities will be cancelled.

#### **In-specie Creations**

In certain circumstances, the Manager may, at its discretion, accept securities in settlement of a purchase of units in the Funds, provided that the aggregate value of those securities exceeds £10,000,000, or lower at the Manager’s discretion.

#### **Settlement of Transactions**

When entering into any transaction to buy or sell units with the Manager, the unitholder is entering into a legally binding contract which provides that each transaction should be fulfilled to completion. Any unsettled transactions which remain following a period of 35 days after the transaction was dealt, may be subject to cancellation if either, in the case of sales of units, the settlement monies are not received from the unitholder or, in the case of a repurchase of units from a unitholder, the renunciation details are not completed by the unitholder. The Manager reserves the right to pass to the unitholder any charges or resultant loss that may occur in cancelling an unsettled transaction.

#### **Net Dealing**

The Manager will not allow Net Dealing in any of its funds under any circumstances.

#### **Minimum Investment and Redemption**

The minimum initial and subsequent investment, and the minimum redemption amount (all at the Manager's discretion), for each the Funds are listed below.

**Table 2: Minimum Initial and Subsequent Investment, and Minimum Redemption: Retail Units**

Fund	Retail Units (“R”)		
	Minimum Investment		Minimum Redemption
	Initial	Subsequent	
Liontrust Asia Income Fund	£1,000	£1,000	£500
Liontrust European Absolute Return Fund	£1,000	£1,000	£500
Liontrust European Growth Fund	£1,000	£1,000	£500
Liontrust FTSE 100 Tracker Fund*	£1,000	£1,000	£500
Liontrust Income Fund	£1,000	£1,000	£500
Liontrust Special Situations Fund	£1,000	£1,000	£500
Liontrust UK Growth Fund	£1,000	£1,000	£500
Liontrust UK Smaller Companies Fund*	£1,000	£1,000	£500

**Table 3: Minimum Initial and Subsequent Investment, and Minimum Redemption: Institutional Units**

Fund	Institutional Units (“I”)		
	Minimum Investment		Minimum Redemption
	Initial	Subsequent	
Liontrust Asia Income Fund	£5m	£100,000	£50,000
Liontrust European Absolute Return Fund	£5m	£100,000	£50,000
Liontrust European Growth Fund	£5m	£100,000	£50,000
Liontrust FTSE 100 Tracker Fund*	n/a	n/a	n/a
Liontrust Income Fund	£5m	£100,000	£50,000
Liontrust Special Situations Fund	£5m	£100,000	£50,000
Liontrust UK Growth Fund	£5m	£100,000	£50,000
Liontrust UK Smaller Companies Fund*	n/a	n/a	n/a

**Table 4: Minimum Initial and Subsequent Investment, and Minimum Redemption: “J” Class Units**

Fund	“J” Class Units		
	Minimum Investment		Minimum Redemption
	Initial	Subsequent	
Liontrust Asia Income Fund	£10,000	£5,000	£5,000
Liontrust European Absolute Return Fund	n/a	n/a	n/a
Liontrust European Growth Fund	n/a	n/a	n/a
Liontrust FTSE 100 Tracker Fund*	n/a	n/a	n/a
Liontrust Income Fund	n/a	n/a	n/a
Liontrust Special Situations Fund	n/a	n/a	n/a
Liontrust UK Growth Fund	n/a	n/a	n/a
Liontrust UK Smaller Companies Fund*	n/a	n/a	n/a

\* There is one class of Unit available in Liontrust FTSE 100 Tracker Fund and Liontrust UK Smaller Companies Fund, which is comparable to “Retail Units” in other Funds.

## 21. PUBLICATION OF PRICES

Valuations of holdings and the Liontrust fund prices can be obtained on request by telephone during normal working hours to our Customer Services Team on 0844 892 1007. Please note that security checks will be undertaken before any client specific information can be released. Liontrust also offers a 24 hour telephone service to clients to receive a valuation or fund price through an automatic voice recognition facility. Clients will need to register for this service. Details are available on request. Liontrust fund prices are also available on the Liontrust website [www.liontrust.co.uk/Products/FundPrices](http://www.liontrust.co.uk/Products/FundPrices).

## 22. HISTORIC FUND PERFORMANCE

The following table shows the percentage movement in the price for Retail Units in each of the Funds for the last five discrete calendar years, where the Fund has been in existence for more than one year.

**Table 5: Historic Fund Performance for Retail Units (“R”) for each discrete calendar year, for the last five years.**

	2007	2008	2009	2010	2011
Liontrust UK Growth Fund	9.2	-32.9	26.9	26.6	5.0
Liontrust Income Fund	-8.9	-34.9	25.1	14.4	-3.7
Liontrust UK Smaller Companies Fund	-5.8	-27.5	41.6	27.7	1.5
Liontrust FTSE 100 Tracker Fund*	6.8	-28.1	26.2	13.1	-3.8
Liontrust Special Situations Fund	0.2	-25.9	41.2	36.1	7.5
Liontrust European Growth Fund	15.9	-23.4	22.1	26.3	-14.5
Liontrust European Absolute Return Fund	n/a	n/a	n/a	6.8	7.1

Source: *Financial Express*, total return bid to bid basis, discrete calendar performance table from UK IMA UT and OEICs universe. Figures to 31.12.11. Up to date (the last calendar quarter end) past performance information may be obtained from the most recent relevant Fund Factsheets, available on our web-site [www.liontrust.co.uk](http://www.liontrust.co.uk) or by calling our Broker Services Support desk on 0844 892 1007.

\*Liontrust FTSE 100 Tracker Fund was previously known as the Liontrust Top 100 Fund.

As Liontrust Asia Income Fund only launched on 8 February 2012 there is no historical performance data yet available.

### Warning

The units in each of the Funds represent an investment connected with stock exchange securities. The price of units and the income from them can go down as well as up and the unitholder may not get back all of the initial investment. The unitholder should, therefore, regard the investment as medium to long-term.

## 23. THE MANAGER’S POWER TO DEAL

The Manager is under no obligation to account to the Trustee or to unitholders for any profit it makes on the issue, re-issue or cancellation of units which the Manager has redeemed.

## 24. TERMINATION OF THE FUNDS

A Fund shall be terminated if:

- a. the Order declaring the Fund to be an authorised unit trust scheme is revoked; or
- b. in response to a request to the FSA by the Manager or the Trustee for the Revocation of the Authorisation Order, the FSA has agreed, albeit subject to there being no material change in any relevant factor, that on the conclusion of the winding-up of the Fund, the FSA will accede to that request; or
- c. the expiration of any period specified in the Trust Deed as the period at the end of which the Fund is to terminate; or
- d. in accordance with the terms of a Scheme of Arrangement.

In the winding-up of a Fund for the purposes of a Scheme of Arrangement, the Fund shall be wound up in accordance with the terms of the Scheme of Arrangement or the Extraordinary Resolution approving it. The Scheme of Arrangement shall not result in the unitholders in the Fund becoming holders of units in any body other than a regulated collective investment scheme.

In any other case, the Trustee shall, as soon as practicable, realise the property of the Fund and, after discharging the liabilities of the Fund and making provision for the cost of the winding-up, distribute the net proceeds of such realisation to the unitholders and the Manager (upon production of such evidence of title as the Trustee may reasonably require) proportionately to their respective interests in the Fund.

## Unclaimed Payments

Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after the expiration of twelve months from the date of payment shall be paid by the Trustee into Court, subject to the Trustee's right to retain thereout the costs incurred in making such a payment into Court.

## 25. CHARGES, FEES AND EXPENSES

### Preliminary Charge

The price at which units can be purchased from the Manager may include a Preliminary Charge payable to the Manager. The current amount (or lower, as agreed with the Manager) of the Preliminary Charge as a percentage of the creation price are listed in Table 6 below. The Manager may make a charge on redemption of units but does not do so at the moment.

**Table 6: Preliminary Charge**

Fund	Retail Units ("R")	Institutional Units ("I")	"J" Class Units
Liontrust Asia Income Fund	5%	Nil	5%
Liontrust European Absolute Return Fund	5%	Nil	n/a
Liontrust European Growth Fund	5%	Nil	n/a
Liontrust FTSE 100 Tracker Fund*	Nil	n/a	n/a
Liontrust Income Fund	5%	Nil	n/a
Liontrust Special Situations Fund	5%	Nil	n/a
Liontrust UK Growth Fund	5%	Nil	n/a
Liontrust UK Smaller Companies Fund*	5%	n/a	n/a

\* There is one class of Unit available in Liontrust FTSE 100 Tracker Fund and Liontrust UK Smaller Companies Fund, which is comparable to "Retail Units" in other Funds.

### Manager's Periodic Charge

The Manager takes a periodic charge typically out of the income property of all the Funds except Liontrust Asia Income Fund and Liontrust Income Fund. For Liontrust Asia Income Fund and Liontrust Income Fund, the Manager's Periodic Charge is typically reimbursed from the capital account. This may constrain capital growth. The amount reimbursed from either the capital or income accounts may, at the Manager's discretion, vary during and/or between accounting periods.

The current amount of the periodic charge per annum is listed in Table 7 below. Any proposal to increase the present periodic charge requires advance notice to unitholders.

**Table 7: Manager's Periodic Charge (per annum)**

Fund	Retail Units ("R")	Institutional Units ("I")	"J" Class Units
Liontrust Asia Income Fund	1.5%	0.75%	1.00%
Liontrust European Absolute Return Fund	1.5%	0.75%	n/a
Liontrust European Growth Fund	1.5%	0.75%	n/a
Liontrust FTSE 100 Tracker Fund*	0.295%	n/a	n/a
Liontrust Income Fund	1.5%	0.75%	n/a
Liontrust Special Situations Fund	1.75%	0.75%	n/a
Liontrust UK Growth Fund	1.5%	0.75%	n/a
Liontrust UK Smaller Companies Fund*	1.5%	n/a	n/a

\* There is one class of Unit available in Liontrust FTSE 100 Tracker Fund and Liontrust UK Smaller Companies Fund, which is comparable to "Retail Units" in other Funds.

The accrual interval for such periodic charge shall commence at the first or only valuation point on each business day and shall end immediately before the first or only valuation point on the next following business day during which a valuation is effected and amounts of the periodic charge accrued during a calendar month shall be paid to the Manager out of the property of the Fund on or as soon as is practicable after the last business day of that calendar month.

## Performance Fee - Liontrust European Absolute Return Fund

For Liontrust European Absolute Return Fund a performance fee of 20 percent of any outperformance as described below is payable to the Manager and charged to the relevant Class of the Fund. Performance Fees are calculated separately in respect of each Class of Units (Retail, Institutional and “J” Class where applicable). There is no maximum cap to the amount of performance fee that may be charged as this is determined by the rate of performance growth.

A number of technical terms are used to describe how the performance fee is calculated and these are explained in the glossary below:

Crystallise Crystallisation	The point at which any performance fee becomes payable to the Manager, even if it is paid out at a later date. Crystallisation will occur at the end of a Performance Period. On a Dealing Day when an investor redeems or converts all or part of his Unit holding the performance fee accrued within the price in respect of those redeemed units will be crystallised.
Gross NAV	The Net Asset Value of the units in the relevant Class of the Fund after all regularly accruing charges and expenses have been accrued to the Fund but before any performance fee has been accrued on the current Valuation Day.
High Water Mark	With respect to the first Performance Period of the units, the initial Net Asset Value per unit, or in subsequent Performance Periods the Net Asset Value per unit of the relevant Class of the Fund at the end of the previous Performance Period if a performance fee has been paid out.
Hurdle	The interest rate against which the performance of the relevant Class of the Fund is measured for the purpose of calculating the performance fee. For the avoidance of doubt, the interest rate referred to is the 3 month LIBOR return which is currently reset at the end of each quarter in March, June, September and December and is solely used for performance fee calculation purposes, and should therefore under no circumstances be considered as indicative of a specific investment style. To reflect changes in market conditions the Manager may reset the Hurdle on a more frequent basis. Any such change would be notified to unitholders in the next available Report & Accounts. At the commencement of a new Performance Period the interest rate will be applied to the higher of the prior Performance Period’s Hurdle and the prior Performance Period’s closing net NAV. This ensures that the Hurdle will never decrease.
Net Asset Value per unit Return	This is calculated on each Valuation Day as the difference between the Gross NAV per unit and that of the Net NAV per unit on the previous Valuation Day for the units.
Net NAV	The Net Asset Value of the units in the Fund after the performance fee and all other regularly accruing charges and expenses have been accrued to the relevant Class of the Fund.
Performance	The growth of both income and capital for the units in the relevant Class of the Fund.
Performance Period	The first Performance Period of the Fund will be calculated from the 8 July 2009, the launch date of the Fund and runs to the first Accounting Date which will be 30 September 2010. Subsequent performance periods then run from the 1 October each year until the end of the Fund’s Accounting Period on 30 September the following year.

### How does the performance fee work?

Summary - A performance fee is payable to the Manager in respect of units in Liontrust European Absolute Return Fund, in addition to other fees and expenses mentioned in this Prospectus.

How is the performance fee calculated? - A performance fee accrual is calculated where the Net Asset Value per unit outperforms the Hurdle and the Gross NAV per unit is higher than the High Water Mark. Where the Gross Net Asset Value per unit decreases below the High Water Mark and/or the Net Asset Value per unit Return underperforms the Hurdle, no performance fee will be accrued until such a decrease or underperformance has been made good in the course of any one Performance Period.

How is the performance fee accrued? - On each Valuation Day, the Net Asset Value per unit return of the units,

is compared to the relevant Hurdle (“Outperformance” or “Underperformance”). Any performance fee accrual is calculated as up to 20 percent of the Outperformance per Unit of the Gross NAV of the units multiplied by the outstanding number of units on the Valuation Day. The cumulative performance fee accruals from the beginning of the Performance Period will be included in the ongoing calculation of the Net Asset Value per unit. If a performance fee is paid at the end of the Performance Period then the Net Asset Value on that date shall be the basis for calculating the Outperformance for the following Performance Period.

How is the performance fee crystallised? - Crystallisation of the performance fee occurs on the last day of each Performance Period. Any performance fee due is payable out of the Fund to the Manager in arrears after the end of the Performance Period. Accordingly, once the performance fee has crystallised, no refund will be made in respect of any performance fee paid out at that point in subsequent Performance Periods. If an investor redeems or converts all or part of his units before the end of the Performance Period, any accrued performance fee with respect to such redeemed units will crystallise on that Dealing Day and will then become payable to the Manager. The High Water Mark is not reset on those Dealing Days at which performance fees crystallise following a redemption of units. The Auditors of the Fund will audit the calculations of the performance fees paid out on an annual basis. The Manager shall ensure that the accrual represents fairly and accurately the performance fee liability that may eventually be payable by the relevant Class of the Fund.

Appendix 2 has examples of how the performance fee is calculated.

### **Trustee’s Fees and Expenses**

The Trustee is entitled to receive fees out of the income property of the respective Funds for its own account a periodic fee (plus VAT) which is payable monthly. The maximum rate of such periodic fee shall not exceed 0.05% plus VAT per annum of the value of the Scheme Property of each Fund, with the exception of Liontrust Asia Income Fund, Liontrust European Growth Fund and Liontrust Special Situations Fund. This current rate of such periodic fee is 0.03%, plus VAT, per annum on the first £100 million per fund and the excess over £100 million attracts 0.02%, plus VAT, per annum.

The fee accrues and is payable on the same basis as the Manager’s Periodic Charge and by reference to the value of the property of the Funds which is used for the purpose of calculating the Manager’s Periodic Charge. These fees and any VAT thereon and the expenses of the Funds will be charged to the income property of all the Funds except Liontrust Income Fund and Liontrust Asia Income Fund. For Liontrust Income Fund and Liontrust Asia Income Fund, the Trustee’s fee is reimbursed from the capital account. This may constrain capital growth.

### **Custody Fees and Transaction Charges**

The Trust Deeds also authorise payment of expenses from the property of the Funds of custody fees for custody services and transaction charges referable to the dealing in investments. The maximum rate of custody fees shall not exceed 2% plus VAT per annum of the value of the Scheme Property of each Fund, with the exception of Liontrust Asia Income Fund, Liontrust European Growth Fund and Liontrust Special Situations Fund. The transaction charges will not exceed £400 plus VAT per transaction, with the exception of Liontrust Asia Income Fund, Liontrust European Absolute Return Fund, Liontrust European Growth Fund and Liontrust Special Situations Fund. The custody fees vary according to the countries in which the Funds may invest and currently will be in the range of 0.010% to 0.8% plus VAT per Fund per annum. The transaction charges also vary according to the countries in which the Funds may invest and currently will be in the range of £8 to £120 plus VAT (including derivatives fees) per transaction. The transaction charges and the custody fees will be charged against the capital property of the Funds. This may constrain capital growth.

An accrual is made based on the aggregate of the number of transactions and value of holdings. This is then paid monthly in arrears.

The actual amounts charged in respect of custody safekeeping and transaction charges for the latest financial period is shown in the report and accounts which can be requested from the Manager.

### **Other Fees and Expenses**

The Trustee is also entitled to be reimbursed out of the property of the relevant Funds for expenses properly incurred by the Trustee in performing duties imposed upon it and in exercising powers conferred upon it by the COLL Sourcebook. The duties of the Trustee for which reimbursement may be made, may include the following:

- the fees, expenses and disbursements of any person to whom the Trustee may delegate any function;
- the fees, expenses and disbursement of any person appointed by the Trustee in connection with its trusteeship of the Funds or any of its duties or powers in relation to the Funds or of obtaining any legal, accountancy or other advice in connection therewith;

- all fees, expenses and disbursements incurred in relation to the acquisition, delivery, holding or disposal of investments and the registration and custody of them or any deposit or loan authorised under the Trust Deeds or
- the COLL Sourcebook or otherwise (including bank charges, the charges of agents and nominees, and insurance costs);
- all expenses incurred in the collection and distribution of income (including bank charges, professional and accountancy fees, expenses and disbursements bona fide incurred in respect of the computation, claiming or reclaiming of all taxation reliefs and payments);
- all expenses incurred in the submission of tax returns;
- all costs and expenses of, or incidental to, the preparation of reports required to be prepared by the Trustee in relation to the Funds, and the costs and expenses of, or incidental to, the preparation and despatch of any communications from the Trustee to unitholders; and
- all such other charges, expenses and disbursements properly incurred by the Trustee in performing duties imposed upon it (or exercising powers conferred upon it) by the COLL Sourcebook and as under the general law the Trustee is entitled to charge to the property of the Funds.

No payments may be made out of the property of the Funds other than payments to the Manager and the Trustee as set out above and other sums due by virtue of the COLL Sourcebook (such as, for example, cancellation proceeds and reasonable stocklending expenses) and (in respect of all Funds except Liontrust FTSE 100 Tracker Fund) the following:

- a. brokers' commission, fiscal charges and other disbursements which are:
  - i. necessary to be incurred in effecting transactions for the Funds, and
  - ii. normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- b. interest on borrowing permitted under the Funds and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- c. taxation and duties payable in respect of the property of the Funds, the Trust Deeds or the issue of units;
- d. any costs incurred in modifying the Trust Deeds and/or the prospectuses and/or simplified prospectuses and/or Key Information Documents;
- e. any costs incurred in respect of meetings of unitholders and communications with unitholders, including the costs of the postage;
- f. liabilities on unitisation, amalgamation or reconstruction arising in certain circumstances specified by the COLL Sourcebook;
- g. the audit fee properly payable to the Auditors and VAT thereon and any proper expenses of the Auditors;
- h. the fees of FSA under Chapter 10 of the Fees Manual;
- i. any fees, expenses or disbursements of any investment, legal or other professional adviser of the Fund and those of the Fund's sub-advisers;
- j. all administration costs of the Funds, including fund accounting and the costs of making and receiving payments to unitholders and including but not limited to any administration fees in relation to any derivative instruments, such as Collateral Management and Custody Fees; and
- k. all costs in developing, purchasing and maintaining systems required to operate the Funds, including software.

In respect of Liontrust FTSE 100 Tracker Fund, the following payments may be made out of the property of the Fund:

- a. brokers' commission, fiscal charges and other disbursements which are:
  - i. necessary to be incurred in effecting transactions for the Fund, and
  - ii. normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- b. interest on borrowing permitted under the Fund and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- c. taxation and duties payable in respect of the property of the Fund, the Trust Deed or the issue of units;

- d. any costs incurred in modifying the Trust Deed, including costs incurred in respect of meetings of unitholders convened for purposes which include the purpose of modifying the Trust Deed, where the modification is:
  - i. necessary to implement, or necessary as a direct consequence of, any change in the law (including changes in the COLL Sourcebook); or
  - ii. expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of unitholders; or
  - iii. to remove from the Trust Deed obsolete provisions;
- e. any costs incurred in respect of meetings of unitholders convened on a requisition by unitholders, not including the Manager or an associate of the Manager;
- f. liabilities on unitisation, amalgamation or reconstruction arising in certain circumstances specified by the COLL Sourcebook;
- g. the audit fee properly payable to the Auditors and VAT thereon and any proper expenses of the Auditors; and
- h. the fees of FSA under Chapter 10 of the Fees Manual.

For all Funds the cost of producing and sending the Manager's Interim and Annual Report and Accounts and the pro-rata cost of producing the Prospectus and Simplified Prospectus will be met from the Fund.

### **Stamp Duty Reserve Tax**

Schedule 19 to the Finance Act 1999 requires a 0.5% SDRT charge to be made on the value of units redeemed by the Manager or Trustee and on certain other transfers of shares. Schedule 19 calls these transactions "surrenders". SDRT liability is calculated taking into account the number of units surrendered and the number of units issued in a week and the following week and the value of exempt assets during that period.

The full 0.5% charge will be reduced if:

- a. the number of units surrendered is greater than the number of units issued; or
- b. a proportion of the assets of the Fund is exempt from stamp duty and SDRT.

Liability to SDRT does not arise when:

- a. the Fund does not issue any units during the period; or
- b. the Fund is totally invested in assets that are exempt from stamp duty and SDRT.

This charge may have an adverse effect on the value of a fund. The FSA's rules allow the cost of SDRT to be met directly from a fund's assets or to be recovered from investors on the purchase or redemption of units in a fund.

However, it is the current policy that any SDRT liability incurred by the Trustee on any Liontrust Fund will be charged to the capital property of the respective Fund, regardless of the size of the deal, which would mean that less of the unitholder's money will be invested for potential growth.

## **26. ACCOUNTING AND INCOME DISTRIBUTION DATES**

The net income after taxation, fees, expenses and charges (where applicable) for a distribution period is distributable to the registered unitholders at the end of that period. For the Funds that distribute income, the distribution payment is made electronically direct to the unitholder's bank account by bank transfer, or can be reinvested at no charge. If bank details are not supplied when the account is set up, or no election is made, income will be automatically reinvested to purchase additional units which will be added to the unitholder's holding.

For Liontrust Asia Income Fund and Liontrust Income Fund the Manager may smooth income distributions within an annual accounting period. For the other Funds, there is no policy on smoothing of income distributions within an annual accounting period.

### **Unclaimed Distribution Payments**

Where a client no longer retains a holding in a Liontrust fund and distributions due to them are failing to reach the client's nominated bank account, we will endeavour to contact the client at least once at the last known address to obtain further instructions regarding any unclaimed payment. After a period of six years from the date of each payment, any distribution payment that remains unclaimed will be transferred to and become part of the capital property of the Fund and thenceforth neither the payee nor the unitholder nor any successor in title to it will have any right except as part of the capital property. No interest will be paid on unclaimed distribution payments.

Where a client retains a holding in a Liontrust fund and distributions are failing to reach a client's nominated bank account, we will endeavour to contact the client at least once at the last known address to obtain further instructions regarding any unclaimed payment. After three consecutive failed payments, we will automatically re-invest the outstanding monies on behalf of the unitholder in the same fund that the unclaimed distribution relates to at no charge, and we will write to the unitholder at the last known address to advise them of the action we have taken, and also that their account has forthwith been changed to re-invest all future distributions. This action, following the failure of any attempt to contact the client for further instructions regarding payment, will be taken to avoid the unclaimed payments being transferred to and becoming part of the capital property of the Fund after a period of six years. The client's account can be amended back to bank transfer at any time following further instruction from them.

The final accounting date and interim accounting date of each of the Funds are listed in Table 8 below.

**Table 8: Accounting Dates**

Fund	Accounting Dates	
	Interim	Final
Liontrust Asia Income Fund	30 <sup>th</sup> June*	31 <sup>st</sup> December*
Liontrust European Absolute Return Fund	31 <sup>st</sup> March	30 <sup>th</sup> September
Liontrust European Growth Fund	31 <sup>st</sup> October	30 <sup>th</sup> April
Liontrust FTSE 100 Tracker Fund	30 <sup>th</sup> November	31 <sup>st</sup> May
Liontrust Income Fund	31 <sup>st</sup> December	30 <sup>th</sup> June
Liontrust Special Situations Fund	30 <sup>th</sup> November	31 <sup>st</sup> May
Liontrust UK Growth Fund	30 <sup>th</sup> June	31 <sup>st</sup> December
Liontrust UK Smaller Companies Fund	31 <sup>st</sup> October	30 <sup>th</sup> April

\*The first set of Reports and Accounts will be December 31 2012 and the first set of interim Reports and Accounts will be June 30 2012

The Income Ex dates and income distribution/income accumulation dates of each of the Funds are listed in Table 9 below.

**Table 9: Income Distribution Dates**

Fund	Income Ex Dates	Income Distribution/Income Accumulation Pay Dates
Liontrust Asia Income Fund	1 April** 1 July 1 October 1 January	31 <sup>st</sup> May** 31 <sup>st</sup> August 30 <sup>th</sup> November Last day of February
Liontrust European Absolute Return Fund	30 <sup>th</sup> September	30 <sup>th</sup> November
Liontrust European Growth Fund	30 <sup>th</sup> April	30 <sup>th</sup> June
Liontrust FTSE 100 Tracker Fund	31 <sup>st</sup> May	31 <sup>st</sup> July
Liontrust Income Fund	30 <sup>th</sup> June 31 December	31 <sup>st</sup> August Last day of February
Liontrust Special Situations Fund	31 <sup>st</sup> May	31 <sup>st</sup> July
Liontrust UK Growth Fund	31 <sup>st</sup> December	Last day of February
Liontrust UK Smaller Companies Fund	30 <sup>th</sup> April	30 <sup>th</sup> June

\*\*For Liontrust Asia Income Fund a full distribution period is required before the first distribution is paid therefore the first distribution will be paid 31st August 2012.

## 27. EQUALISATION AND GROUPING

The Trust Deeds for the Funds permit equalisation payments to unitholders to be averaged over grouping periods which are currently the same as the half-yearly or annual accounting periods. Equalisation payments are

made to investors on the first distribution date following the purchase of their units and represent the return of the amount included in the purchase price of those units in respect of accrued income from the last distribution to the date of purchase.

## **28. ANNUAL AND HALF-YEARLY REPORTS**

The annual short report for the Funds will be sent to each Unitholder (or to the first named Unitholder) entered on the register on or before the annual income distribution date of the respective Funds or, where income is not distributed, the date when such income is re-invested. Any half-yearly short reports will be sent within two months after the end of the relevant half-yearly accounting period and along with the annual short report are available to any person free of charge on request. Full report and accounts for each period will also be available to any person, free of charge, on request by either accessing the information on our web-site [www.liontrust.co.uk](http://www.liontrust.co.uk) or by contacting our Administration Enquiries team on 0844 892 1007.

## **29. INSPECTION OF DOCUMENTS**

The Trust Deeds, Supplemental Deeds, and the most recent annual and half-yearly reports may be inspected and copies thereof can be obtained from the office of the Manager during normal business hours at 2 Savoy Court, London WC2R 0EZ.

## **30. TAXATION**

To the best of the Manager's knowledge and belief, the following is a general statement of the current Revenue law and practice; changes can occur without warning. It does not describe the taxation treatment of non-UK resident unitholders nor entities which are subject to special tax regimes. If investors are in any doubt as to their taxation or exchange control position they should consult their professional adviser.

As Authorised Unit Trusts, none of the Funds will be liable to UK taxation in respect of capital gains accruing to it on the disposal of its investments. It will, however, be liable to UK corporation tax on income received (other than dividends from UK resident companies and the franked proportion of distribution from other AUTs) net of management expenses and charges on income. The current rate of corporation tax for the Funds is 20%.

Dividends and the franked proportion of distributions from other AUTs received are treated as 'franked' investment income of the Funds. Where tax has been deducted from income from overseas sources, that tax can, in some instances, be offset against corporation tax payable by the Fund by way of double tax relief.

A Fund may distribute its income as ordinary dividends or, if it meets certain qualifying criteria, as interest distributions. It is expected that all the Funds will normally pay their distributions as ordinary dividends.

### **The Unitholder**

#### *Dividend distributions*

Individual unitholders who are resident in the UK (for tax purposes) are entitled to tax credits in respect of dividend distributions received and are subject to income tax on the aggregate of the distribution and the tax credit. In the case of a distribution the current value of the tax credit is equal to one ninth of the net dividend received and the distribution plus tax credits are treated as the top slice of an individual's income.

UK resident individuals who are not liable to tax are not able to reclaim the tax credits from HM Revenue & Customs. In the case of UK resident individuals who are liable to the starting or basic rate tax only, the tax credit will match his or her tax liability on the distribution and there will be no further tax to pay and no right to claim any repayments from HM Revenue & Customs. In the case of UK resident individuals who are liable to higher rate income tax, 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.

Ordinary dividends distributed by each of the Funds 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 Funds (the franked part of the dividend distribution) will not be subject to corporation tax in the unitholders' hands. Income allocations representing other types of income received by the Funds (the unfranked part of the dividend distribution) will be taxable as if they were annual payments received after the deduction of tax at the rate of 20% of the gross distribution.

#### *Unitholding in the Funds treated as a loan relationship*

Special rules apply to corporate unitholders within the charge to corporation tax which in certain circumstances

could result in their units being treated for the purposes of the UK's corporate debt rules as rights under a creditor relationship of the corporate unitholder. An authorised mark to market basis of accounting would have to be used, for corporation tax purposes, as respects the deemed creditor relationship. These rules are particularly likely to apply to investments where the fund distributes its income as an Interest Distribution, however none of the Liontrust Funds distribute Interest Distributions.

#### *Capital gains*

The price of units is based on the net asset value of the Funds at a given point in time, including the income of the Funds accruing since the previous distribution. In the case of the first distribution received in respect of a unit (other than one acquired during the initial offer period) part of the amount, namely the equalisation payment, is a return of capital and is not taxable as income in the hands of the unitholders. This amount should be deducted from the original cost of units in calculating any capital gains realised on disposal of the units. Any capital gains (after taking account of indexation or tapering relief, as appropriate) arising to individual unitholders who are resident or ordinarily resident in the UK on disposal of the units may, depending upon their personal circumstances, be subject to tax on the capital gains. For 2011/2012, the first £10,600 of chargeable gains from all sources will be exempt from tax.

A UK resident individual unitholder who holds his units in an ISA will be exempt from capital gains tax on any gain accruing to him on the disposal or deemed disposal of such units.

#### *Inheritance tax*

A gift by a unitholder of his units in a Fund or the death of a unitholder may give rise to a liability to inheritance tax, except where the unitholder is an individual who is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of units at less than the full market value may be treated as a gift.

### **31. ADDITIONAL INFORMATION**

This Prospectus may be revised at any time to comply with the requirements of the COLL Sourcebook. The reader should, therefore, check that it represents the current issue before placing reliance on it.

#### **Complaints**

The Manager has a procedure for the effective investigation of complaints and a leaflet about it is available upon request to the Manager.

Any complaint in relation to Funds should initially be made to the Compliance Officer at Liontrust Fund Partners LLP at 2 Savoy Court, London WC2R 0EZ. The procedure also allows for a complaint to be referred direct to the Financial Ombudsman Service if a satisfactory answer is not received from the Manager.

Details of the rights to compensation if the Manager is unable to meet any of its liabilities to unitholders are available from the Compliance Officer at the above address.

#### **Market Timing**

Purchases and exchanges of units in the Funds should be made for investment purposes only. The Manager, as a matter of policy, seeks to prevent patterns of excessive purchases and redemptions or exchanges of units. Such practices are commonly referred to as "market timing" or "short duration trading". The Manager will seek to prevent such practices and to the extent they are detected, if the Manager has reasonable grounds for doing so, the Manager may refuse to issue new units to an investor. If the Manager decides that it can apply this rule to a holder who requests to switch, it will carry out the instruction to redeem original units but will not issue new units as part of that request. The Manager will pay the holder the proceeds from the sale of the original units in line with this prospectus.

#### **Money Laundering**

The Manager, Trustee or Registrar may require evidence of the identity of an applicant for, holder or transferee of, units or another person to comply with statutory, regulatory or EU obligations. The Manager is not required to pay out the selling price of units when the Manager considers it necessary or appropriate to carry out or complete such identification procedures, and the Manager or the Trustee may on the same grounds decline to make or alter any entry in the Register or to accept any transfer. Similarly, the Trustee may refuse to distribute income on units, or the proceeds of realisation on a winding-up, to a holder. If the Manager buys units after a delay, the price of those units could be less favourable to the holder than that at the time the Manager received the application to sell units.

#### **Exemption from Liability to Account for Profits**

The Manager, Trustee and Custodian are not liable to account to the unitholders of any Fund for any profits or benefits it makes or receives that are derived from or in connection with:

- i) dealings in Units of a Fund;
- ii) any transaction in Fund property; or
- iii) the supply of services to the Fund.

### **Notices to Unitholders**

A notice is duly served if it is delivered to the Unitholder's address as appearing in the register or is delivered by electronic means in accordance with the COLL Sourcebook.

Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day.

### **Investors with a US address**

Investors with a US address will be accepted in the funds. However, before we can accept any new investment, all investors associated to the new account who have a US address will each be required to complete and sign a non-residency declaration (Form W8BEN) or US residency declaration (Form W9). Any new applications from US investors be rejected until we are in receipt of a duly signed declaration from all US persons associated to the account in question. Any existing non-US investors who subsequently move to the US, must also complete the necessary W8BEN or W9 form.

### **Execution**

The Manager will execute purchases, sales and switches of units in the Funds. However, the execution of purchases and sales of underlying investments will be undertaken by the relevant Investment Advisers who are required to comply with their own execution policies. A copy of LIP and SSGA's execution policies are available on request by either accessing the information on our web-site [www.liontrust.co.uk](http://www.liontrust.co.uk) or by contacting our Administration Enquiries team on 0844 892 1007.

### **Voting**

The Manager will delegate the exercise of voting rights in relation to underlying investments to the Investment Advisers who will vote in accordance with their voting policies. A copy of LIP and SSGA's voting policies are available on request by either accessing the information on our web-site [www.liontrust.co.uk](http://www.liontrust.co.uk) or by contacting our Administration Enquiries team on 0844 892 1007.

### **Conflicts of Interest**

The Manager's Conflicts of Interest Policy document summarises the conflicts of interest policy which Liontrust has in place under the EU Markets in Financial Instruments Directive ("MiFID") to meet its obligations to maintain and operate effective organisational and administrative arrangements, with a view to taking all reasonable steps to identify, monitor and manage conflicts of interests. This document provides key information designed to enable unitholders and others to understand the measures Liontrust takes to safeguard their interests from any conflict of interest which arises or may arise in the course of providing investment services. A copy of the Policy is available from the Manager on request.

### **Best Execution**

Under the EU Markets in Financial Instruments Directive (MiFID) and COBS 11.2 of the Financial Services Authority Handbook, Liontrust is required to take all reasonable steps to obtain the best possible result (or "best execution") when executing orders on behalf of its clients. These rules require firms to put in place an execution policy which sets out how it will obtain best execution for its clients and to provide appropriate information to its clients on its order execution policy. A copy of the Policy is available from the Manager on request.

## APPENDIX 1

### Valuation of the Funds

For the Funds, the valuation will be in two parts: one on an issue basis, which will form the basis of the price at which units are issued (issue price) by the Funds; the other on a cancellation basis, which will form the basis of the price at which units are cancelled (cancellation price) by the Funds. The Manager is able to set a dealing spread between the maximum sale price (issue price plus the initial charge) and cancellation price, and to determine where dealing prices should lie within a range between the maximum sale price and the cancellation price.

#### Value of the property of the Funds

The Manager must prepare each valuation on two bases, reflecting the differing bid and offer valuations of underlying assets where it is normal for such differences to be quoted.

The value of the property of a Fund must be valued at fair value and shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

All the property of a Fund (including receivables) is to be included, subject to the following provisions.

“Dealing Costs” means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction. On the issue basis, Dealing Costs excludes any initial charge on the sale of units in the Fund. On the cancellation basis, Dealing Costs includes any charge payable on redemption of units (taking account of any expected reduction), except where the Manager of the Fund is also the authorised fund manager, or an associate of the authorised fund manager, of the fund whose units or shares form part of that property.

Property which is not cash (or other assets identified below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

Units or shares in a collective investment scheme:

- if a single price for buying and selling units or shares is quoted, at that price (plus the initial charge minus any expected discount (plus Dealing Costs including any SDRT provision)) for valuations on an issue basis but where the Manager of the Fund is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Fund, must not include an initial charge which would be payable in the event of a purchase by the Fund of those units or shares; and at that price (less Dealing Costs) on a cancellation basis; or
- if separate buying and selling prices are quoted, at the most recent maximum sale price less any expected discount (plus Dealing Costs) when valuing on an issue basis but where the Manager or an associate of the Manager is also the Manager or authorised corporate director of the collective investment scheme whose units are held by the Fund, the issue price shall be taken instead of the maximum sale price; and the most recent cancellation price less Dealing Costs on a cancellation basis; or
- if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or if the most recent price available does not reflect the Manager's reasonable estimate of the value of the units or shares, at a value which, in the opinion of the Manager, is fair and reasonable.

Any other transferable security:

- if a single price for buying and selling the security is quoted, at that price (plus Dealing Costs) for valuations on an issue basis; and at that price (less Dealing Costs) on a cancellation basis; or

- if separate buying and selling prices are quoted, at the best available market dealing offer prices on the most appropriate market in a standard size (plus Dealing Costs) for valuations on an issue basis; and best available market dealing bid price on the most appropriate market in a standard size (less Dealing Costs) for valuations on a cancellation basis; or
- if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, or if the most recent price available does not reflect the Manager's reasonable estimate of the value of the security, at a value which, in the opinion of the Manager, is a fair and reasonable estimate of a buyer's price (plus Dealing costs) for valuations on an issue basis; and a fair and reasonable estimate of a seller's price (less Dealing Costs) for valuations on a cancellation basis.

Property other than units or shares in a collective investment scheme and other transferable securities:

- at a value which, in the opinion of the Manager, is a fair and reasonable estimate of a buyer's price (plus Dealing Costs) for valuations on an issue basis and a fair and reasonable estimate of a seller's price (less Dealing Costs) for valuations on a cancellation basis. The buyer's price or the seller's price is the consideration which would be paid or received by a buyer or seller, as appropriate, for an immediate transfer or assignment to him at arm's length.

Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values for valuations on both an issued and cancellation basis.

Property which is a contingent liability transaction shall be treated as follows:

- if a written option, (and the premium for writing the option has become part of the scheme property), deduct the amount of the net valuation of premium receivable on both an issue and cancellation basis but in the case of the calculation of the issue basis, deduct and in the case of the calculation of the cancellation basis add Dealing Costs. If the Property is an off-exchange derivative the method of valuation shall be agreed between the Manager and Trustee;
- if an off-exchange future, include at the net value of closing out, estimating the amount of profit or loss receivable or incurable by the Fund on closing out the contract and deducting minimum Dealing Costs in the case of profits and adding them back in the case of loss. If the Property is an off-exchange derivative in accordance with a valuation method, on both an issue and cancellation basis, agreed between the Manager and the Trustee;
- if any other forms of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value) on both an issue and cancellation basis. If the property is an off-exchange derivative, include at a valuation method agreed between the Manager and the Trustee.

In determining the value of the property of a Fund, all instructions given to issue or cancel units shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

Subject to the next paragraph, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission will not materially affect the final net asset amount.

Futures or contracts for differences which are not yet due to be performed, and written or purchased options which have not expired or been exercised, shall not be included in the above paragraph. All agreements are to be included under the above paragraph which are, or ought reasonably to have been, known to the person valuing the property.

Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax (both realised and unrealised gains), income tax, corporation tax, value added tax and stamp duty reserve tax and any other fiscal charge not covered under this deduction.

Deduct an estimated amount for any liabilities payable out of the Fund property and any tax thereon treating periodic items as accruing from day to day.

Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.

Deduct the value of any option written (if the premium for writing the option has become part of the scheme property).

Deduct, in the case of a margined contract, any amount reasonably anticipated to be paid by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then payable, and the price of the contract at the valuation point).

Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable and any stamp duty reserve tax provision anticipated to be received.

Add any other credits or amounts due to be paid into the property of the Fund.

Add, in the case of a margined contract, any amount reasonably anticipated to be received by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then receivable, and the price of the contract at the valuation point).

Currencies or values in currencies other than Sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of unitholders or potential unitholders.

Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

Property which is a derivative constituting a contingent liability transaction shall be treated as follows:

- i. if a written option (and the premium for writing the option has become part of the scheme property) include an amount equivalent to the value net of premium on closing out the contract (whether as a positive or negative value). On expiry, where the contract remains unexercised and is “out-of-the-money”, no value will be attributable to the contract, other by way of the premium received or receivable;
- ii. if a purchased option (and the premium for purchasing the option has been paid from the scheme property) an amount equivalent to the value net of premium on closing out the contract (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded.) On expiry, where the contract remains unexercised and is “out-of the money”, no value will be attributable to the contract, other than by way of the premium paid or payable;
- iii. if an exchange-traded future or any other form of contingent liability transaction, include at the value net of margin on closing out the contract (estimated on the basis of the amount of variation margin (whether receivable or payable by the Fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded; and
- iv. if an off-exchange future or contract for differences (“OTC derivatives”) or forward foreign exchange contract, include at the net value of closing out the contract (estimated on the basis of the amount of profit or loss receivable or payable by the Fund on closing out the contract in accordance with the valuation methods in COLL 5.2.23R).

## APPENDIX 2

### Liontrust European Absolute Return Fund – Examples of Performance Fee Calculations

For simplicity these examples refer to a single unit bid price of units using the following data and on the basis of the 20 percent performance fee on any outperformance against the Hurdle and the previous High Water Mark. The example Fund Performance data and LIBOR rates shown in this Appendix are for illustration only and should not be construed as an indication of actual or potential performance. Further details of the Performance Fee are available from the Manager upon request.

#### Performance Fee Examples Over a Series of Performance Periods

##### Investor A

Investor A buys one unit at £100 at the beginning of period 1. At the end of the first performance period, the Gross NAV per share has risen to £110. As the Gross NAV is above the High Water Mark (HWM) and above the Hurdle Rate, a performance fee of £1.60 is calculated on the excess above the Hurdle Rate i.e. 20% of (£110-£102). This will result in a NAV per unit of £108.40. At the end of the performance period the performance fee is crystallised and paid to the manager

At the end of performance periods 2 and 3 as the Gross NAV is below the Hurdle Rate no performance fee is charged to the fund.

At the end of performance period 4 the Gross NAV is greater than the HWM but no performance fee is charged to the fund as the Gross NAV is not greater than the Hurdle Rate.

At the end of performance period 5 the Gross NAV is greater than the Hurdle Rate and the HWM therefore a performance fee of £0.78 is calculated on the excess above the Hurdle Rate i.e. 20% of (£125.87-121.99).

##### Investor B

Investor B acquires one unit at the end of performance period 3 at £98.64. At the end of performance period 5 the Gross NAV is £125.87 and this investor will incur the same performance fee as investor A i.e. £0.78. Investor B incurs performance fee on the portion of the NAV which is in excess of the Hurdle Rate £121.99 and not on the increase in value from £98.64 to £125.87.

**Table 1**

Performance Period	1	2	3	4	5
(annual performance periods)					
Value of unit at start of period	£100.00	£108.40	£108.40	£98.64	£108.51
Fund Performance	10%	0%	-9%	10%	16%
Gross NAV	£110.00	£108.40	£98.64	£108.51	£125.87
3-month LIBOR	2%	3%	2%	4%	3%
Hurdle Rate	£102.00	£111.65	£113.89	£118.44	£121.99
High Water Mark	£100.00	£108.40	£108.40	£108.40	£108.40
Performance fee 20% (over Hurdle)	£1.60	£0.00	£0.00	£0.00	£0.78
Net NAV	£108.40	£108.40	£98.64	£108.51	£125.09

## Performance Fee examples from one Valuation Point to the next during a Performance Period

Table 1 above relates to performance fee from one performance fee period to another, tables 2, 2(a) and 2(b) below shows the treatment of performance fee accrual from one valuation point to the next between performance fee periods over a four day period.

### Investor A

Investor A buys one unit at £100 at inception of the fund. At valuation point 2 the Gross NAV per share has risen to £102.00. As the Gross NAV is above the High Water Mark (HWM) and above the Hurdle Rate (the daily equivalent of 3 Month Libor), a performance fee of £0.39 is calculated on the excess above the Hurdle rate i.e. 20% of (£102-£100.03). This fee is accrued in the fund resulting in a net NAV per unit of £101.61. The performance fee will not be crystallised and paid to the manager until the end of the performance period.

At valuation periods 3 as the Gross NAV is below the Hurdle Rate no performance fee is charged to the fund. As the fund has underperformed the Hurdle since valuation point 1 the performance fee accrued to date (£0.39), which was an accrual and had not been paid out, is reduced to zero and added back to the fund resulting in a net NAV per unit if £99.89. The units acquired by Investor A at £100 have no longer incurred a performance fee liability as the value is below the price they paid for their units. Therefore if at valuation point 3 Investor A redeems his units he will receive less than he initially invested but will not have suffered any performance fee.

### Investor B

Investor B acquires one unit at the end of performance period 3 at £99.89. At the end of performance period 4 the Gross NAV is £101.50 and this investor will incur the same performance fee as investor A i.e. £0.29. Investor B incurs performance fee on the portion of the NAV which is in excess of the Hurdle Rate £100.05 and not on the increase in value from £99.89 to £100.05.

**Table 2**

Valuation Point	1	2	3	4
Gross NAV	£100.00	£102.00	£99.50	£101.50
3 Month Libor	5%	5%	5%	5%
Hurdle Rate	£100.01	£100.03	£100.04	£100.05
High Water Mark	£100.00	£100.00	£100.00	£100.00
Performance fee 20% (over Hurdle)	£0.00	£0.39	£0.00	£0.29
Add back Performance Fee accrual	£0.00	£0.00	£0.39	£0.00
Net NAV	£100.00	£101.61	£99.89	£101.21

### Notes

- The performance fee is calculated and accrued daily, but only paid annually
- The performance fee can only be paid on positive returns where the fund outperforms both the Hurdle Rate and the high water mark
- The high water mark can only ever be increased i.e. it is re-set to the level at which the last performance fee was paid

### Performance Fee examples from one Valuation Point to the next over a Crystallisation date

Table 2(a) below also shows the treatment of performance fee accrual over a four day valuation period but where valuation point 2 is also the crystallisation date. At valuation point 2 the Gross NAV per share has risen to £102.00. As the Gross NAV is above the High Water Mark (HWM) and above the Hurdle Rate (the daily equivalent of 3 Month Libor), a performance fee of £0.39 is calculated on the excess above the Hurdle rate i.e. 20% of (£1 02-£1 00.03). As this is the end of the performance fee period the performance fee will be crystallised and paid to the manager. At valuation point 3, as a performance fee has been paid the High Water Mark is reset to the NAV of the previous performance fee period (£1 01.61). At the end of valuation points 3 and 4 since the Gross NAV is below the High Water Mark no performance fee is accrued.

**Table 2(a)** – Crystallisation period where a performance fee is payable

Valuation Point	1	2	3	4
Gross NAV	£100.00	£102.00	£99.50	£101.50
3 Month Libor	5%	5%	5%	5%
Hurdle Rate	£100.01	£100.03	£101.62	£101.64
High Water Mark	£100.00	£100.00	£101.61	£101.61
Performance fee 20% (over Hurdle)	£0.00	£0.39	£0.00	£0.00
Add back Performance Fee accrual	£0.00	£0.00	£0.00	£0.00
Net NAV	£100.00	£101.61	£99.50	£101.50

Table 2(b) below also shows the treatment of performance fee accrual over a four day valuation period where valuation point 2 is also the crystallisation date. At valuation point 2 the Gross NAV per share has fallen to £99.00. As the Gross NAV is below the High Water Mark (HWM) and the Hurdle Rate, no performance fee is accrued and paid to the manager. At valuation point 3, as no performance fee has been paid in the previous performance fee period the High Water Mark remains at the NAV when the fund launched (£100).

**Table 2(b)** – Crystallisation period where a performance fee is payable

Valuation Point	1	2	3	4
Gross NAV	£100.00	£99.00	£102.00	£101.50
3 Month Libor	5%	5%	5%	5%
Hurdle Rate	£100.01	£100.03	£100.04	£100.06
High Water Mark	£100.00	£100.00	£100.00	£100.00
Performance fee 20% (over Hurdle)	£0.00	£0.00	£0.39	£0.29
Add back Performance Fee accrual	£0.00	£0.00	£0.00	£0.00
Net NAV	£100.00	£99.00	£101.61	£101.21

## APPENDIX 3

### Eligible Markets

The following is a list of markets which the Manager deems to be Eligible Securities and Derivative Markets in which the following Funds may invest or deal:

- a. London Stock Exchange (for all Funds)
- b. Alternative Investment Market (for Liontrust UK Smaller Companies Fund, Liontrust Special Situations Fund, Liontrust UK Growth Fund and Liontrust Income Fund only)
- c. NYSE Euronext - LIFFE (for Liontrust FTSE 100 Tracker Fund only)

#### **Liontrust UK Growth Fund Liontrust Income Fund Liontrust Special Situations Fund**

In addition, the property of the three Funds listed above may be invested in any Eligible Market in an EEA member state and Switzerland on which transferable securities admitted to official listing are dealt in or traded and any other market which the Manager following consultation with the Trustee has decided complies with the requirements for an Eligible Market as set out in the COLL Sourcebook.

#### **Liontrust European Growth Fund Liontrust European Absolute Return Fund**

Liontrust European Growth Fund and Liontrust European Absolute Return Fund may invest or deal in the following markets:

Austria	Vienna Stock Exchange
Belgium	Euronext
Denmark	Copenhagen Stock Exchange
Finland	Helsinki Stock Exchange
France	Euronext
Germany	Deutsche Bourse (Frankfurt)
Ireland	Irish Stock Exchange
Italy	Italian Stock Exchange
Luxembourg	Luxembourg Stock Exchange
Netherlands	Euronext
Norway	Oslo Stock Exchange
Portugal	Euronext
Spain	Madrid Stock Exchange
Sweden	Stockholm Stock Exchange
Switzerland	SIX Swiss Exchange
UK	London Stock Exchange

#### **Liontrust Asia Income Fund**

With the exception of permitted investments in unlisted securities and open-ended collective investment schemes investment by Liontrust Asia Income Fund is restricted to the following stock exchanges and markets:

- (i) without restriction in any stock exchange which is:
  - located in any Member State of the European Union; or
  - located in a Member State of the European Economic Area (EEA) (Norway, Iceland and Liechtenstein)
  - located in any of the following countries:-
    - Australia
    - Canada
    - Japan
    - New Zealand
    - Hong Kong

Switzerland  
United States of America

(ii) without restriction in any of the following:-

Argentina	Bolsa de Comercio de Buenos Aires
Argentina	Bolsa de Comercio de Cordoba
Argentina	Mercado Abierto Electronico S.A.
Bahrain	Bahrain Stock Exchange
Bangladesh	Dhaka Stock Exchange
Botswana	Botswana Stock Exchange
Brazil	Bolsa de Valores do Rio de Janeiro
Brazil	Bolsa de Valores de Sao Paulo
Bulgaria	First Bulgarian Stock Exchange
Chile	Bolsa de Comercio de Santiago
Chile	Bolsa Electronica de Chile
China, Peoples' Republic of	Shanghai Securities Exchange
China, Peoples' Republic of	Shenzhen Stock Exchange
Colombia	Bolsa de Valores de Colombia
Croatia	Zagreb Stock Exchange
Egypt	Cairo and Alexandria Stock Exchange
Ghana	Ghana Stock Exchange
India	Bangalore Stock Exchange
India	Calcutta Stock Exchange
India	Delhi Stock Exchange
India	The Stock Exchange, Mumbai
India	National Stock Exchange of India
Indonesia	Jakarta Stock Exchange
Israel	Tel-Aviv Stock Exchange
Jordan	Amman Stock Exchange
Kazakhstan (Rep. Of)	Kazakhstan Stock Exchange
Kenya	Nairobi Stock Exchange
Korea	Korea Stock Exchange
Korea	KOSDAQ
Lebanon	Bourse de Beyrouth
Malaysia	Bursa Malaysia
Mauritius	Stock Exchange of Mauritius
Mexico	Bolsa Mexicana de Valores
Morocco	Societe de la Bourse des Valeurs de Casablanca
Namibia	Namibian Stock Exchange
Nigeria	Nigerian Stock Exchange
Oman	Oman Stock Exchange
Pakistan	Islamabad Stock Exchange
Pakistan	Karachi Stock Exchange
Pakistan	Lahore Stock Exchange
Palestine	Palestine Stock Exchange
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange
Qatar	Qatar Stock Exchange
Romania	Bucharest Stock Exchange
Russian Federation	Moscow Stock Exchange
Russian Federation	MICEX
Russian Federation	RTS1
Russian Federation	RTS2
Saudi Arabia	Saudi Stock Exchange
Serbia	Belgrade Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Securities Exchange
Sri Lanka	Colombo Stock Exchange
Taiwan (Republic of China)	Taiwan Stock Exchange Corporation
Taiwan (Republic of China)	Gre Tai Securities Market

Thailand	Stock Exchange of Thailand
Trinidad & Tobago	Trinidad & Tobago Stock Exchange
Tunisia	Bourse des Valeurs Mobilières de Tunis
Turkey	Istanbul Stock Exchange
Ukraine	Ukrainian Stock Exchange
United Arab Emirates	Abu Dhabi Stock Exchange
United Arab Emirates	Dubai International Financial Exchange
Uruguay	Bolsa de Valores de Montevideo
Venezuela	Venezuela Electronic Stock Exchange
Venezuela	Caracas Stock Exchange
Venezuela	Maracaibo Stock Exchange
Vietnam	Ho Chi Minh City Securities Trading Centre
Zambia	Lusaka Stock Exchange
Zimbabwe	Zimbabwe Stock Exchange

(iii) without restriction in any of the following:

the market organised by the International Capital Market Association;

the market conducted by the “listed money market institutions”, as described in the Bank of England publication “The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Exchange and Bullion” dated April, 1988 (as amended from time to time);

AIM - the Alternative Investment Market in the United Kingdom, regulated and operated by the London Stock Exchange;

the French Markets for Titres de Créances Négociables (the Over-the-Counter markets in negotiable debt instruments);

the Over-the-Counter market in the United States of America regulated by the National Association of Securities Dealers Inc.;

NASDAQ in the United States of America;

the Over-the-Counter market in Japan regulated by the Securities Dealers Association of Japan;

the market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York; and

the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

(iv) In addition to those markets listed above on which financial derivative instruments are traded, the following regulated derivatives markets:

All derivatives exchanges on which permitted financial derivative instruments may be listed or traded:

- in a Member State;
- in a Member State in the European Economic Area (the European Union, Norway, Iceland and Liechtenstein);

in Asia, on the

- Bursa Malaysia Derivatives Board
- Hong Kong Exchanges & Clearing;
- Jakarta Futures Exchange;
- Korea Futures Exchange;
- Korea Stock Exchange;
- Kuala Lumpur Options and Financial Futures Exchange;
- National Stock Exchange of India;
- Osaka Mercantile Exchange;
- Osaka Securities Exchange;

- Shanghai Futures Exchange (SHFE);
- Singapore Commodity Exchange;
- Singapore Exchange;
- Stock Exchange of Thailand;
- Taiwan Futures Exchange;
- Taiwan Stock Exchange;
- The Stock Exchange, Mumbai;
- Tokyo International Financial Futures Exchange;
- Tokyo Stock Exchange;

in Australia, on the

- Australian Stock Exchange;
- Sydney Futures Exchange;

in Brazil on the Bolsa de Mercadorias & Futuros (BM&F);

in Israel on the Tel-Aviv Stock Exchange;

in Mexico on the Mexican Derivatives Exchange (MEXDER)

in South Africa on the South African Futures Exchange (Safex);

in Switzerland on Eurex (Zurich)

in the United States of America, on the

- American Stock Exchange;
- Chicago Board of Trade;
- Chicago Board Options Exchange;
- Chicago Mercantile Exchange;
- Eurex US;
- International Securities Exchange;
- New York Futures Exchange;
- New York Board of Trade;
- New York Mercantile Exchange;
- Pacific Stock Exchange;
- Philadelphia Stock Exchange;

in Canada on the

- Bourse de Montreal;
- Winnipeg Commodity Exchange (WCE).

- (v) for the purposes only of determining the value of the assets of a Fund, the term “Recognised Exchange” shall be deemed to include, in relation to any futures or options contract, any organised exchange or market on which such futures or options contract is regularly traded.