

LIONTRUST 

SIMPLIFIED PROSPECTUS

JANUARY 2012



**For Unit Trust and ISA Investments
(Including ISA Terms & Conditions)**

This document, including the Funds' Simplified Prospectus, has been designed to help you make sure that you have considered the most important information before you make your investment decision.



Right investments, right strategy, right managers

Real difference

Liontrust is an independent investment management company that does not have a corporate parent.

The company was founded in 1994 and was listed on the Stock Exchange in 1999. The result?

- Liontrust uses proprietary investment processes to manage all our actively managed Funds.
- These are rigorous, thoroughly tested investment processes that are robust, scalable and repeatable to ensure they are capable of delivering superior long-term performance.
- The processes are predictable and consistent, reducing the effects of human emotion and error.
- We are a specialist investment company that manages UK, European, Asian and Emerging Markets equities on a long only, long/short and absolute return basis.
- Our fund managers invest in Funds they manage.
- We provide a culture that gives all fund managers freedom to manage their portfolios to the best of their abilities.
- There is a commitment to talk to clients clearly and frequently.
- Many administrative functions are outsourced to sharpen the focus on the areas that really drive profits (the Funds, sales and marketing).

The Group currently manages £1.354 billion (as at 10th November 2011). Liontrust Fund Partners LLP, a unit trust manager authorised and regulated by the Financial Services Authority, is a wholly owned subsidiary of Liontrust Asset Management PLC.

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1 INTRODUCTION

1.1 The Range of Liontrust Retail Funds Available as Unit Trusts or ISAs

As a specialist equities fund management group, Liontrust provides a range of unit trusts that invest exclusively in the UK and European stock markets. The retail range currently comprises seven Funds, each of which is explained in further detail below:

Capital Growth Funds				
UK	Asset Class	IMA Sector	Unit Type	Managers
UK Growth Fund	Equity	UK All Companies	Income	Anthony Cross & Julian Fosh
Special Situations Fund	Equity	UK All Companies	Income	Anthony Cross & Julian Fosh
UK Smaller Companies Fund	Equity	UK Smaller Companies	Income	Anthony Cross & Julian Fosh
FTSE 100 Tracker Fund	Equity	UK All Companies	Income	State Street Global Advisers
Europe	Asset Class	IMA Sector	Unit Type	Managers
European Growth Fund	Equity	Europe ex-UK	Income	Gary West & James Inglis-Jones
European Absolute Return Fund	Equity	Absolute Return	Accumulation	Gary West & James Inglis-Jones
Income Funds				
UK	Asset Class	IMA Sector	Unit Type	Managers
Income Fund	Equity	Equity Income	Income	Gary West & James Inglis-Jones

This document is based upon retail class units. In some cases institutional class units are also available as described in the full prospectus, available on our website (www.liontrust.co.uk) or by calling our Administration and Dealing team on 0844 892 1007.

1 INTRODUCTION continued

Unit Trusts

- When you invest in a unit trust, either directly, or through an Individual Savings Account ("ISA") wrapper, your money will be "pooled" with that of other investors to create a larger fund. The unit trust then invests the monies in accordance with its investment objective. The cost and subsequent value of the units held is directly related to the current value of the unit trust's underlying securities.
- There are two types of ISA: Stocks & Shares ISAs and Cash ISAs. These can be held with one single ISA provider, or each element can be held with a separate provider (subject to a maximum Cash ISA investment of £5,340, and combined maximum investment of £10,680).
- The overall investment limit must not exceed £10,680, regardless of whether the investor has chosen a Stocks & Shares ISA or a combined Cash and Stocks & Shares ISA.

Individual Savings Accounts

- ISAs were introduced on 6th April 1999, replacing Personal Equity Plans ("PEPs") as a tax free savings wrapper for private investors. Under HM Treasury's changes to regulations regarding PEPs and ISAs as of 6th April 2008, all existing PEPs have been converted to ISAs. The PEP wrapper no longer exists.
- Qualifying investors can put an ISA wrapper around investments worth up to £10,680 this tax year (ending 5th April 2012), including up to £5,340 in cash.
- Although contributions to an ISA come out of taxed earnings, all gains from any investments sold within an ISA are free of Capital Gains Tax. Distributions are paid net of basic rate income tax whether or not they are held inside an ISA (and this cannot be reclaimed). Equity ISAs are still beneficial to higher rate taxpayers as there is no further income tax to pay. There is no need to declare your ISA on your tax return.
- Investments in a Stocks & Shares ISA can include shares, unit trusts, investment trusts, open-ended investment companies, gilt-edged securities and certain insurance-based investments.
- Cash ISAs are not offered by Liontrust Fund Partners LLP, but can be held with another ISA manager in conjunction with a Liontrust Stocks & Shares ISA.
- Liontrust Fund Partners LLP offers Stocks and Shares ISAs that enable you to invest in our UK authorised unit trusts.
- You can invest by one-off or occasional lump sum investment or by regular monthly contribution. The minimum lump sum investment is £1,000 and minimum monthly subscription is £50.

How to invest in a Liontrust Unit Trust or ISA

Capital Growth Funds		Payment	Send to
1 Unit trust investment	To invest a lump sum (minimum £1,000) or start a regular savings plan (from £50 per month) simply complete the Liontrust application form. Regular savers should also complete and return the Direct Debit Mandate.	Cheque made payable to Liontrust Fund Partners LLP	Liontrust Customer Services Team PO Box 11061 Chelmsford CM99 2YA
2 Tax free ISA investment	To invest a lump sum (minimum £1,000) or start a regular savings plan (from £50 per month) simply complete the Liontrust ISA application form. Regular savers should also complete and return the Direct Debit Mandate.	Cheque made payable to Liontrust Fund Partners LLP	
3 Tax free ISA transfer	To transfer an existing ISA with another ISA Manager to Liontrust, complete the Liontrust ISA transfer form.	Cash transferred from existing ISA Manager.	

2 KEY FACTS

2.1 Charges and Commissions

	Initial Charge	Annual Management Fee (1)
Liontrust European Growth Fund	5%	1.5%
Liontrust European Absolute Return Fund	5%	1.5% (2)
Liontrust UK Growth Fund	5%	1.5%
Liontrust Income Fund	5%	1.5% (3)
Liontrust Special Situations Fund	5%	1.75%
Liontrust UK Smaller Companies Fund	5%	1.5%
Liontrust FTSE 100 Tracker Fund	0%	0.295%

Notes

- (1) A number of other charges (Trustee, audit, registration etc.) are added to this annual management fee. These are detailed on page 15.
- (2) For Liontrust European Absolute Return Fund, the Investment Adviser will receive a performance fee which is based on the appreciation in the Fund's unit price over a suitable benchmark. Further details can be found in How Do Performance Fees Work? on page 21.
- (3) A portion of the Income Fund's expenses are charged to capital. This has the effect of increasing the distribution for the year by 1.5 percentage points and constraining the fund's capital performance to an equivalent extent.

Commission to Authorised Financial Advisers

Commission at the following rates is payable to authorised intermediaries for purchases of our unit trusts or ISAs (including ISA regular savings):

Initial Commission

Up to a maximum of 3% on Liontrust Income Fund, Liontrust UK Smaller Companies Fund, Liontrust Special Situations Fund, Liontrust UK Growth Fund, Liontrust European Growth Fund and Liontrust European Absolute Return Fund. No initial commission is payable on purchases of Liontrust FTSE 100 Tracker Fund.

Renewal Commission

Unit trust investments: up to a maximum of 0.5% on Liontrust Income Fund, Liontrust Special Situations Fund, Liontrust European Growth Fund and Liontrust European Absolute Return Fund only. No renewal commission is payable on Liontrust UK Smaller Companies Fund, Liontrust UK Growth Fund and Liontrust FTSE 100 Tracker Fund.

ISA investments: up to a maximum of 0.5% on Liontrust Income Fund, Liontrust UK Smaller Companies Fund, Liontrust Special Situations Fund, Liontrust UK Growth Fund, Liontrust European Growth Fund and Liontrust European Absolute Return Fund. No renewal commission is payable on Liontrust FTSE 100 Tracker Fund.

2.2 Receiving Income from Your Investment

All the Funds except Liontrust European Absolute Return Fund issue Income units only.

If you invest a lump sum in any Liontrust Fund as a unit trust or ISA (except Liontrust European Absolute Return Fund), any income from your investment can be paid out to you by bank transfer or reinvested.

Distribution payments will be made direct to your bank or building society. Cheque payments will not be issued to you. You must complete your bank or building society account details on the application form.

You are free to change your mind at any time. There will be no charge for this conversion.

Liontrust European Absolute Return Fund issues Accumulation units only. Net distribution income in respect of Accumulation units is retained in the property of the Fund.

Income from your Liontrust investment will be paid out or reinvested as follows:

	Ex-Dividend dates	Income Distribution and Income Accumulation dates
Liontrust European Growth Fund	Final: 1st May	Final: 30th June
Liontrust European Absolute Return Fund	Final: 1st October	Final: 30th November
Liontrust UK Growth Fund	Final: 1st January	Final: end February
Liontrust Income Fund	Interim 1st January Final: 1st July	Interim end February Final: 31st August
Liontrust Special Situations Fund	Final: 1st June	Final: 31st July
Liontrust UK Smaller Companies Fund	Final: 1st May	Final: 30th June
Liontrust FTSE 100 Tracker Fund	Final: 1st June	Final: 31st July

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 unit holder 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 clients account can be amended back at any time following further instruction from them.

2.3 Minimum and Maximum Investments

Unit Trust Investments	Lump Sum	Regular Monthly Savings
Minimum initial investment	£1,000	Minimum: £50 per month
Minimum additional investment	£1,000	–
Minimum redemption	£500	–
Minimum balance	£500	–

Tax free investment in the Funds can be made by any of the following methods:

	Lump Sum	Regular Monthly Savings
Stocks and Shares ISA	£1,000 Minimum Maximum: £10,680	Minimum: £50 per month Maximum: £890 per month (1)
Combined Cash and Stocks & Shares ISA (Each component can be held with a separate ISA provider. Cash ISAs are not offered by Liontrust.)	Up to £5,340 in Cash Balance up to £10,680	Minimum: £50 per month Maximum: As appropriate, not to exceed a total combined investment of £10,680 in the tax year
ISA Transfer	Minimum: £1,000 Maximum: none	Not applicable

Cash ISAs are not offered by Liontrust Fund Partners LLP, but can be held with another ISA provider in conjunction with a Liontrust Stocks and Shares ISA.

Note

(1) This is based on the assumption that the regular ISA savings plan will run for twelve consecutive months in one tax year and is calculated on the maximum permitted subscription to an ISA of £10,680. If you commence your regular savings plan part way through the tax year you may increase the overall monthly amount to enable you to save up to the maximum overall permitted amount in the time remaining until the end of the tax year in question.

3 SIMPLIFIED PROSPECTUS

3.1 The Funds

Liontrust Fund Partners LLP manages UK authorised unit trusts, registered as UCITS Schemes under the Financial Services Authority's COLL Sourcebook.

Fund	Launch Date
Liontrust European Growth Fund	15.11.06
Liontrust European Absolute Return Fund	8.7.09
Liontrust UK Growth Fund	8.3.93
Liontrust Income Fund	2.7.90
Liontrust Special Situations Fund	10.11.05
Liontrust UK Smaller Companies Fund	8.1.98
Liontrust FTSE 100 Tracker Fund	14.7.95

Unit Trust Manager

The Unit Trust Manager (who promotes the schemes) is Liontrust Fund Partners LLP, 2 Savoy Court, London WC2R 0EZ. Registered in England No. 0C351697. Authorised and regulated by the Financial Services Authority.

Investment Adviser

The Investment Adviser to Liontrust European Growth Fund, Liontrust European Absolute Return Fund, Liontrust Income Fund, Liontrust UK Growth Fund, Liontrust UK Smaller Companies Fund, and Liontrust Special Situations Fund is Liontrust Investment Partners LLP, 2 Savoy Court, London WC2R 0EZ, registered in England No. 0C351668 (authorised and regulated by the Financial Services Authority).

The Investment Adviser to Liontrust FTSE 100 Tracker Fund is State Street Global Advisors Limited, 20 Churchill Place, London E14 5HJ (authorised and regulated by the Financial Services Authority).

Trustee

State Street Trustees Limited, 20 Churchill Place, London E14 5HJ. Authorised and regulated by the Financial Services Authority.

Registrar

Liontrust Fund Partners LLP, 2 Savoy Court, London WC2R 0EZ. Authorised and regulated by the Financial Services Authority.

Auditors

PricewaterhouseCoopers LLP, PO Box 90, Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH.

Custodian

State Street Bank & Trust Company, 20 Churchill Place, London E14 5HJ. Authorised and regulated by the Financial Services Authority.

ISA Manager

Liontrust Fund Partners LLP, 2 Savoy Court, London WC2R 0EZ. Authorised and regulated by the Financial Services Authority.

Financial Services Authority

The Financial Services Authority is the UK's financial regulator set up by the Government to regulate financial services and protect your rights. You can contact their MoneyMadedeclare helpline for answers to general enquiries about financial products on 0300 500 5000, or visit www.fsa.gov.uk.

3.2 Investment Objectives and Policies

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 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 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.

3 SIMPLIFIED PROSPECTUS continued

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 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 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 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.

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 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.

What Are The Funds' Investment Policies?

Financial instruments

The base currency of the Funds is sterling.

All the Funds hold the following financial instruments:

- Equities.
- Cash and short-term debtors and creditors that arise directly from their operations.
- Unitholders' funds which represent investors' monies which are invested on their behalf.

Liontrust Income Fund and Liontrust FTSE 100 Tracker Fund can also hold non-equity shares and fixed interest securities.

The Funds may invest in 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 purposes only) which may increase the risk profile. The derivatives will create synthetic short positions which will be the subject of a risk management process to manage the risks associated with these derivatives.

3 SIMPLIFIED PROSPECTUS continued

In the case of Liontrust FTSE 100 Tracker Fund, the Manager, in managing the short-term liquidity of the Fund and its income, may from time to time use derivative transactions (FTSE 100 Index futures) in accordance with the rules of the FSA COLL Sourcebook regarding Risk Management Process.

Investment strategy (asset allocation)

All Funds except Liontrust European Growth Fund invest in UK equities and, where appropriate, fixed interest securities.

Liontrust European Growth Fund, Liontrust European Absolute Return Fund and Liontrust Income Fund (for up to 20% of its portfolio) may also invest or deal in the following markets:

Austria	Vienna Stock Exchange
Belgium	Euronext Stock Exchange
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

None of the Funds has a particular strategy relating to specific industrial or other market sectors.

Whilst the Manager invests the Funds' portfolios in accordance with current restrictions in UK authorised unit trusts (UCITS) at individual stock levels, concentration can still occur in the portfolios in individual economic or industrial sectors. Stocks are selected for the portfolios either as individual investment decisions or specifically to control risk, but not as tactical sector allocation decisions. Apart from Liontrust FTSE 100 Tracker Fund (which replicates the sector and stock allocation of the FTSE 100 Index), all Liontrust's Funds have their own specific sector allocation risk controls in relation to their benchmark indices. Further details on Liontrust's Funds' portfolio restrictions are available from the Manager on request.

Liontrust Special Situations and Liontrust European Growth Funds

These Funds can hold concentrated portfolios which could mean that the Funds will be volatile when compared with their benchmark Indices. The Funds have no limits on geographical or industrial sector exposure. Although they have representation across a number of sectors, the concentrated number of holdings could mean that their geographical or industrial sector exposure does not closely mirror that of their benchmarks.

3.3 Profile of the Typical Investor

The Funds are marketable to both private investors and professional investors and advisers wishing exposure predominantly to the UK or European stock markets. Investors should read the risk warnings set out in Section 3.4, below.

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.

3.4 What are the Risks of Investing in the Funds?

The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally subscribed. The issue of units in Liontrust unit trusts may be subject to an initial charge, except the Liontrust FTSE 100 Tracker Fund, which will have an impact on the realisable value of the investment, particularly in the short term. Equity investment should always be considered as long-term.

Full details of all the risks of an investment in Liontrust's unit trusts can be found in the Funds' Prospectus, available from www.liontrust.co.uk, or free of charge from the Manager upon request.

3 SIMPLIFIED PROSPECTUS continued

Investors should be aware of the risks summarised below when investing in the Funds. The Manager has policies for managing each of these risks.

Market price risk

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.

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 bank overdraft positions 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. The main liability of the Funds is the redemption of any units that investors wish to sell.

Credit and counter-party risk

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

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 as appropriate.

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, although the Manager does not intend that the use of derivatives will affect 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. However, the Manager does not intend that the use of warrants will increase the risk profile or volatility of the Funds.

Inflation

Price inflation will reduce what you could buy in the future with your investments.

Tax regimes

The value of tax benefits depends upon the individual circumstances of the investor. The favourable treatment of ISAs may not be maintained; the levels and bases of, and reliefs from, taxation can change under future legislation.

The Government have indicated that ISAs will continue in existence indefinitely.

Fund specific risks

Deduction of charges

The annual management fee and Trustee fee on Liontrust Income Fund is deducted from the Fund's capital account. Deducting the annual management fee and Trustee fee from the Fund's capital account will result in the capital return for investors being lower than would be the case were the fee charged to income, but the potential distributions paid to investors will be increased.

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. Further details can be found in How Do Performance Fees Work? on page 21.

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 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.

3.5 How have the Funds Performed?

The charts overleaf show the performance of the Funds over the last ten years (or as many whole years as possible where a Fund has been in existence for less than ten years), both as individual (discrete) years, and over the period as a whole (cumulative). The performance is measured on a bid to bid basis (i.e. without taking into account any initial charge), and with net income reinvested at ex-dividend dates, to 31.12.11.

3.6 What are my Tax Liabilities?

These depend upon your personal circumstances and how you have chosen to invest in the Funds. All the Funds are invested predominantly in equities and, where applicable, distribute dividend distributions.

Dividend distributions

Unit trust investment: 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 and 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 and 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.

The investments within a unit trust are exempt from Capital Gains Tax. You may, however, be liable for Capital Gains Tax when you sell your units if your gains exceed the tax year's Capital Gains Tax exemption limit.

ISA investment: When investing in the Funds through an ISA, all gains from any investments sold within the ISA are free of Capital Gains Tax. Although the 10% income tax credit can no longer be reclaimed on dividend distributions from a ISA, ISAs are still beneficial to higher rate tax payers as there is no further income tax to pay (higher rate and additional rate tax payers currently pay an additional 22.5% or 32.5% respectively income tax on any dividends received on investments outside an ISA). There is no need to declare your ISA investments on your tax return.

Stamp Duty Reserve Tax: Stamp Duty Reserve Tax is a 0.5% tax that is payable by the Trustee of a unit trust when unitholders sell their units in that unit trust. This may have an effect on you as the unitholder depending on how the unit trust manager will be treating this particular charge. Any Stamp Duty Reserve Tax liability incurred on Liontrust's Funds will be charged to the Funds' capital, which could mean that less of your money will be invested for potential capital growth.

Equalisation: As a repayment of capital, the equalisation element of the first distribution which you receive after purchasing units is not liable to income tax and should be deducted from the cost of units for Capital Gains Tax purposes. Equalisation is an average of the accrued income included in the price of units purchased during the distribution period (Group 2 units) which is refunded as part of a unitholder's first distribution, so as to provide the same distribution for all units of the same type.

3.7 How will Charges and Expenses Affect my Investment

An 'offer' price (the price at which you buy units in a Fund and being the higher) and a 'bid' price (the price at which you sell units and being the lower) are always quoted for each Fund. The difference between these two prices is known as the 'spread', which includes any dealing costs associated with the underlying investments of the Funds. The offer price includes Liontrust's initial charge, where applicable.

The Funds' annual expenses are deducted by the Manager from the Funds themselves (in incremental amounts at each business day valuation point as per the Funds' annual expense levels). As well as the Funds' annual management fees, there are other expenses which include fees to custodians (in the range of 0.010% to 0.8% plus VAT per Fund per annum plus settlement fees), Trustees (0.03%, plus VAT, per annum on the first £100 million per Fund, 0.02%, plus VAT, per annum thereafter), registrars (0.0800% per annum) plus the auditors' and regulators' costs and the cost of the production of the Funds' Manager's Report and Financial Statements and this Simplified Prospectus.

Discrete Years' Performance (total return)

Liontrust Income Fund



Liontrust UK Growth Fund



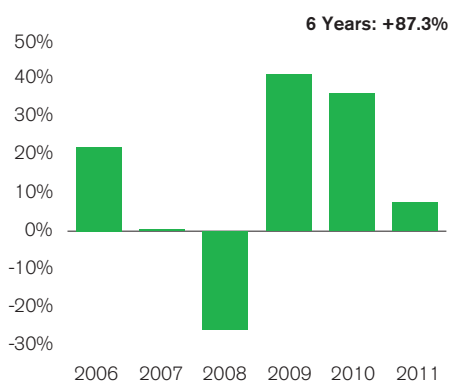
Liontrust UK Smaller Companies Fund



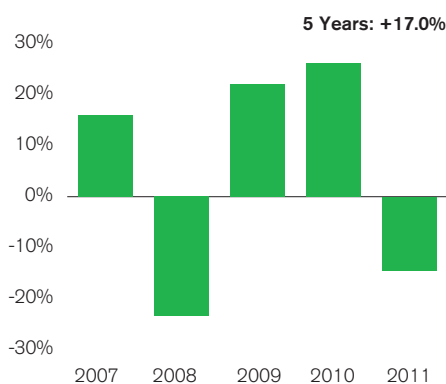
Liontrust FTSE 100 Tracker Fund



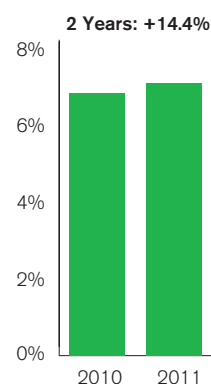
Liontrust Special Situations Fund



Liontrust European Growth Fund



Liontrust European Absolute Return Fund



Source: Financial Express, bid-to-bid basis, total return as at 31st December 2011.

Up-to-date past performance information may be obtained from the most recent relevant Fund fact sheets, available on our website, www.liontrust.co.uk, or by telephoning us on 0844 892 1007.

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

Charges and commission rates

The table below shows the relevant charges, expenses and commission rates for investment in each of the eight Funds.

	Liontrust Income Fund	Liontrust UK Smaller Companies Fund	Liontrust Special Situations Fund	Liontrust UK Growth Fund	Liontrust European Growth Fund	Liontrust European Absolute Return Fund	Liontrust FTSE 100 Tracker
Bid/offer spread	5.56%	9.04%	6.56%	5.97%	5.26%	5.47%	0.64%
Initial charge (included in the full offer price)	5%	5%	5%	5%	5%	5%	0%
Initial commission to financial advisers (paid out of the initial charge)	3%	3%	3%	3%	3%	3%	0%
Annual management fee	1.5%	1.5%	1.75%	1.5%	1.5%	1.5%	0.295%
Other expenses(1)	0.12%	0.16%	0.17%	0.14%	0.22%	0.54%	0.165%
Total expense ratio	1.62%	1.66%	1.92%	1.64%	1.72%	3.03%(2)	0.46%
Renewal commission (maximum) to financial advisers:							
Unit trust investment	0.5%	0%	0.5%	0%	0.5%	0.5%	0%
ISA investment	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0%
Current estimated net distribution yield	5.76%	0.31%	0.47%	1.08%	1.25%	0%	2.81%

Notes:

(1) Other expenses include trustee, custody, registration, ISA sub-registration, audit and regulators fees and the production and mailing of the Funds' Manager's Reports and the production of this Simplified Prospectus.

(2) The Liontrust European Absolute Return Fund total expense ratio includes performance fee which represents 0.99%.

The total expense ratio ("TER") is made up of the annual management fees and other expenses. These are calculated and deducted from the Funds themselves pro rata on a daily basis. The TER shows the total percentage annual operating costs of the Funds. It does not include transaction expenses (i.e. the costs incurred by the Funds in the trading of the securities held in their portfolios including broker commission and stamp duty reserve tax). The TER is highlighted to help investors compare the annual operating expenses of different funds. Previous years' comparison TERs can be found in the Funds' Manager's Short Reports, available from our Administration Services team on 0844 892 1007 or on our website, www.liontrust.co.uk.

All charges are calculated as at each Fund's last financial year end. The spreads and yields are as at 31 December 2011.

Initial commission to financial advisers is paid out of the initial charge, which is included in the bid/offer spread. Renewal commission to financial advisers is paid out of the annual management fees. The Manager retains the discretion to pay more than these commission levels.

Illustration of charges

The tables on the following pages show the effect of charges and expenses on the various methods of investing in each Fund.

How the effects of charges are calculated:

The calculations are based on a lump sum investment of £1,000 and, in the case of an ISA investment only, regular savings of £50 per month.

- 1) We deducted the initial charge.
- 2) We assumed that the unit trust investment grows at 6% per year and the ISA investment grows at 7% per year. These are standard growth rates used by all investment companies to allow you to compare their charges.
- 3) We made allowance for the annual management charges that are deducted from the Funds, and, for Liontrust European Absolute Return Fund only, the performance fee(1).

The income column shows how much would be paid out. For the purposes of the tables the income is based on the estimated gross distribution yield at the time this Simplified Prospectus was produced. A standard yield assumption makes no allowance for growth of income over time.

The figures do not allow for any discount that you may receive when you invest.

The effects on a lump sum investment of £1,000 and regular monthly savings of £50 in each Fund are set out over the following pages. These figures are only examples and are not guaranteed – they are not minimum or maximum amounts. What you will get back depends upon how your investment grows and on the tax treatment of the Fund and your own tax position. You could get back more or less than this. All fund managers use the same rates of growth for projections but their charges may vary. Do not forget that inflation will reduce what you could buy in the future with the amounts shown.

Note:

- (1) For Liontrust European Absolute Return Fund, the tables illustrate what you might get back as an investor in the Fund after the deduction of initial and annual expenses and the Fund's performance fee.

The performance fee is based on the illustrative return of the Fund after the deduction of its regular annual expenses from the 6% or 7% gross return assumptions used, but is reduced by the amount of the Hurdle. The actual cost incurred by investors will vary, and depends on the future performance of the Fund and changes to the Hurdle.

If the Hurdle rate increases in the future, this may lead to a decrease in the performance fee earned and therefore the total expenses of the Fund. Likewise, a decrease in the Hurdle may result in an increase in the performance fee and the Fund's expenses. The Fund's total expense ratio will therefore fluctuate more than for funds which do not charge a performance fee. The Fund's Hurdle rate is reset on a quarterly basis; further details can be found in How Do Performance Fees Work? on page 21.

The Hurdle rate used in these calculations is shown on the Fund's Illustration tables.

Liontrust Income Fund

Table 1: Unit Trust Investment

At end of year	Lump sum		Income distributed		Income reinvested	
	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 6% pa (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	1,000	75	59	926	78	982
Three	1,000	116	172	890	130	1,061
Five	1,000	161	281	855	192	1,146
Ten	1,000	293	536	774	401	1,390

The last line in Table 1 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £293 where income is distributed and £401 where income is reinvested. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 2.74% a year where income is distributed and 3.35% a year where income is reinvested.

The current yield (5.76% net) and total annual expenses (1.62%) on the Fund amount to more than the 6% total return assumption from which the yield and expenses are deducted to derive the projected capital growth rates, hence the negative capital growth returns in these examples.

Table 2: Unit Trust Regular Monthly Savings Investment

At end of year	Regular savings		Income reinvested	
	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 6% pa (£)
One	600	47		589
Three	1,800	187		1,837
Five	3,000	399		3,186
Ten	6,000	1,331		7,052

The last line in Table 2 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,331. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 2.92% a year.

Table 3: ISA Lump sum / ISA Transfer Investment / Unit Trust Regular Savings

At end of year	Lump sum		Income distributed		Income reinvested	
	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 7% pa (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	1,000	75	59	935	79	991
Three	1,000	119	175	915	134	1,091
Five	1,000	168	289	896	202	1,201
Ten	1,000	322	563	850	440	1,527

The last line in Table 3 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £322 where income is distributed and £440 where income is reinvested. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 3.52% a year where income is distributed and 4.33% a year where income is reinvested.

Table 4: ISA Regular Monthly Savings Investment

At end of year	Regular savings		Income reinvested	
	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 7% pa (£)
One	600	44		587
Three	1,800	179		1,851
Five	3,000	389		3,241
Ten	6,000	1,360		7,363

The last line in Table 4 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,360. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 3.86% a year.

Liontrust Special Situations Fund

Table 5: Unit Trust Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 6% pa (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	1,000	88	5	967	89	971
Three	1,000	140	15	1,053	142	1,050
Five	1,000	201	26	1,108	204	1,134
Ten	1,000	404	57	1,313	415	1,376

The last line in Table 5 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £404 where income is distributed and £415 where income is reinvested. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.20% a year where income is distributed and 3.24% a year where income is reinvested.

Table 6: Unit Trust Regular Monthly Savings Investment

Regular savings		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)	
One	600	53	583	
Three	1,800	207	1,818	
Five	3,000	434	3,153	
Ten	6,000	1,403	6,980	

The last line in Table 6 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,403. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 2.73% a year.

Table 7: ISA Lump sum / ISA Transfer Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 7% pa (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	1,000	89	5	976	90	980
Three	1,000	144	15	1,064	146	1,079
Five	1,000	211	27	1,161	214	1,189
Ten	1,000	443	60	1,442	455	1,512

The last line in Table 7 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £443 where income is distributed and £455 where income is reinvested. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 4.16% a year where income is distributed and 4.22% a year where income is reinvested.

Table 8: ISA Regular Monthly Savings Investment

Regular savings		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)	
One	600	54	588	
Three	1,800	211	1,853	
Five	3,000	446	3,246	
Ten	6,000	1,495	7,375	

The last line in Table 8 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,495. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 3.72% a year.

Liontrust UK Growth Fund

Table 9: Unit Trust Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 6% pa (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	1,000	80	11	969	80	980
Three	1,000	124	35	1,030	125	1,064
Five	1,000	177	60	1,094	179	1,155
Ten	1,000	349	130	1,273	361	1,419

The last line in Table 9 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £349 where income is distributed and £361 where income is reinvested. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.45% a year where income is distributed and 3.56% a year where income is reinvested.

Table 10: Unit Trust Regular Monthly Savings Investment

Regular savings		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)	
One	600	588	48	
Three	1,800	1,839	186	
Five	3,000	3,197	388	
Ten	6,000	7,125	1,258	

The last line in Table 10 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £7,125. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.10% a year.

Table 11: ISA Lump sum / ISA Transfer Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 7% pa (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	1,000	80	11	978	80	989
Three	1,000	128	12	1,059	128	1,094
Five	1,000	185	13	1,147	187	1,211
Ten	1,000	384	16	1,398	397	1,559

The last line in Table 11 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £384 where income is distributed and £397 where income is reinvested. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 4.38% a year where income is distributed and 4.54% a year where income is reinvested.

Table 12: ISA Regular Monthly Savings Investment

Regular savings		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)	
One	600	49	593	
Three	1,800	190	1,874	
Five	3,000	401	3,291	
Ten	6,000	1,341	7,529	

The last line in Table 12 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,341. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 4.09% a year.

Liontrust UK Smaller Companies Fund

Table 13: Unit Trust Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 6% pa (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	1,000	112	3	945	112	948
Three	1,000	160	10	1,020	161	1,030
Five	1,000	217	17	1,101	220	1,119
Ten	1,000	408	39	1,333	415	1,375

The last line in Table 13 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £408 where income is distributed and £415 where income is reinvested. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.21% a year where income is distributed and 3.24% a year where income is reinvested.

Table 14: Unit Trust Regular Monthly Savings Investment

Regular savings		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)	
One	600	67	569	
Three	1,800	245	1,779	
Five	3,000	491	3,094	
Ten	6,000	1,483	6,900	

The last line in Table 14 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,483. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 2.53% a year.

Table 15: ISA Lump sum / ISA Transfer Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 7% pa (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	1,000	113	3	954	113	957
Three	1,000	165	10	1,049	166	1,059
Five	1,000	228	18	1,154	230	1,172
Ten	1,000	448	41	1,465	456	1,511

The last line in Table 15 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £448 where income is distributed and £456 where income is reinvested. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 4.17% a year where income is distributed and 4.22% a year where income is reinvested.

Table 16: ISA Regular Monthly Savings Investment

Regular savings		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)	
One	600	68	574	
Three	1,800	250	1,814	
Five	3,000	506	3,186	
Ten	6,000	1,579	7,291	

The last line in Table 16 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,579. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 3.52% a year.

Liontrust European Growth Fund

Table 17: Unit Trust Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 6% pa (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	1,000	73	13	974	74	986
Three	1,000	119	40	1,030	122	1,069
Five	1,000	172	69	1,089	179	1,159
Ten	1,000	348	148	1,251	372	1,418

The last line in Table 17 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £348 where income is distributed and £372 where income is reinvested. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.42% a year where income is distributed and 3.56% a year where income is reinvested.

Table 18: Unit Trust Regular Monthly Savings Investment

Regular savings		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)	
One	600	44	592	
Three	1,800	175	1,850	
Five	3,000	372	3,213	
Ten	6,000	1,238	7,145	

The last line in Table 18 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,238. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 3.15% a year.

Table 19: ISA Lump sum / ISA Transfer Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 7% pa (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	1,000	74	13	983	82	988
Three	1,000	122	41	1,059	134	1,091
Five	1,000	181	71	1,141	197	1,205
Ten	1,000	382	157	1,374	422	1,545

The last line in Table 19 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £382 where income is distributed and £422 where income is reinvested. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 4.35% a year where income is distributed and 4.45% a year where income is reinvested.

Table 20: ISA Regular Monthly Savings Investment

Regular savings		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)	
One	600	45	597	
Three	1,800	179	1,885	
Five	3,000	384	3,308	
Ten	6,000	1,320	7,550	

The last line in Table 20 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,320. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 4.14% a year.

Liontrust European Absolute Return Fund

The tables below illustrate what you might get back as an investor in the Fund after the deduction of initial and annual expenses and the Fund's performance fee. The performance fee is based on the illustrative return of the Fund after the deduction of its regular annual expenses from the 6% or 7% gross return assumptions used, but is reduced by the amount of the Hurdle. The actual cost incurred by investors will vary, and depends on the future performance of the Fund and changes to the Hurdle. The Hurdle rate used in these calculations is 1.080% (3 month GBP LIBOR as at 31st December 2011).

Table 21: Unit Trust Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 6% pa (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	1,000	88	0	972	88	972
Three	1,000	163	0	1,028	163	1,028
Five	1,000	251	0	1,087	251	1,087
Ten	1,000	541	0	1,250	541	1,250

The last line in Table 21 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £541 where income is distributed and £541 where income is reinvested. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 2.26% a year where income is distributed and 2.26% a year where income is reinvested.

Table 22: Unit Trust Regular Monthly Savings Investment

Regular savings		Income reinvested	
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	600	51	585
Three	1,800	221	1,804
Five	3,000	492	3,093
Ten	6,000	1,733	6,650

The last line in Table 22 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,733. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 1.86% a year.

Table 23: ISA Lump sum / ISA Transfer Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 7% pa (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	1,000	89	0	981	89	981
Three	1,000	168	0	1,057	168	1,057
Five	1,000	263	0	1,139	263	1,139
Ten	1,000	594	0	1,373	594	1,373

The last line in Table 23 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £594 where income is distributed and £594 where income is reinvested. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 3.22% a year where income is distributed and 3.22% a year where income is reinvested.

Table 24: ISA Regular Monthly Savings Investment

Regular savings		Income reinvested	
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	600	53	589
Three	1,800	239	1,834
Five	3,000	516	3,176
Ten	6,000	1,866	7,004

The last line in Table 24 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £1,866. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 2.80% a year.

Liontrust FTSE 100 Tracker Fund

Table 25: Unit Trust Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 6% pa (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	1,000	12	30	1,019	12	1,048
Three	1,000	23	91	1,071	24	1,167
Five	1,000	37	156	1,126	40	1,298
Ten	1,000	82	333	1,276	95	1,696

The last line in Table 25 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £82 where income is distributed and £95 where income is reinvested. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 4.87% a year where income is distributed and 5.43% a year where income is reinvested.

Table 26: Unit Trust Regular Monthly Savings Investment

Regular savings		Income reinvested	
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 6% pa (£)
One	600	7	629
Three	1,800	32	1,992
Five	3,000	76	3,510
Ten	6,000	288	8,095

The last line in Table 26 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £288. In other words, if the annual growth rate were to be 6%, which is in no way guaranteed, this would have the effect of reducing it to 5.38% a year.

Table 27: ISA Lump sum / ISA Transfer Investment

Lump sum		Income distributed		Income reinvested		
At end of year	Investment to date (£)	Effect of deductions to date (£)	Income to date (£)	What you might get back at 7% pa (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	1,000	12	30	1,028	12	1,058
Three	1,000	24	93	1,102	25	1,200
Five	1,000	39	160	1,180	42	1,361
Ten	1,000	90	351	1,401	104	1,863

The last line in Table 27 shows that over ten years the effect of total charges and expenses on a lump sum of £1,000 could amount to £90 where income is distributed and £104 where income is reinvested. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 5.77% a year where income is distributed and 6.42% a year where income is reinvested.

Table 28: ISA Regular Monthly Savings Investment

Regular savings		Income reinvested	
At end of year	Investment to date (£)	Effect of deductions to date (£)	What you might get back at 7% pa (£)
One	600	7	635
Three	1,800	33	2,031
Five	3,000	78	3,614
Ten	6,000	307	8,563

The last line in Table 28 shows that over ten years the effect of total charges and expenses on regular savings of £50 per month could amount to £307. In other words, if the annual growth rate were to be 7%, which is in no way guaranteed, this would have the effect of reducing it to 6.38% a year.

3.8 How do I Deal in the Funds?

To make an initial investment in the Funds you must complete the appropriate Application Form for either unit trust investment, ISA investment or ISA transfer, indicating how much you would like to invest, and send it to us enclosing payment (see page 5). You should indicate whether you wish to invest by a lump sum investment or saving regularly. If you wish to save regularly you should complete and return to us the Direct Debit Mandate, enabling your monthly subscriptions to be deducted from your chosen bank or building society account.

Professional investors and advisers may give instructions to buy and sell units by telephone.

Private investors must make their initial investment for unit trust and ISA investment with a written instruction, but can give instructions via telephone thereafter. (ISA investors can give instructions only to sell their investments by telephone; instructions to buy additional units must still be given in writing with payment.)

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.

Investors making lump sum ISA investments in consecutive tax years do not need to complete the Liontrust ISA application after the first tax year; it is sufficient to send in a cheque with a written instruction indicating the Fund in which to invest in an ISA for the current tax year (see page 5).

For ISA regular savers, Liontrust will continue collecting monthly subscriptions in to a new tax year unless otherwise instructed. This will constitute your ISA investment for the new tax year; it is important to note, therefore, that you cannot invest in another Stocks and Shares ISA with another manager during the tax year in question.

You may buy and sell units in the Funds on any business day between 0900 and 1700 hours. Prices are always quoted on a 'forward' basis. This means that all deals are based on a price that is calculated at the next valuation point (which is 1200 hours on each business day) following the purchase or sale of units. All deals made during the day up to this valuation point will be dealt at this forward price whilst those deals taken later in the day will receive the next dealing price which is fixed at 1200 hours on the following business day.

When you sell your units a contract note confirming the instruction to sell will be issued immediately. Following receipt of a correctly completed Form of Renunciation, payment in settlement will be sent directly to you or your bank/building society account within four business days.

Redemptions can be settled at no cost via electronic bank transfer direct to your bank or building society account. In order to do this we may require proof of ownership of the bank account, which can be in the form of a bank statement, paying-in slip or cancelled cheque. Please note that payments cannot be made to a third party account.

Stamp duty reserve tax is a tax levied at 0.5% that is payable by the Trustee of a unit trust when unitholders sell back their units in that unit trust. This may affect the investor, depending on how each unit trust manager treats this particular charge. Any stamp duty reserve tax liability incurred by the Trustee on Liontrust's Funds is charged to the Funds' capital, which could mean that less of your money will be invested for capital growth.

Can I change my mind after I have invested?

If you receive cancellation rights (you will be eligible for these if you have received advice from an authorised financial adviser, by whom they have been confirmed) you have the right to cancel your investment within fourteen days following your receipt of the acknowledgment of your investment. If the value of your investment has fallen due to a downward movement on the stock market, you will receive back the amount commensurate with the fall in the price of the units.

Can I switch between Funds in my Liontrust investment?

You can switch between any of the Funds within your unit trust or ISA investment at any time. The initial charge of the fund being switched into will be waived.

You should be aware that a switch of a unit trust investment constitutes a disposal for Capital Gains Tax purposes.

Can I transfer my Liontrust unit trust investment into the Liontrust ISA?

You can transfer a unit trust holding into the Liontrust ISA (subject to the usual ISA investment restrictions), but this will necessitate selling your original unit trust holding, which may constitute a disposal for Capital Gains Tax purposes.

The same number of units will be then purchased on your behalf within the Liontrust ISA at the bid price (i.e. the same price at which the original units were sold). An initial charge may be applied if you have selected a different Fund from that sold.

How much will any advice cost?

If you purchase units in any of the Funds (except Liontrust FTSE 100 Tracker Fund) by any of the methods described above through a financial adviser, Liontrust will pay commission for the introduction of the investment. The rate of initial commission and renewal commission will be to the maximum levels as described above. Initial commission will be paid to the adviser out of the Funds' initial charges; renewal commission (where applicable) will be paid out of the Funds' annual management fees.

Your financial adviser will agree with you details about the cost of his advice (commission). As an illustration, if you invested a lump sum of £1,000, your adviser would receive £30 at a 3% commission rate. In the case of regular savings, your adviser would receive £1.50 for every £50 invested. Your adviser may charge less commission than that to which he is entitled, in which case the Fund's initial charge may be reduced by the appropriate amount.

No advice will be provided by Liontrust in respect of any of the Funds.

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.

3.9 What Information will I Receive After I Invest?

The information you are sent and how your holding will be registered varies according to how you have invested in the Funds:

Unit trust investment: If you make a unit trust investment you will be sent a contract note which will contain details of the number of units you have purchased, the price you have paid for them, and confirmation of your registration details. Thereafter, you will be sent a statement of the valuation of your investment as at 5th April and 5th October within twenty five working days of these two dates. We do not issue certificates.

ISA investment: If you make an ISA investment or an ISA transfer, you will be sent a contract which confirms your purchase of the Fund, the number of units you have bought and the price you paid for them. Thereafter, you will be sent a statement of the valuation of your investment as at 5th April and 5th October within twenty five working days of these two dates.

Regular savers: Investors saving on a monthly basis will receive a Regular Savers welcome pack and a contract note which confirms your initial purchase of the fund(s) being invested in. Statements are sent for Regular Saver investors in line with other ISA and Unit Trust investors as at 5th April and 5th October within twenty five working days of these two dates, but Regular Savers do not receive contract notes each time a monthly contribution is collected and invested.

All investors will be sent a copy of the relevant Fund's Manager's Short Report every six months. This gives you information about the relevant Fund's portfolio and how it has been managed.

The Funds' Prospectus and the Manager's Long Reports, which include the Funds' financial statements, are available free of charge from the Manager upon request or from our website www.liontrust.co.uk.

3.10 How will my Holdings be Registered?

Units purchased in a unit trust will be registered in your own name (with up to three joint holders). Units purchased via an ISA investment or ISA transfer will be registered in the name of Liontrust Nominees Limited although you will remain the beneficial owner.

3.11 How do I Monitor my Investment?

We publish the prices and movements of all our retail unit trusts on our website, www.liontrust.co.uk, every business day. If you have any queries about your investment you can telephone our Customer Services Team on 0844 892 1007.

You can also register for our automated price and valuation service, please call us for further details.

3.12 Can I Reinvest Income From my Investment?

If you invest a lump sum in any Liontrust Fund as a unit trust or ISA (except Liontrust European Absolute Return Fund), any income from your investment can be paid out to you or reinvested. Distribution payments will be made direct to your bank or building society. You must fill in your bank or building society account details on the application form. Cheques will not be sent out to investors.

All the Funds except Liontrust European Absolute Return Fund issue Income units only. Income can be distributed to investors, or reinvested to purchase additional units at no initial charge. You should indicate your preference when you invest. If no preference has been indicated, all income will be automatically reinvested. You are free to change your mind at any time by notification to us in writing.

Liontrust European Absolute Return Fund issues Accumulation units only. Net distribution income in respect of Accumulation units is retained in the property of the Fund and is reflected in the unit price.

3.13 How do Performance Fees Work?

For Liontrust European Absolute Return Fund, a performance fee of 20% of any outperformance as described below is payable to the Manager and charged to the Fund. 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; these are explained in the glossary below.

Summary

A performance fee is payable to the Manager in respect of units in the 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 Watermark. 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 Fund is compared to the relevant Hurdle ("Outperformance" or "Underperformance"). Any performance fee accrual is calculated as up to 20% 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 Fund.

Glossary

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 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 watermark

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 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 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 GBP 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.

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 Fund on the previous Valuation Day.

Performance

The growth of both income and capital for the units in the Fund.

Performance Period

The first Performance Period of the Fund is calculated from the launch date of the Fund and runs to the first Accounting Date which was 30th September 2010. Subsequent performance periods then run from the 1st October each year until the end of the Funds Accounting Period on 30th September the following year.

Additional Information

Prospectus

Copies of the full version of the Funds' Prospectus are available from Liontrust Fund Partners LLP at any time, or from our website www.liontrust.co.uk.

Authorised status

The Funds are authorised unit trust schemes under Section 243 of the Financial Services and Markets Act 2000 (authorisation orders) and the Financial Services Authority Handbook and are categorised as UCITS schemes.

The Funds are constituted as UCITS Funds in accordance with the Financial Services Authority's COLL regime.

Your right of Complaint

If you are dissatisfied with your investment at any time you have the right to complain and we have established a procedure for the effective investigation of complaints, which is available upon request. Initially you should complain in writing to the Compliance Officer, Liontrust Fund Partners LLP, 2 Savoy Court, London WC2R 0EZ. You also have the right to complain direct to the Financial Ombudsman Scheme, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

Compensation

The Unit Trust Manager and ISA Manager are members of the Financial Services Compensation Scheme, 7th Floor, 1 Portsoken Street, London E1 8BN (www.fscs.org.uk).

Data Protection Act

We shall not disclose your details outside the Liontrust Asset Management Group, members of the Liontrust Group and sub-contractors or agents acting on our behalf. Those details may be added to a mailing list to enable you to receive details of the Group's products. If you prefer not to receive such details, please indicate on the Application Form or Transfer Form, as the case may be, or write to us.

Telephone calls

For your protection telephone calls may be recorded.

Money laundering

Liontrust is required to make various checks on transactions to comply with requirements of the Proceeds of Crime Act 2002 and statutory regulations in relation to money laundering, as amended from time to time. These checks involve the need to obtain independent documentary evidence of the identity and permanent address of the person(s) applying to open an Account and may be completed by verifying the details you supply against those held on any databases to which Experian, the Credit Reference Agency, has access. This includes information from the Electoral Register and fraud prevention agencies. We will use scoring methods to verify your identity. A record of this search will be kept by Experian and may be used to help other companies to verify your identity.

This information may also be used by financial and other organisations involved in fraud prevention to protect ourselves and our customers from theft and fraud. If you give us false or inaccurate information and we suspect fraud, we will record this and may share it with other organisations. Completion of the Application Form represents permission from you to access this information in accordance with the Data Protection Act 1998.

Until Liontrust receives satisfactory evidence, it may need to delay processing your instruction and/or withhold any payments due to you in respect of your investment. It would assist with this process and help Liontrust to complete its verification checks if you could pay for any investment you make by either a bank transfer or a cheque drawn on your (or joint) personal bank account.

Where you are investing money using a building society or banker's draft, please arrange for them to certify, on the back of the draft, the name of the client from whose account payment is being made. Liontrust reserves the right to refuse any application to subscribe to a unit trust without giving a reason for so doing.

Liontrust does not make or accept payments from third parties not authorised by the Financial Services Authority.

Further information

Administrative information on your investments can be obtained between 0830 and 1700 hours from:

Liontrust Customer Services Team
PO Box 11061
Chelmsford
CM99 2YA
Telephone 0844 892 1007

Further information on Liontrust's Funds can be obtained from:

Liontrust Fund Partners LLP
2 Savoy Court
London
WC2R 0EZ
Telephone 020 7412 1700
Email admin@liontrust.co.uk

January 2012

4 TERMS & CONDITIONS

FOR INVESTMENTS IN THE LIONTRUST ISA

1. Definitions

In these Terms and Conditions the following words mean:

“Account”: your Individual Savings Account(s) with LFP. (Any former Personal Equity Plan(s) and/or former Maxi or Mini ISAs you held with Liontrust have all been converted to a single category of investment, labelled “Liontrust Stocks & Shares ISA”).

“Fund”: the Liontrust authorised unit trusts, which are managed by the Unit Trust Manager, available within the Liontrust ISA.

“FSA”: the Financial Services Authority.

“HMRC”: Her Majesty’s Revenue and Customs.

“ISA”: an Individual Savings Account invested in a stocks and shares component.

“Regulations”: The Individual Savings Account Regulations 1998 and any other applicable or successor regulations made by H M Treasury.

“You” and “Your”: an investor who applies to open an ISA or, in the case of an ISA Transfer, an investor who applies to transfer their ISA under these Terms and Conditions.

“LFP”: Liontrust Fund Partners LLP, which is authorised and regulated by the Financial Services Authority and approved by HMRC as an Account Manager of Individual Savings Accounts.

“Unit Trust Manager”: Liontrust Fund Partners LLP, authorised and regulated by the Financial Services Authority, the unit trust manager of the Fund.

“Valuation Point”: The property of the Funds will normally be valued by the Unit Trust Manager on each day when the Unit Trust Manager of the Fund is open for business, at the normal valuation point for the Funds as stated in the Prospectus for the Funds, for the purpose of determining the issue and redemption prices of units in the Funds.

These Terms and Conditions are effective from 31st January 2012 and replace all previous Terms and Conditions issued by any member of the Liontrust Group.

References to any statute or regulation include any amendment or re-enactment. Headings and sub-headings are for guidance only and are not part of these Terms and Conditions.

2. Your account

The Application/Transfer Form you use is part of these Terms and Conditions. Your Account will be opened upon receipt by LFP of a duly completed Application Form together with your initial cash subscription or, in the case of a regular savings plan, a completed Direct Debit Mandate. Subject to the Regulations LFP may open an Account provisionally where the information which you have supplied is insufficient.

Where LFP opens an Account provisionally you must supply the missing information within 30 days, otherwise the Account must be voided in accordance with HMRC requirements with the assets held in your name outside an ISA. Your ISA application covers the current tax year and each subsequent tax year until LFP receives no cash subscription for a full tax year. You must inform LFP immediately if you cease to be UK resident and ordinarily resident, or if being non-resident you cease to qualify as a Crown employee serving overseas or to be married to or the civil partner of a person who performs such duties.

3. Cancellation rights

If you have received advice from an authorised financial adviser you will automatically be offered cancellation rights, which enable you to cancel your investment within fourteen days of receiving from LFP a notice of your right to cancel. If you exercise your right to cancel after the price of your investment has fallen, you will not receive full reimbursement; an amount equivalent to the fall in the price of the units will be deducted. If you exercise your right to cancel the purchase of units following the transfer to LFP of an ISA, the proceeds will be paid direct to you and you will irrevocably lose any favourable tax treatment associated with an ISA holding.

4. Subscriptions

4.1 Cash subscriptions to your ISA: Investments may be made by lump sum or regular savings as follows:

- i Cash subscriptions may be made to your ISA subject to a minimum initial investment of £1,000 per Fund.
- ii Subscriptions may also be made on a monthly basis by Direct Debit subject to a minimum of £50 per month per Fund.
- iii In addition, both lump sum investors and regular savers are permitted to make occasional voluntary contributions subject to a minimum of £500 per subscription.

The total of all investments for your ISA investment in any one tax year, whether by lump sum investment, regular savings, or occasional voluntary contributions, must not exceed the maximum amount permitted within an ISA in the tax year in question.

4.2 Cash transfers to your ISA: ISA transfers to LFP must be made in cash and are subject to a minimum initial investment of £1,000 per Fund.

4.3 Direct Debit Guarantee: Banks and building societies offer a guarantee on Direct Debits. They monitor the efficiency and security of the scheme. If the amount to be paid or the payment date changes you will be given fourteen days’ notice by LFP so that you have time to query the amount if necessary. If an error is made by LFP, your bank or your building society, you are guaranteed an immediate refund of the amount paid. You may cancel a Direct Debit Mandate at any time by writing to your bank or building society or to LFP.

4 TERMS & CONDITIONS continued

Subject to applicable client money rules cash subscriptions and other cash held in your Account pending investment or re-investment will be held in a non-interest bearing client money bank account in the name of LFP.

5. Investment objectives

The investment objectives of the Funds are those described in the Funds' Simplified Prospectus.

6. Investment

- 6.1 Funds: All cash received by LFP for investment in your Account (including cash received from your previous ISA manager but excluding subscriptions collected by Direct Debit), will be applied to purchase units in the Fund(s) selected by you, at the ruling offer price at the next Valuation Point following receipt of a correctly completed Application Form or Transfer Form. All cash collected by Direct Debit will be applied to purchase units in the Fund(s) selected by you within five business days.
- 6.2 Switching: You may switch between any of the Funds in the Liontrust ISA range at any time by instructing LFP in writing or by telephone. Switches will be effected at the next Valuation Point following receipt of instructions. The initial charge of the fund being switched into will be waived. Switches between Funds are subject to a minimum of £1,000 per Fund. Where applicable, commission is payable to intermediaries on switches, although this will result in a charge being added to cover this.
- 6.3 General: You may amend monthly subscriptions to an ISA by advising LFP in writing. Provided that LFP receives at least five business days' notice, it will normally be able to give effect to this instruction from the next collection date. Except as provided under condition 7 you are not permitted to hold cash within your Account, which must remain fully invested at all times. LFP acts as principal in all transactions with you.

7. Income

Other than for investments in Liontrust European Absolute Return Fund, you may elect to have any income in respect of your Account paid direct to your bank or building society account. Income will be paid to you on or shortly after the pay date for the underlying Funds' income distribution dates. (Liontrust European Absolute Return Fund issues Accumulation units only.) Unless you specifically elect to have income paid to you, this will be used to acquire further units in the underlying Funds which generated the income. Units will be purchased at no initial charge at the Valuation Point on the income distribution date for the underlying Fund(s). If you terminate, or transfer, your Account, any income accruing on your Account will be paid to you following receipt by LFP. Where you transfer to LFP an ISA, LFP reserves the right to reject any income distributions or tax reclaims paid by your previous ISA manager after the date of transfer where these are less than £50. In these circumstances the value of the distribution will be withdrawn from your account and your previous ISA manager will pay this amount to you direct.

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 unit holder 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 at any time following further instruction from them.

8. How investments are held

All assets held within your Account will be, and must at all times remain, in your beneficial ownership, and must not be used as security for a loan. None of the assets may be lent to or deposited by way of collateral with any third party, nor may you create any charge or security over any assets. LFP may not lend any of your assets to a third party, nor may it borrow against its security. Investments are non-certificated and may be registered in the name of LFP's chosen nominee company or jointly in the name of such nominee and your own name. The entry in the register is conclusive evidence of legal title.

9. Documents you receive

LFP will acknowledge in writing, where applicable, a completed Application Form to open an Account or, as the case may be, your request to transfer an ISA to LFP. If you have sent cash for subscription to your Account, then we will also send you a contract note. When you make an ad hoc cash subscription to your Account, or in the case of the purchase of units following the transfer to LFP of your ISA, we will send you a contract note. When you close your account, or make an ad hoc withdrawal from your Account, or in the case of the redemption of units following the transfer from LFP of your ISA, you will be sent a contract note.

You will also receive a half yearly statement prepared as at 5th April and 5th October each year. This will show details of all transactions effected during the previous six months, and include a valuation of your Account. The statement will be prepared in accordance with the rules of the FSA and HMRC, as appropriate, and will be issued within 25 business days of these two dates. LFP may produce a consolidated statement covering all ISAs that you hold.

4 TERMS & CONDITIONS continued

If requested in writing by you, LFP will make arrangements to enable you to attend any meetings of investors in any Fund in which you are invested, to vote at such meetings and to receive the reports and accounts and any other documentation issued to investors in such Funds.

10. Withdrawal

You may make a withdrawal from your Account at any time by providing LFP with instructions in writing or by telephone requesting a minimum withdrawal of £500, subject to leaving a minimum balance of £500.

Units will be sold at the next Valuation Point following receipt of instructions. Settlement will be made in accordance with the timescales applicable to direct holdings in the Fund(s) in question.

11. Transfer to another ISA manager

Subject to the Regulations, you have the right at any time to transfer your ISA to another ISA manager. To effect a transfer you must submit to LFP a written instruction via your new ISA manager. Subject to its absolute discretion, LFP will transfer your ISA to other ISA managers in cash following the redemption of units held within your Account or "in-specie" in stock. Where the transfer is in cash, proceeds will be paid net of any charges due on your Account. Where the transfer is "in-specie", LFP will redeem sufficient units from your Account to pay any charges due on your Account.

In accordance with the Regulations, if you wish to transfer an ISA for the current tax year, the transfer must be effected in respect of all the subscriptions made that tax year. However in relation to ISAs opened in respect of previous tax years, you may effect a transfer of your Account either in whole or in part.

12. Termination

You have the right to terminate your Account at any time by giving notice to LFP in writing or by telephone. LFP may terminate your Account at any time by giving you one month's notice in writing, effective upon the expiry of the notice period. Once termination is effective, LFP will normally sell all your units at the next Valuation Point following expiry of the notice period or on receipt of your instruction and transfer the net cash proceeds to you. LFP also reserves the right to terminate your Account should the value of your Account fall below £500.

Your Account will be managed in accordance with the Regulations, which take precedence over these Terms and Conditions. LFP will notify you if, by reason of any failure to satisfy the provisions of the Regulations, your ISA has or will become no longer exempt from tax by virtue of the Regulations. When an ISA is voided, LFP will sell the investments and pay you the proceeds together with any cash balance held in the ISA. LFP may deduct any charges or other amounts due to it, any tax liabilities under the ISA, and any additional expenses incurred in terminating the ISA.

13. Death

In the event of your death, your Account will be converted to a plain unit trust investment (i.e. no longer wrapped up within an ISA).

Any dividends or gains which arise after your death will be paid into your Account but will cease to be exempt from tax, and the assets will be held by LFP awaiting instructions from your personal representatives, who may direct that the units be sold or that the units be registered in their names or those of the appropriate beneficiaries, subject to any restrictions relating to minimum holdings.

14. Manager's charges

The fees and charges payable by you are set out in the Funds' Simplified Prospectus and these Terms and Conditions. However, LFP reserves the right to introduce any additional charges in the future to cover any additional expenses incurred as a result of regulatory or other changes. In any event no such charge will be introduced without giving you written notice.

Purchases of units are subject to an initial charge (where appropriate), which is included in the offer price. An annual management fee is also levied which is paid by all unitholders in the Funds. Both the initial charge and the annual management fee may be increased up to the maximum specified in the prospectus for each Fund, subject to notice being served to unitholders following the amendment of the prospectus for the Funds.

Entirely at its own discretion, LFP reserves the right to discount or waive any charge in whole or in part.

15. Records of your account

LFP will (i) maintain all such records relating to your Account, (ii) make such returns to HMRC for the purposes of taxation, and (iii) provide all taxation details to you, as may be required under the Regulations.

16. Delegation of functions

LFP may appoint a third party to act in respect of any function relevant to the administration of your Account, though it must satisfy itself that any such third party is competent to carry out those functions or responsibilities.

17. Assignment

LFP may appoint another company to be the manager of your Account under these Terms and Conditions on giving you one month's notice. The new manager must have been approved to act as an ISA manager by the Commissioners of HMRC and have appropriate permission from its regulator.

18. Complaints

Any complaint should be addressed to the Compliance Officer, Liontrust Fund Partners LLP, 2 Savoy Court, London WC2R 0EZ in the first instance. If you are not satisfied with the manner in which the matter is addressed you can refer complaints relating to the administration of your Account to the Financial Ombudsman Scheme at South Quay Plaza, 183 Marsh Wall, London E14 9SR. If LFP cannot meet its financial obligations to you, you may be entitled to compensation under the Financial Services' Compensation Scheme. Details of your rights under this scheme are available from LFP on request, and further information is available from the Financial Services Authority and the Financial Services' Compensation Scheme, Lloyd's Chambers, 7th Floor, 1 Portoken Street, London E1 8BN.

19. Commission

If you open an Account or transfer to LFP an ISA through an authorised independent financial adviser, LFP will usually pay commission, which will be detailed in confirmation letters. You should inform LFP in writing of any change in your financial adviser.

20. Data Protection Act 1998 – Use of Information

LFP is a data controller within the meaning of the Data Protection Act 1998. LFP may make your name and address available to other members of the Liontrust Asset Management Group to enable information about other investment products and services to be sent to you, by letter, telephone or other reasonable means of communication. These will not apply if you inform LFP that you do not wish to receive this information. LFP may use the personal information supplied to provide the service applied for, confirm/update customer records and establish your identity. You have the right of access to your personal data held by LFP, at any time, by contacting us in writing and upon payment of a fee.

21. Money laundering

LFP is required to make various checks on transactions to comply with requirements of the Proceeds of Crime Act 2002 and statutory regulations in relation to money laundering made thereunder and the Money Laundering Sourcebook of the FSA. These checks involve the need to obtain independent documentary evidence of the identity and permanent address of the person(s) applying to open an Account and may be completed by verifying the details you supply against those held on any databases to which Experian, the Credit Reference Agency, has access. This includes information from the Electoral Register and fraud prevention agencies.

We will use scoring methods to verify your identity. A record of this search will be kept by Experian and may be used to help other companies to verify your identity. This information may also be used by financial and other organisations involved in fraud prevention to protect ourselves and our customers from theft and fraud. If you give us false or inaccurate information and we suspect fraud, we will record this and may share it with other organisations. Completion of the Application Form represents permission from you to access this information in accordance with the Data Protection Act 1998.

Until LFP receives satisfactory evidence, it may need to delay processing your instruction and/or withhold any payments due to you in respect of your investment. It would assist with this process and help LFP to complete its verification checks if you could pay for any investment you make by a cheque drawn on your (or joint) personal bank account. LFP reserves the right to refuse any application to subscribe, or transfer, to an ISA without giving a reason for so doing.

22. Other methods of dealing

LFP reserves the right to introduce a facility for telephone and/or internet dealing in respect of your Account. In the event that such facilities are introduced, LFP reserves the right not to accept any dealing instruction unless it is satisfied that all information which it requires at the time of dealing has been accurately provided.

23. Liability

LFP gives no warranty as to the performance or profitability of the investments held within your Account. You are aware that the price of units, and the income from them, can fall as well as rise and that there is a degree of risk attached to stock market investments. The tax regime applicable to ISAs may change.

You agree to indemnify LFP against all liabilities incurred by LFP in connection with your ISA, other than liabilities caused as a direct result of LFP's negligence, knowing default, or breach of the Regulations or of these Terms and Conditions.

LFP (and associate group companies, including nominees) accepts no responsibility for your ISA (or for an ISA transferred to LFP) until cleared funds are received, nor for any loss or delay caused in the payment or transfer of funds to LFP. LFP shall be entitled to cancel any transaction for the purchase of units in the Funds if cleared funds are not received by LFP within seven days of accepting your instructions (regardless of the method of payment), and you agree to indemnify LFP against any resulting liabilities incurred by LFP. In the case of the transfer you must ensure that the existing manager complies with the transfer instructions given by LFP.

25. Amendment

LFP may from time to time change these Terms and Conditions by giving reasonable written notice of any change. The imposition of new Terms and Conditions shall take effect upon LFP's posting notice thereof. New Terms and Conditions shall automatically supersede all previous Terms and Conditions and, for the avoidance of doubt, the provisions of new Terms and Conditions shall take precedence over all previous editions of Terms and Conditions. Although investors will be sent new Terms and Conditions by LFP, it is incumbent upon them to inform themselves of any new Terms and Conditions which may subsequently alter the operation of their ISA.

25. Communication

All notices or other documents to be sent by an investor to LFP shall be sent to Liontrust Customer Services Team, PO Box 11061, Chelmsford CM99 2YA or such other address as LFP may specify in writing from time to time.

All statements, notices and other documents to be sent by LFP to an investor shall be sent by post (or in the case of suspension of postal services by press advertisement) to the investor at the investor's permanent address stated on the original Application/Transfer Form, or such other address in the United Kingdom as the Investor may subsequently specify by notice in writing to LFP.

26. Governing law

These Terms and Conditions are governed by English Law.

January 2012.

LIONTRUST FUND PARTNERS LLP

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Authorised And Regulated by the Financial Services Authority