



LIONTRUST EUROPEAN GROWTH FUND

**Manager's Long Final Report and Financial Statements
for the year ended 30th April 2011**



Managed by Gary West &
James Inglis-Jones in accordance with
[The Liontrust Cashflow Solution](#)

LIONTRUST FUND PARTNERS LLP

LIONTRUST EUROPEAN GROWTH FUND

MANAGER

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Authorised and regulated by the Financial Services Authority.

INVESTMENT ADVISER

Liontrust European Investment Services Limited, 2 Savoy Court, London WC2R 0EZ
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.

REGISTRARS

The Bank of New York Mellon (International) Ltd, 12 Blenheim Place, Edinburgh EH7 5JH
Authorised and regulated by the Financial Services Authority.

AUDITORS

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

LIONTRUST EUROPEAN GROWTH FUND

INVESTMENT PROFILE

This unit trust aims to provide long-term capital growth through investment in a concentrated portfolio of mainly European companies (excluding the UK), broadly equally weighted. It invests in companies with strong cash flows which we believe are likely to beat investors' low profit expectations. Cash flows provide an accurate guide to future profits growth. They reveal valuable information about a company's investment decisions and its managers' prudence in recognising reported profits. The concentration of the portfolio could mean that the Fund will be volatile when compared with its benchmark. There are no limits on geographical or industrial sector exposures, which will not closely mirror that of the benchmark.

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MANAGER'S INVESTMENT REPORT

Investment objective and policy

The investment objective of the 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 Asset Management PLC

Liontrust provides portfolio management services in UK and European equities and in fixed income securities. These are managed on a long-only, long/short and absolute return basis through unit trusts, individual savings accounts (ISAs), offshore funds, pooled pension funds and segregated institutional accounts. The Group currently manages £1.3 billion (as at 31st March 2011).

We market our investment products to professional investors, predominantly in the UK and Continental Europe. These include pension funds and other institutional investors, family offices, private banks, private client managers, multi-managers, stockbrokers and financial advisers. Some private clients, to whom no advice has been given, have chosen independently to invest with us.

Performance of the Fund

In the year to 30th April 2011 an investment in the Fund rose by 24.2%. This compares with a rise of 16.9% in the FTSE All-World Developed Europe ex UK Index, the benchmark index.

From the Fund's launch on 15th November 2006 to 30th April 2011, an investment in the Fund rose by 49.0%, compared to a rise of 24.2% by the FTSE All-World Developed Europe ex UK Index.

Source: Financial Express, bid to bid basis, total return. Past performance is not a guide to future performance.

Fund review

In the year under review the FTSE All-World Developed Europe ex UK Index rose 16.9% driven by strong returns from stocks in the Automobiles & Parts (41.0%), Personal Goods (38.9%) and REITS (38.4%) sectors. Alternative Energy (-46.4%), Leisure Goods (-21.1%) and Utilities (-4.4%) stocks fared poorly. The Fund over the course of this period rose 24.2%, a significantly better return than the Index and the peer group average who returned 16.9% and 15.2% respectively. Investors who have held the Fund since inception in November 2006 have seen a return of 49.0%. An investment in the Index or a composite of the peer group would have yielded less than half the return over this period, 24.2% and 18.5% respectively.

Over the course of the last twelve months optimism regarding the momentum of global economic recovery increased as investors responded to better than expected economic data. In Europe manufacturing continued down a path of recovery as both investment and export demand remained strong. Germany, with its export oriented economy, benefited particularly from these developments. European companies with a high proportion of overseas exposure to emerging markets have benefited from robust growth in emerging markets such as China, India and Brazil. However,

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companies with domestic exposure, such as general retailers, have continued to struggle with sluggish end demand.

In the first quarter of 2011 the market remained remarkably robust in the face of increased turmoil in the Middle East, the Japanese earthquake, rising oil prices and further signs of stress in peripheral Europe's sovereign debt. However, there remains a tension between the short-term tangible evidence of recovery contingent on continued emerging market growth and longer-term concerns regarding fears of a slowdown in emerging markets, particularly China; continued sovereign debt concerns in Europe (which will be only exacerbated by emerging public health and pension liabilities in forthcoming years); and, the impact of domestic government austerity measures. Furthermore, valuation measures, adjusted for the economic cycle, tell us that the market is expensive relative to its history, suggesting some caution is warranted.

Analysis of portfolio return

A powerful theme driving stock market returns in 2010 was investor preference for companies with significant exposure to emerging markets. In addition, having paid very little attention to whether or not companies were meeting their earnings expectations in 2009 and the first half of 2010, it became much more important for companies to meet their profit expectations in the second half of last year. The tendency for investors to focus more on profit delivery, as the stock market recovery matures, is usual and provided a constructive backdrop for our process over the course of the year.

The Fund responded well in such an environment as our process did a good job earlier in the year highlighting companies during our research period that went on to deliver strong third quarter results that exceeded analysts' expectations. However, in January 2011 this favourable environment dramatically reversed and there was a significant change of leadership, unusual for this stage of the stock market cycle. This was a negative development for the portfolio, causing the Fund to lag behind the Index and peer group at the start of this calendar year.

There appear to have been three elements of this marked change in European stock markets: a shift out of stocks with exposure to emerging markets in favour of stocks with exposure to developed Europe; a move from stocks in the core of Europe to peripheral regions that had been roiled by sovereign debt concerns in 2010; and, a violent change of leadership with stocks that had performed well in 2010 underperforming dramatically in January, whilst underperforming stocks in 2010 increased significantly in value. What was unusual about this rotation was that price reversals of such magnitude are normally associated with market troughs or peaks, or turning points in the economic cycle. These developments had an adverse impact on the portfolio in the short term. However, the impact was insufficient to offset the strong returns delivered earlier in the year, resulting in a good return overall for the Fund over the course of the financial year as a whole.

Over the course of the Fund's financial year there were some stocks that performed outstandingly well. Of note were *Lundin Petroleum* (+145.1%), *Tekla* (+125.8%) and *Andritz* (+67.5%). With the exception of *Tekla*, which received a bid from Trimble Navigation in early May 2011, *Lundin Petroleum* and *Andritz* both benefited from corporate earnings news that was significantly better than analysts or investors had expected. *Lundin Petroleum*, the Swedish oil exploration company, enjoyed good news over the course of the year delivering production and earnings updates in their quarterly results that were much better than expected. However, the most significant development for the group was the discovery of a significant oil find in their Luno field in the North Sea. Subsequent to the publication of the Avaldsnes oil discovery, *Lundin Petroleum* published a series of further updates elaborating on the size and potential of the Avaldsnes prospect and the company's broader exploration portfolio. These were well received by the market causing the stock to move steadily higher over the course of the year. We originally purchased *Lundin Petroleum* for the portfolio as we were impressed by their cash flow generation as well as their cultural focus on capital return and cash generation.

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Andritz has also been an extremely rewarding investment for the Fund. The group manufactures plant equipment principally for the paper and packaging, hydropower and metal industries. Despite a recovery in their business that was well beyond analyst's expectations, a further positive surprise has been the operational gearing effect of this recovery on the group's earnings. Even more impressive has been its ability over the course of the year to sustain strong cash flow despite the recovery in their turnover, a characteristic that often drains cash flow from a business owing to the need to invest in working capital to support higher sales. *Andritz's* cash flow development over the course of 2010 was sufficiently strong to cause the stock to continue to rank in the best 20% of the market on cash flow this year and as a result the stock will continue to be held in the Fund.

At the other end of the performance spectrum *Electrolux* (-1.3%), *AstraZeneca* (-0.3%) and *Ahold* (-0.25%) performed poorly. *Electrolux* performed poorly due to investor concerns about the impact of rising raw material prices and the ability of the group to recover these rising prices through price increases. *AstraZeneca* and *Ahold*, as companies in more defensive sectors, suffered owing to investor preference for cyclicity. However, in addition to this negative head wind both stocks also delivered somewhat disappointing corporate news over the course of the year. *AstraZeneca* suffered from two pipeline setbacks in December and concerns regarding the FDA's deliberations over *Brilinta*, *AstraZeneca's* experimental blood thinning pill. Furthermore, their first quarter 2011 results showed the continued negative impact of generic drug launches which was troubling to investors and analysts. *Ahold* reported a series of underwhelming corporate results that tended to slightly miss expectations, causing a series of earnings downgrades in the last year.

Portfolio activity and construction

Portfolio turnover is highly seasonal due to our focus on company annual report and accounts as the basis of our research into cash flows. As a reminder, the *Cashflow Solution* investment process that we have developed is designed to identify companies from their annual reported accounts that are prudently run, generate strong cash flows from their operating assets, and are available at a bargain price. Companies that fit this description are most likely, in our experience, to deliver positive surprises to investors either from unexpectedly good earnings or return on invested capital. Our minimum requirement for a stock to be considered as an investment is that their cash flow characteristics are sufficiently attractive to rank in the best 20% of the universe of European stocks we address. In our experience, measured over long time periods, buying strong cash flow companies cheaply produces consistently positive results.

Once companies begin to report full audited annual accounts, usually between March and April, we can begin our qualitative research into new ideas for the portfolio. By the middle of May we have usually completed this research, resulting in a significant rise in portfolio turnover as the portfolio is restructured to reflect the new ideas. In the first half of the financial year we executed a number of trades in order to reflect our research into the cycle of annual reporting in 2010. We commented on these developments in the fund's interim report. As a reminder, having sold eight companies over the course of the earnings season beginning in January 2010, we then sold a further seven companies in May 2010 that failed to generate sufficient cash flows: *Munich Re*, *Topdanmark*, *Kas Bank*, *Colruyt*, *Kuoni*, *Interroll* and *Alstom*. However, these sales were more than offset by the purchase of 20 new additions to the portfolio that passed our assessment of their final results: *Lundin Petroleum*, *Fred Olsen Energy*, *Omega Pharma*, *Nutreco*, *Societe BIC*, *Electrolux*, *Telenor*, *Metro*, *Ahold*, *Axfood*, *Mediq*, *Sodexo*, *Schindler*, *Andritz*, *Semperit*, *Kaba*, *Securitas*, *Umicore*, *Clariant* and *Tessengerlo*. Earlier in the year, we had also purchased *Alfa Laval*, *Metso*, *Kongsberg Gruppen*, *Cargotec* and *M-Real*. The holdings we retained in the portfolio from 2009 were *Bolsas y Mercados*, *Technip*, *Tekla*, *Wincor Nixdorf*, *AstraZeneca*, *Ekornes*, *Mobistar*, *Publicis*, *Vallourec*, *CFE*, *Wacker Chemie* and *Eramet*. These changes had an effect on the sector weights within the portfolio arising from our underlying stock selections. The notable difference was the reduction in the Fund's exposure to Financials which dropped from a sector weighting of 12.3% earlier in 2010 to only 2.5%, whilst the exposure to Basic Materials and Consumer Goods companies both increased to 10.5% and 16.7% respectively.

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The scale of the changes to the portfolio in the first half of the fund's financial year reflected the impact of the financial crisis on company balance sheets and cash flows over the course of 2009. We found a number of cyclical companies had strong cash flows as a consequence of the working capital benefit brought about by falling sales in 2009. Some of these companies had the characteristics our process seeks to identify and were included in the portfolio.

In the second half of the financial year there was no change to the portfolio. However, over the course of March and April we were able to conclude our research into the reported annual results of stocks in the portfolio along with a number of new ideas for the portfolio. By the end of the year under review we were in a position to draw up a list of transactions to reflect our research to be implemented in May and which we will report upon in the Fund's interim report later this year.

Outlook

Having concluded our research into new and existing ideas during the year under review it seems clear that the process has favoured higher quality companies this year - measured by their ability to generate consistently high cash returns from their operating assets. Many of the cyclical companies that were more in vogue last year have had to reinvest in working capital as their sales have recovered. This reinvestment into working capital has acted as a drain on cash flow, with the result that cyclical companies' cash flow characteristics are now less robust than they were at the bottom of the economic cycle. In 2011 we will run a more concentrated portfolio reflecting a greater depth of research this year. Our expectation is that the environment should continue to be constructive for our process as it is usual at this stage of the market cycle for investors to place a premium on companies that can exceed earnings expectations, whilst shunning companies that disappoint short-term profit targets.

Gary West & James Inglis-Jones

Directors, Liontrust European Investment Services Limited
June 2011

Manager's Report

The manager's investment report, together with information on the authorised status of the Fund, the objectives and policy of the Fund and the information on page 1, comprise the Manager's Report.

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NET ASSET VALUE PER UNIT AND COMPARATIVE TABLE

Net Asset Values and Total Expense Ratios

The table below shows the number of income units in issue, the total net asset value of the property of the Fund, the net asset value per unit and the total expense ratio for each of the unit types:

Date	Units in issue	Net asset value of Fund	Net asset value per unit	Total expense ratio *
Retail units				
30th April 2009	43,159,170	£35,392,193	82.00 pence	1.62%
30th April 2010	37,079,447	£39,935,824	107.70 pence	1.64%
30th April 2011	44,547,835	£58,918,793	132.26 pence	1.69%
Institutional units‡				
30th April 2011	347,032	£459,729	132.47 pence	0.97%

The calculation of the net asset value for the current year uses bid prices in line with the requirements of the Statement of Recommended Practice (SORP) for Authorised Funds issued by the IMA in October 2010.

* The Total Expense Ratio ('TER') is the total expenses paid by each unit class in the year against its average net asset value.

Capital (unit prices) and income (net distribution per unit)

The table below shows the highest buying price, the lowest selling price of units and the net income distributions made by the Fund for the last five years.

Retail units

Year	Highest offer (buying) price	Lowest bid (selling) price	Net income per unit	Net income per £1,000 invested at 15 November 2006
2006 (from 15.11)	105.80 pence	92.68 pence	-	-
2007	128.95 pence	99.50 pence	-	-
2008	123.29 pence	66.86 pence	3.19 pence	£31.90
2009	114.22 pence	67.39 pence	1.74 pence	£17.40
2010	135.92 pence	93.67 pence	1.24 pence	£12.40
2011 (to 30.04)	140.80 pence	118.86 pence	1.48 pence	£14.80

Institutional units‡

Year	Highest offer (buying) price	Lowest bid (selling) price	Net income per unit	Net income per £1,000 invested at 1st November 2010
2010 (from 01.11)	129.60 pence	116.07 pence	-	-
2011 (to 30.04)	134.59 pence	119.18 pence	1.75 pence	£14.67

‡ The institutional unit class was launched on the 1st November 2010.

The Fund distributes income once per annum, on 30th June. The ex-dividend date is 1st May each year.

Income can be reinvested to purchase units at no initial charge.

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AUTHORISED STATUS

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

STATEMENT OF THE MANAGER’S RESPONSIBILITIES

in respect of the Report and Accounts of the Scheme:

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

- select suitable accounting policies and then apply them consistently; comply with the disclosure requirements of the Statement of Recommended Practice for
- Authorised Funds issued by the Investment Management Association (IMA) in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation.

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

STATEMENT OF THE TRUSTEE’S RESPONSIBILITIES

The Trustee is under a duty of care to take into its custody or under its control all of the property of the Scheme and to hold it in trust for the holders of units. Under the rules in the Financial Services Authority’s Collective Investment Schemes Sourcebook relating to Reports, it is also the duty of the Trustee to enquire into the conduct of the Manager in the management of the Scheme in each annual accounting period and report thereon to unitholders in a report which shall contain the matters prescribed by the rules.

The Trustee’s report is included below.

TRUSTEE’S REPORT

to the unitholders of the Liontrust European Growth Fund ("the Fund")

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustees of the Scheme it is our opinion, based on the information available to us and the explanations provided, that the Manager has in all material respects managed the Scheme during the period in accordance with the investment and borrowing powers and restrictions applicable to the Scheme, and otherwise in accordance with the provisions of the Trust Deed and the rules in the Financial Services Authority’s Collective Investment Schemes Sourcebook.

State Street Trustees Limited

20 Churchill Place
London E14 5HJ

30 June 2011

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Change to Registration Fees

The cost of the maintenance of the register and the sub-register fees for ISA unitholders is paid out of the property of each Fund and for all funds is currently levied at 0.0720% per annum of the value of each Fund. This increased during the year on 1 July 2010 from 0.0565% per annum to the current rate, an increase of 0.0155%, which is less than 1% of the Total Expense Ratio.

Change of Legal Status

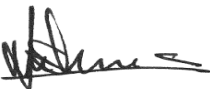
On the 8th July 2010 The Manager Liontrust Investment Funds Limited ('LIF') was converted to a Limited Liability Partnership Liontrust Fund Partners ('LFP'). On this date LFP was authorised by the Financial Services Authority and LIF ceased to be authorised.

Change of Fund Name

On the 30th September 2010 the Fund changed its name from Liontrust Continental Europe Fund to Liontrust European Growth Fund.

CERTIFICATION OF ACCOUNTS BY DIRECTORS OF THE MANAGER

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



John Ions
Chief Executive



Antony Morrison
Partner, Head of Finance

Liontrust Fund Partners LLP.

30 June 2011

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INDEPENDENT AUDITORS REPORT

to the unitholders of the Liontrust European Growth Fund ("the Fund")

We have audited the financial statements of the Liontrust European Growth Fund for the year ended 30th April 2011 which comprise the Statement Of Total Return, the Statement Of Change In Net Assets Attributable To Unitholders, the Balance Sheet, the related notes and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of the Manager and Auditors

As explained more fully in the Authorised Fund Manager's Responsibilities Statement the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit and the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Liontrust European Growth Fund Long Final Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Trust at 30th April 2011 and of the net revenue and the net gains of the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

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INDEPENDENT AUDITORS REPORT

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

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

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh

30 June 2011

- (a) The maintenance and integrity of the Liontrust website is the responsibility of the Manager; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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PORTFOLIO STATEMENT

as at 30th April 2011 (Ordinary shares except where otherwise stated)

	Holding	Market Value £'000	Percentage of total net assets %
Listed Securites			
AUSTRIA			
(30.04.10: 0.00%)			
Andritz	27,353	1,679	2.83
Semperit	48,687	1,704	2.87
		3,383	5.70
BELGIUM			
(30/04/10: 11.97%)			
CFE	33,422	1,704	2.87
Mobistar	32,829	1,461	2.46
Omega Pharma	30,646	941	1.58
Tessenderlo Chemie	53,525	1,270	2.14
Umicore	58,975	2,019	3.40
		7,395	12.45
DENMARK			
(30/04/10: 3.24%)			
		-	-
		-	-
FINLAND			
(30/04/10: 15.68%)			
Cargotec	50,979	1,722	2.90
Metso	43,181	1,542	2.60
M-real	420,344	1,193	2.01
Tekla	178,768	1,528	2.57
		5,985	10.08
FRANCE			
(30/04/10: 24.96%)			
Eramet	5,275	1,254	2.11
Publicis Groupe	38,376	1,302	2.19
Societe	23,417	1,363	2.30
Sodexo	27,293	1,270	2.14
Technip	20,765	1,385	2.33
Vallourec	17,406	1,296	2.18
		7,870	13.25

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as at 30th April 2011 (Ordinary shares except where otherwise stated)

	Holding	Market Value £'000	Percentage of total net assets %
GERMANY			
(30/04/10: 10.86%)			
Metro	30,786	1,339	2.26
Wacker Chemie	11,865	1,755	2.96
Wincor Nixdorf	29,888	1,491	2.51
		4,585	7.73
IRELAND			
(30/04/10: 1.64%)			
SSgA Cash Management Fund (£)*	2,807,367	2,807	4.73
SSgA Cash Management Fund (€)*	32,591	33	0.05
		2,840	4.78
NETHERLANDS			
(30/04/10: 0.61%)			
Koninklijke Ahold	147,379	1,235	2.08
Mediq	84,059	1,092	1.84
Nutreco	30,993	1,431	2.41
		3,758	6.33
NORWAY			
(30/04/10: 10.15%)			
Ekornes	82,202	1,385	2.33
Fred Olsen Energy	49,853	1,365	2.30
Kongsberg Gruppen	97,842	1,776	2.99
Telenor	104,038	1,068	1.80
		5,594	9.42
SPAIN			
(30/04/10: 4.14%)			
Bolsas y Mercados	65,189	1,333	2.24
		1,333	2.24
SWEDEN			
(30/04/10: 9.04%)			
Alfa Laval	106,057	1,399	2.36
AstraZeneca	40,892	1,236	2.08
Axfood	56,560	1,230	2.07
Electrolux	55,957	855	1.44
Etrion	68,941	40	0.07
Lundin Petroleum	337,802	3,065	5.16
Securitas	184,511	1,401	2.36
		9,226	15.54

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as at 30th April 2011 (Ordinary shares except where otherwise stated)

	Holding	Market Value £'000	Percentage of total net assets %
SWITZERLAND			
(30/04/10: 6.26%)			
Clariant	125,423	1,543	2.60
Kaba	5,665	1,484	2.50
Schindler	21,750	1,662	2.80
		<u>4,689</u>	<u>7.90</u>
Portfolio of investments		56,658	95.42
Net other assets		<u>2,721</u>	<u>4.58</u>
Total net assets		<u><u>59,379</u></u>	<u><u>100.00</u></u>

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

* In order to maintain appropriate levels of interest received on any large cash balances held by the Fund, cash balances are reviewed on a daily basis and any excess cash is transferred into the SSgA Cash Management Fund. The units in the SSgA Cash Management Fund are readily transferable back into cash at any time as required for the operation of the Fund. This investment is a related party, as disclosed in note 14.

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STATEMENT OF TOTAL RETURN

for the year ended 30th April 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Income:					
Net capital gains	4		10,096		10,668
Revenue	5	1,439		1,323	
Expenses	6	(759)		(665)	
Finance costs: Interest	8	(1)		-	
Net revenue before taxation		679		658	
Taxation	7	(121)		(158)	
Net revenue after taxation			558		500
Total return before distribution			10,654		11,168
Finance costs: Distributions	8		(555)		(500)
Change in net assets attributable to unitholders from investment activities			10,099		10,668

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 30th April 2011

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Opening net assets attributable to unitholders		39,936		35,392
Amounts receivable on issue of units	16,769		4,201	
Amounts payable on cancellation of units	(7,436)		(10,324)	
		9,333		(6,123)
Stamp duty reserve tax		(1)		(1)
Dilution levy		12		-
Change in net assets attributable to unitholders from investment activities		10,099		10,668
Closing net assets attributable to unitholders		59,379		39,936

LIONTRUST EUROPEAN GROWTH FUND

BALANCE SHEET

as at 30th April 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Assets					
Investment assets			56,658		39,355
Debtors	9	407		163	
Cash and bank balances		<u>3,074</u>		<u>1,964</u>	
Total other assets			<u>3,481</u>		<u>2,127</u>
Total assets			60,139		41,482
Liabilities					
Creditors	10	95		1,086	
Distribution payable on income units		<u>665</u>		<u>460</u>	
Total liabilities			760		1,546
Net assets attributable to unitholders			<u><u>59,379</u></u>		<u><u>39,936</u></u>

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting and distribution policies

A Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the IMA in October 2010.

The presentation of these Financial Statements has been changed from the previous period to comply with the requirements of the IMA SORP (2010).

Noteable change from the SORP for Authorised Funds issued by the IMA in November 2008:

- PTR ratios are no longer required to be disclosed and have now been removed from the performance history.

B Recognition of revenue

- UK dividends classified as franked investment income are shown net of attributable tax credits when the securities are quoted ex-dividend.
- Special dividends are treated as income or capital according to the nature of the event giving rise to the payment.
- Bank interest and stock lending revenue are recognised on an accruals basis.
- Overseas revenue that is received after the deduction of withholding tax is shown gross of taxation.

C Expenses

Dealing charges and stamp duty reserve tax are deducted from capital. All other expenses are charged against income. All expenses are accounted for on an accruals basis.

D Distribution

Income produced by the Fund's investments accumulates during each accounting period. If at the end of the accounting period income exceeds expenses, the net income of the Fund is available to be distributed to unitholders. The Manager will seek to distribute this income in a manner that will maximise the total returns to holders of the majority of units.

E Basis of valuation of investments

All investments have been valued at 12 midday, on 28th April 2011 the last working day of the year. Listed investments have been valued at bid-market value, net of any accrued income.

F Taxation

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

G Deferred taxation

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

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

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

H Foreign exchange

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

I Equalisation

Equalisation is the accrued income included in the price of units purchased during the distribution period (Group 2 Units) which is refunded as a part of a unitholder's first distribution, so as to provide the same distribution for all units of the same type. As a repayment of capital it is not liable to Income Tax and should be deducted from the cost of units for Capital Gains Tax purposes.

2 Risk Management Policies

In accordance with the investment objectives and policies the Fund holds certain financial instruments. These comprise:

- equity shares;
- cash and short-term debtors and creditors that arise directly from its operations;
- units in SSgA Management Fund; and
- unitholders' funds which represent investors' monies which are invested on their behalf.

In accordance with the requirements of the rules in the Financial Services Authority's Collective Investment Schemes Sourcebook, the Fund is allowed to trade in derivatives for efficient portfolio management and investment purposes. The Fund's use of financial instruments during the year satisfies these regulatory requirements.

The main risks arising from the Fund's financial instruments are market price risk, interest rate risk, foreign currency risk, liquidity risk, and credit and counter-party risk. The Manager's policies for managing these risks are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate and during the prior year.

Market price risk

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

Interest rate risk

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

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. The floating rate financial assets and liabilities comprise sterling denominated bank balances and overdrafts that bear interest based on LIBOR.

The floating rate financial assets and liabilities comprise bank balances and overdrafts that bear interest based on LIBOR (sterling denominated).

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

Foreign currency risk

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

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

The Fund may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs.

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

Liquidity risk

The Fund's assets mainly comprise securities that can be readily sold. The main liability of the Fund is the redemption of any units that investors wish to sell.

In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the fund may borrow up to 10% of its value to ensure settlement.

Credit and counter-party risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities.

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

3 Unit classes

The Fund has two unit classes in issue. The original retail unit class and the institutional unit class launched on 1st November 2010.

The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the Net Asset Value Per Unit and Comparative Table on page 7.

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

4 Net capital gains

	2011 £'000	2010 £'000
Non-derivative securities	10,009	10,727
Currency gains/(losses)	97	(56)
Transaction charges	(10)	(3)
Net capital gains	<u>10,096</u>	<u>10,668</u>

5 Revenue

	2011 £'000	2010 £'000
Overseas dividends	1,339	1,187
UK dividends	61	96
Bank interest	11	19
Offshore investment revenue*	-	5
Stocklending income	28	16
	<u>1,439</u>	<u>1,323</u>

*This is revenue received from investment in the SSgA Cash Management Fund as disclosed in note 14.

6 Expenses

	2011 £'000	2010 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	675	607
Registration fees	31	23
	<u>706</u>	<u>630</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fees	16	14
Wire charges	2	2
Safe custody fees	10	9
	<u>28</u>	<u>25</u>
Other expenses		
Administration fee	13	-
Audit fee	9	9
Printing fee	3	1
	<u>25</u>	<u>10</u>
Total expenses	<u>759</u>	<u>665</u>

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

7 Taxation

	2011 £'000	2010 £'000
(i) Analysis of charge for the year :		
Irrecoverable overseas tax	121	164
Current tax charge for the period (see note 7(ii))	121	164
Deferred taxation (see note 7(iii))	-	(6)
Total taxation	<u>121</u>	<u>158</u>

(ii) Factors affecting current tax charge for the year :

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for authorised unit trusts of 20% (2010: 20%). The differences are explained below:

Net revenue before taxation	<u>679</u>	<u>658</u>
Corporation tax at 20%	<u>136</u>	<u>132</u>
Effects of:		
UK dividends*	(12)	(19)
Other non taxable income	(268)	(148)
Income taxable in different periods	-	9
Movement in excess management expenses	144	26
Irrecoverable overseas tax	121	164
	<u>(15)</u>	<u>32</u>
Current tax charge for the year (see note 7(i))	<u>121</u>	<u>164</u>

* As an authorised Unit Trust, these items are not subject to corporation tax.

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

(iii) Deferred tax

Provision at the start of the year	(6)	(12)
Deferred tax charge in profit and loss account for the year	6	6
Provision at the year end	<u>-</u>	<u>(6)</u>

After claiming relief against accrued income taxable on receipt, the Fund has excess management expenses of £170,456 (30th April 2010: £26,194). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised.

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

8 Finance costs

Distribution and interest

The distributions take account of income received on the creation of units and income deducted on the cancellation of units, and comprise:

	2011 £'000	2010 £'000
Final	665	460
Amounts deducted on cancellation of units	47	72
Amounts received on issue of units	(157)	(32)
Net distribution for the year	<u>555</u>	<u>500</u>
Finance costs: Interest	1	-
Total finance costs	<u><u>556</u></u>	<u><u>500</u></u>

Reconciliation of net revenue after taxation to distribution:

Net revenue after taxation	558	500
Add: Income brought forward from previous year	2	2
Less: Income carried forward	(5)	(2)
Net distribution for the year	<u><u>555</u></u>	<u><u>500</u></u>

Details of the distribution per unit are set out in the table on page 27.

9 Debtors

	2011 £'000	2010 £'000
Accrued revenue	87	80
Amounts receivable on creation of units	208	-
Overseas tax recoverable	112	83
	<u>407</u>	<u>163</u>

10 Creditors

	2011 £'000	2010 £'000
Accrued expenses	95	70
Purchases awaiting settlement	-	378
Amounts payable on cancellation of units	-	638
	<u>95</u>	<u>1,086</u>

11 Commitments, contingent liabilities and contingent assets

On 30th April 2011, the Fund had no capital commitments (30th April 2010: £nil) and no contingent liabilities (30th April 2010: £nil).

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

12 Securities on loan

The aggregate value of securities on loan at 30th April 2011 was £9,876,453 (30th April 2010: £3,644,374). Securities on loan are included in the Portfolio Statement and no account is taken of any collateral held. The aggregate value of collateral held at 30th April 2011 was £10,236,091 (30th April 2010: £3,877,174). This collateral is in the form of equities, bonds and cash.

The gross earnings and fees paid for the year are £47,702 (30th April 2010: £26,823) and £28,621 (30 April 2008: £10,729).

13 Post balance sheet events

There are no post balance sheet events which have a bearing on the interpretation of the financial statements.

14 Related parties

The Fund Manager and Trustee are related to the Fund as defined by Financial Reporting Standard 8, Related Party Disclosures, and are named on page 1.

SSgA (State Street Global Advisors) are the investment management arm of State Street Corporation. The SSgA Cash Management Fund, an investment company with variable capital incorporated with limited liability in Ireland, listed on the Dublin stock exchange, invests in at least A-rated sterling denominated securities. The investment strategy of the fund is primarily capital preservation and liquidity while maximising current income.

The income outstanding at 30th April 2011 on the SSgA Cash Fund Deposit was £nil (30th April 2010: £nil).

The Fund received interest on deposits held with the Trustee during the year as disclosed in note 5 on page 20 of which £1,934 was outstanding at 30th April 2011 (30th April 2010: £420). At 30th April 2011 the Fund held cash balances with the Trustee as disclosed in the Balance Sheet on page 16.

The charges made by the Manager, Trustee and the Registrar during the period are disclosed in note 6. At 30th April 2011 £67,711, £4,699 and £3,218 were due to the Manager, Trustee and Registrar respectively (30th April 2010: £51,379, £2,962 & £1,935). These amounts are included under 'Accrued expenses' in note 10.

At 30th April 2011 there were creation monies due from the Manager of £208,119 (30th April 2010: £nil). There were cancellation monies due to the Manager of £nil at 30th April 2011 (30th April 2010: £637,519).

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

15 Risk disclosures

The policies applied in the management of financial instruments are set out in note 2.

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

Interest rate risk

The interest rate risk profile of the Fund's financial assets and liabilities at 30th April 2011 was:

Currency	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Financial liabilities not carrying interest	Total financial assets
30.04.11	£'000	£'000	£'000	£'000	£'000
Danish Krone	5	-	-	-	5
Euro	31	-	34,461	-	34,492
Norwegian Krone	1	-	5,594	-	5,595
Swedish Krona	2	-	9,256	-	9,258
Swiss Franc	13	-	4,737	-	4,750
UK Sterling	3,022	-	3,017	(760)	5,279
Total	3,074	-	57,065	(760)	59,379

Currency	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Financial liabilities not carrying interest	Total financial assets
30.04.10	£'000	£'000	£'000	£'000	£'000
Danish Krone	-	-	1,296	-	1,296
Euro	321	-	27,325	(102)	27,544
Norwegian Krone	399	-	4,051	(276)	4,174
Swedish Krona	2	-	3,650	-	3,652
Swiss Franc	1,024	-	2,540	-	3,564
UK Sterling	218	-	655	(1,168)	(294)
Total	1,964	-	39,517	(1,546)	39,936

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency risk

The Portfolio Statement on pages 12 to 14 shows the countries in which the Fund is invested. The securities in the portfolio are priced in local currency. An analysis of monetary assets and liabilities in foreign currencies at the period end (including cash and outstanding income) is shown below.

Currency	Net foreign currency assets 30th April 2011			Net foreign currency assets 30th April 2010		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Danish Krone	5	-	5	-	1,296	1,296
Euro	150	34,342	34,492	304	27,240	27,544
Norwegian Krone	1	5,594	5,595	123	4,051	4,174
Swedish Krona	32	9,226	9,258	39	3,613	3,652
Swiss Franc	61	4,689	4,750	1,064	2,500	3,564
	<u>249</u>	<u>53,851</u>	<u>54,100</u>	<u>1,530</u>	<u>38,700</u>	<u>40,230</u>

The comparative figures in this note have been restated to correct the classification of certain monetary assets and liabilities in the prior year.

Maturity profile of financial liabilities

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

Short-term debtors and creditors

Other short-term debtors and creditors have been excluded from disclosures of financial instruments.

Fair value of financial assets and liabilities

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

Securities are valued at bid and offer prices for calculating the cancellation and creation prices at the Fund's daily valuation point.

LIONTRUST EUROPEAN GROWTH FUND

NOTES TO THE FINANCIAL STATEMENTS

16 Purchases, sales and transaction costs

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Purchases excluding transaction costs		26,468		18,583
Commissions	<u>39</u>		<u>248</u>	
Total purchase transaction costs		39		248
Purchases including transaction costs		<u>26,507</u>		<u>18,831</u>
	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Sales excluding transaction costs		21,371		25,540
Commissions	<u>(28)</u>		<u>(273)</u>	
Total sales transaction costs		(28)		(273)
Sales net of transaction costs		<u>21,343</u>		<u>25,267</u>

LIONTRUST EUROPEAN GROWTH FUND

DISTRIBUTION TABLES

for the year ended 30th April 2011:

Group 1: Units purchased prior to 1st May 2010

Group 2: Units purchased on or after 1st May 2010

	Net income	Equalisation	Distribution payable	
	2011	2011	2011	2010
Income units - Retail	Pence	Pence	Pence	Pence
	per unit	per unit	per unit	per unit
Group 1	1.48	-	1.48	1.24
Group 2	0.44	1.04	1.48	1.24

Information for Corporate Unitholders

For corporate unitholders, of the distribution payable on 30th June 2011:

100.00% of the total income distribution together with the tax credit is received as franked investment income.

0.00% of the income distribution is received as an annual payment (non-foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is unfranked

0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor, who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue and Customs.

The Fund's net liability to corporation tax is £nil.

LIONTRUST EUROPEAN GROWTH FUND

DISTRIBUTION TABLES (continued)

for the year ended 30th April 2011:

Group 1: There were no Group 1 units during the year
Group 2: Units purchased on or after 1st November 2010

	Net income	Equalisation	Distribution payable	
	2011	2011	2011	2010
Income units - Institutional‡	Pence	Pence	Pence	Pence
	per unit	per unit	per unit	per unit
Group 2	0.90	0.85	1.75	-

Information for Corporate Unitholders

For corporate unitholders, of the distribution payable on 30th June 2011:

100.00% of the total income distribution together with the tax credit is received as franked investment income.

0.00% of the income distribution is received as an annual payment (non-foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is unfranked

0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor, who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue and Customs.

The Fund's net liability to corporation tax is £nil.

‡ Institutional units were offered for sale for the first time on 1st November 2010.

LIONTRUST EUROPEAN GROWTH FUND

ADDITIONAL INFORMATION

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 6th September 2006.

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

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

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

Dealing in all unit trusts operated by Liontrust Fund Partners LLP may be carried out between 08.30 and 17.00 hours on any business day. Professional investors and advisers may buy and sell units over the telephone; private investors are required to instruct the Manager in writing for initial purchases, but can deal over the telephone thereafter. Prices are quoted on a 'forward' basis. This means that all deals are based on a price that is calculated at the next valuation point (which is 12.00 hours on each business day) following receipt of instructions. Instructions received before 12.00 hours will be priced at 12.00 hours that day, whilst those deals taken later in the day will receive the next dealing price which is fixed at 12.00 hours on the following business day.

In the case of large deals of £15,000 and over, the Manager has the discretion to quote a special price within limits laid down under the Regulations.

The minimum initial lump sum investment in the Fund is £1,000, the minimum additional investment is £1,000 and the amount you may sell back to the Manager at any one time is £500, providing you maintain a balance of £2,500. At its absolute discretion, the Manager may accept a lower minimum amount for the purchase and sale of units.

A contract note in respect of any purchase will be issued the day following the dealing date. Unit certificates will not be issued. Instructions to sell your units may be required to be given by telephone and then confirmed in writing to Liontrust Customer Services Team, PO Box 23850, Edinburgh EH7 5FY. A contract note confirming the instruction to sell will be issued the day following the dealing day. Following receipt of a correctly completed Form of Renunciation, a cheque in settlement will be sent directly to you or your bank/building society, if proof of ownership of the account has been received by us, in four business days. Liontrust does not make or accept payments to or from third parties unauthorised by the Financial Services Authority.

Management charges, spreads and yields: The initial charge and annual management fees per unit class are detailed below. The difference between the bid and the offer prices is currently 6% which includes the initial charge.

Initial Charge	%	Annual Management Charge	%
Retail class	5.00	Retail class	1.50
Institutional class	-	Institutional class	0.75

The net estimated yields on the classes are shown below, these are calculated and published daily.

Yield	%		%
Retail class	1.10	Institutional class	1.30

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

LIONTRUST EUROPEAN GROWTH FUND

ADDITIONAL INFORMATION

Commission: Commission is payable to authorised intermediaries on purchases of units in the Fund at a rate of up to 3%. A discount is available when switching between Liontrust's range of unit trusts.

Publication of prices: The price of units in the Fund is quoted on our website, www.liontrust.co.uk, other industry websites such as www.trustnet.com, and the website of the Investment Management Association (the industry trade body), www.investmentuk.org. Daily and historic Fund prices are available from our Dealing and Administration team on 0844 892 1007.

Stamp Duty Reserve Tax: Stamp Duty Reserve Tax ("SDRT") 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 treats this particular charge. Any SDRT liability incurred by the Trustee on (Add in fund name) is charged to the Fund, which could mean that less of your money will be invested for potential capital and income growth.

Capital Gains Tax: As an authorised unit trust, the Fund is exempt from UK Capital Gains Tax. An individual's first £10,600 of net gains on disposals in the 2011-2012 tax year are exempt from tax.

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

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

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

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



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Liontrust Fund Partners LLP is authorised and regulated by the Financial Services Authority.