

LIONTRUST

LIONTRUST TOP 100 FUND

MANAGER'S SHORT FINAL REPORT
FOR THE YEAR ENDED 31ST MAY 2011



INVESTMENT APPROACH

The investment objective of the Liontrust Top 100 Fund is to match the capital performance of the FTSE 100 Index, which comprises the UK's on 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.

FUND REVIEW

Performance of the FTSE 100 Index

The FTSE 100 Index ended the year to 31st May in positive territory with a gain of 19.12%, despite some rocky months and a number of negative global events.

It was economic rather than company specific news, with the exception of *BP*, that seemed to drive markets over the first half of the year under review as the world continued to emerge from recession. News during this half-year time frame included the announcement of UK austerity measures, further Quantitative Easing (QE) in the US and Ireland's debt crisis. This was balanced with tighter banking regulations, continued GDP growth and growing investor confidence in the recovery's sustainability.

During the second half of the year, the world experienced a number of economic and political shocks as well as natural disasters. Conflicts in North Africa, the March earthquake in Japan and subsequent nuclear crisis, as well continued worries over European sovereign debt, all had a dampening effect on UK investors. Still, a strong Christmas period and a resilient April, aided by the spectacle of a Royal wedding, helped to offset the bad news and enable a positive return for the period.

The highlights of each month follow, noting the strong and weak relative performances as well as any companies, which joined or left the FTSE 100 Index over the period under review.

June:

The summer started on a low with the FTSE 100 Index falling 4.77% over the month of June. Shares in *BP* continued to suffer as the Gulf of Mexico oil spill drama persisted, leading to the suspension of the oil giant's dividend. *BP*'s share price fell by more than 25%, making it the worst performing stock in the Index.

Standout performance over the month came from media group *BSkyB*. It topped the Index with gains of more than 20% on the back of the news that Rupert Murdoch's News Corporation was seeking to take full control of the satellite broadcaster.

Following the quarterly review of the FTSE's constituents there were a number of changes to the make-up of the Index. The month saw travel group *Thomas Cook* and *London Stock Exchange* demoted into the 250 Index while gold mining firm *African Barrick Gold* and integrated energy company, *Essar Energy*, joined the FTSE 100 for the first time.

July:

July rocketed upwards, with the Index regaining not only June's losses but adding some on top as well, ending the month up 9.41%.

Global banking regulations, in the form of Basel III, were announced in July but was better news than expected for financials with the implementation of new, stricter global rules

FUND REVIEW CONTINUED

concerning banks delayed until 2018. Three of the top five best performers in the FTSE 100 were banks: *Lloyd's Banking*, *Barclays* and *Royal Bank of Scotland*. *African Barrick Gold* and *Essar Energy* did not have a positive first month in the Index, ranking as the two worst performing stocks over the month on the back of 11.72% and 10.88% respective falls in their share price.

August:

As the summer drew to a close, the coalition government's austerity measures were revealed. Still, the market was relatively resilient in the face of severe spending cuts and was fairly flat over the month, dropping back 1.07%.

Dragging the market down was the resource sector, with miners suffering from share price falls. *Vendanta Resource*, *Anglo American* and *BHP Billiton* were among the worst FTSE performers but it wasn't a sector-wide phenomenon as gold miner *African Barrick* achieved the best returns. Also providing some support to the UK market were gains from pharmaceutical giant *GlaxoSmithKline* and retailer *WM Morrison*.

September:

In September investment firm *Resolution*, global engineering and manufacturing group *Tomkins* as well as engineering solutions business *Weir* joined the FTSE 100. Moving out of the large cap Index were *Cable & Wireless Worldwide*, *Home Retail* and *Segro*.

Although dented somewhat by the collapse of FTSE 250, property services company, *Connaught*, the market resurged to end the month in positive territory with a 3.40% rise.

A relatively trendless month, it was a mixed bag of firms that fared well. The top five best share price gains were achieved by: a software firm (*Invensys*), luxury goods retailer (*Burberry*), plumbing distributor (*Wolseley*), mining group (*Kazakhmys*) and a cruise company (*Carnival*). On the other hand, utilities and oil groups were a drag on performance with *Cairn Energy*, *Scottish & Southern*, *Centrica* and *Petrofac* all experiencing a rocky start to the autumn period.

October:

Bucking the notion October is a traditionally weak season for equities, the FTSE 100 had a positive start to the fourth quarter, rising 1.47%.

Companies in the resources and financials sectors were among both the best and the worst stocks during the month. At the bottom end of the Index returns were miners such as *Randgold Resources* and *African Barrick*; oil groups *Cairn* and *Tullow*; and financial stocks *Barclays* and *RBS*. Yet among the top gainers in October was miner *Anglo American*, energy firm *Essar* and financials *Man Group* and *Schroders*.

November:

As 2010 wound down in the penultimate month of the year, the FTSE 100 fell back by 2.92%. November saw the announcement

of the US Federal Reserve's plans for further QE but Ireland's debt crisis outweighed the positive start to the month. As a result, Financials bore the brunt of negative sentiment, with *Resolution*, *RBS*, *Lloyd's Banking*, *Standard Life*, *Aviva* and *Prudential* recording some of the biggest losses in the month. Retailers didn't have an easy time of it either, with the share price of both *Marks & Spencer* and *Next* taking a knock. Achieving the best gains over November were engineering business *Weir Group*, silver and gold producer *Fresnillo* and technology company, *Arm*.

December:

The Christmas season helped buoy the market, as did the news from the US that it was starting on another round of QE. The FTSE 100 Index returned 4.60% in December with Resources and Pharmaceutical stocks performing strongly. The best performers over the month were mining companies *Vedanta Resource* followed by *Antofagasta*, with gains of 23.08% and 18.44%, respectively. But it wasn't good news for all resources groups with gold mining and exploration company, *Randgold Resources*, the biggest loser in December, dropping 12.59%.

Following a review of the FTSE's constituents, global engineering solutions firm *IMI* joined the Index while aerospace and defense group *Cobham* was demoted into the FTSE 250.

January:

News of a hefty rise in UK inflation and the release of disappointing UK GDP figures didn't do much to sustain investor confidence in the opening month of 2011. As the month closed, riots in Egypt and Tunisia did little to settle fears.

It was technology's turn at the top of the market through January but strong performance from *Arm* and several financials still didn't stop the market from recording a marginal loss. The opening month of 2011 may have started positively, with the FTSE 100 breaking through the 6,000 barrier, but still ended on a loss of 0.54%.

Among the top performers in January were *Arm*, *Legal & General*, and *Aviva* but dragging down the market was the miners with *Fresnillo*, *Lonmin* and *Antofagasta* all falling more than 12%.

February:

Political unrest in North Africa continued to unsettle investors as did its knock-on impact on oil prices but there were pockets of optimism in February. The FTSE 100 spent most of the month above 6,000, even hitting a 52-week high of 6,105 on the 21st, but still ended at 5,994. Despite the drop in market levels in the final week an overall positive return was generated in February, with the market gaining 1.14%.

FUND REVIEW CONTINUED

It was a relatively trendless month when it came to market returns with the top and bottom performing stocks a mixed bag of companies operating across a spectrum of market areas. Oil and gas engineers *Wood Group*, achieved the highest gains in February, with its share price climbing 15.79%. *Arm* continued to fare well and was a top performer while companies such as *Imperial Tobacco*, and *Land Securities* also helped to advance the Index. Meanwhile, offsetting those gains were groups operating in power, food retailing, oil production, healthcare and airlines.

The worst performer in February was *International Power*, followed by *International Cons Airlines*, falling 20.29% and 13.72% respectively.

March:

March was a fairly benign month for the FTSE 100, ending on a loss of just 0.8%.

Middle East upset continued to rock market confidence but it was a natural disaster in Japan that created the most concern. The devastating earthquake and tsunami on 11th March killed thousands. As the month wore on there were also growing concerns over the effects of the disaster on its nuclear power station, Fukushima.

Having just joined the Index three months earlier, *IMI* led the FTSE 100's gains in March, with

its share price advancing 16.12%. Financials fared badly with all three of the worst performers operating in that sector: *Man Group* (-13.08%), *Standard Life* (-11.81%), and *Barclays* (-11.40%).

There were several new additions to the Index in March with *Wood Group*, *ITV* and independent financial services provider *Hargreaves Lansdown* all promoted into the FTSE 100. Moving out of the Index this month were *Bunzl*, *Alliance Trust* and *African Barrick Gold*.

April:

Although rising inflation, Japan's nuclear issues and North African conflicts continued to cause worry, the start of spring – holidays and a Royal wedding - brought with it a spark of positivity.

April saw a notable improvement in market sentiment, with the FTSE 100 finally breaching and staying above the 6,000 level. The FTSE 100 returned 1.26% in the month, led up by market stalwart *Marks & Spencer*. Other well-known UK brands also featured among those with the best gains: *GlaxoSmithKline*, *Next* and *Imperial Tobacco*.

Although several firms fared poorly in April, unlike in the previous months, losses were restricted to single digit figures. Seeing the largest drop in share price was *Smith & Nephew* (-7.26%), followed by metals producer *Lonmin* (-5.88%).

May:

The old adage 'sell in May and go away' seemed to be apt this month as a sharp selloff in commodities weakened overall market returns. The FTSE 100 fell just 0.89% overall but lackluster trading saw the market fall below 6,000 once again – and stay there.

Financials and miners were the worst off in May. *Schroders* and *Lloyds Banking Group* both recorded the heaviest losses but of the bottom 10 worst performers, resources groups accounted for half. Meanwhile, *Autonomy* and *Associated British Foods* posted the largest share price returns in May, gaining 11.61% and 6.95% respectively.

Liontrust Fund Partners LLP

July 2011

Note: FTSE 100 Index constituents, past and present, are italicised.

The transactions of the Fund during the year have reflected changes in the composition of the FTSE 100 Index during the year and flows of investors' money to and from the Fund.

FUND PROFILE

Investment Objective and Policy

Liontrust Top 100 Fund tracks the famous 'Footsie' (FTSE 100) Index, which comprises the UK's one hundred largest companies, many of which are well known household names. The Footsie Index accounts for over 80% of the whole UK stock market by size and is thus a good barometer of the market's fortunes. As far as we are aware, the Fund has one of the lowest charging structures of any FTSE 100 Index tracking unit trusts available to private investors. There is no initial charge, no exit fee and an annual management fee of just 0.295%. Currently the difference between the bid (sell) and offer (buy) prices is just 0.6%.

Investment Approach

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Risk Profile

The Fund is invested exclusively in UK securities. It 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.

Total Expense Ratio: 0.44% (31st May 2010: 0.42%)

Fund Calendar

Ex-dividend date	1st June
Income payment date	31st July
Accounting period ends	30th November (interim) 31st May (final)

PERFORMANCE

Net Asset Values

	31st May 2011	31st May 2010	% Change
<i>Pence per unit</i>	173.78	151.32	+14.84

Distributions:

The Fund distributes income once per annum, on 31st July. The ex-dividend date is 1st June each year. Income can be reinvested to purchase units at no initial charge.

On 31st July 2011, the Fund will pay a distribution for the year ended 31st May 2011 of 4.61 pence per unit (2010: 4.66 pence per unit).

Total Return

	1 Year to 31.05.11	3 Years to 31.05.11	Since launch (14.7.95) to 31.05.11
Liontrust Top 100 Fund	17.8	46.5	171.7
FTSE 100 Index	19.1	54.9	196.3

Discrete Years' Performance

To previous quarter, 12 months ending:	June '07	June '08	June '09	June '10	June '11
Liontrust Top 100 Fund	14.9	-11.4	-19.5	18.7	22.4
FTSE 100 Index	17.1	-11.6	-20.9	19.8	24.9

Up-to-date past performance information may be obtained from the Fund's most recent fact sheet, available on our website (www.liontrust.co.uk) or by calling our Administration and Dealing team on **0844 892 1007**.

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 are not guaranteed. Investors may not get back the amount originally subscribed. The issue of units in the Fund may be subject to an initial charge, which is likely to have an impact on the realisable value of the investment, particularly in the short term. Equity investment should always be considered as long term.

Performance data source: Financial Express, total return, bid to bid basis.

PORTFOLIO

Top 10 Holdings			
As at 31st May 2011	%	As at 31st May 2010	%
HSBC	7.27	HSBC	8.11
Vodafone	5.63	BP	6.93
BP	5.61	Vodafone	5.40
Royal Dutch Shell 'A' Shares	4.87	Royal Dutch Shell 'A' Shares	4.75
GlaxoSmithKline	4.37	GlaxoSmithKline	4.46
Rio Tinto	4.19	Rio Tinto	3.64
Royal Dutch Shell 'B' Shares	3.80	Royal Dutch Shell 'B' Shares	3.51
British American Tobacco	3.50	BHP Billiton	3.12
BHP Billiton	3.37	AstraZeneca	3.10
BG	3.04	British American Tobacco	2.99
Total	45.65		46.01

Sector Weightings		
	Liontrust Top 100 Fund	
	31st May 2011 %	31st May 2010 %
Basic Materials	14.34	13.07
Consumer Goods	12.79	11.95
Consumer Services	8.53	8.75
Financials	20.05	21.29
Health Care	8.26	8.55
Industrials	4.67	4.60
Oil & Gas	19.26	19.38
Technology	1.00	0.95
Telecommunications	6.80	6.55
Utilities	4.11	3.51
Derivative instruments	0.00	-0.04
	99.81	98.56
Cash (including SSgA* cash deposits)	0.19	1.44
	100.00	100.00

*State Street Global Advisors

FURTHER INFORMATION

Unitholder Notice:

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. Following a review of the level of this fee, with effect from 1st July 2011 the fee levied has increased to 0.0800% per annum, an increase of 0.0080%, which is less than 1% of the Total Expense Ratio.

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 14th June 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.

Further Information, Report & Financial Statements

Further information on the Fund and its portfolio, the Manager's Long Final and Interim Reports & Financial Statements and the Prospectus and Simplified Prospectus are available free of charge from the Manager upon request, and from www.liontrust.co.uk.

The Manager

Liontrust Fund Partners LLP, 2 Savoy Court, London WC2R 0EZ.

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Authorised and regulated by the Financial Services Authority.



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