

**LIONTRUST**

# **LIONTRUST TOP 100 FUND**

**INTERIM REPORT AND ACCOUNTS**  
FOR THE PERIOD ENDED 30<sup>TH</sup> NOVEMBER 2011



## INVESTMENT APPROACH

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%.

# FUND REVIEW

## **Performance of the FTSE 100 Index**

The FTSE 100 Index ended the six months to 30 November in negative territory, having suffered a rocky end to the summer period. Down 5.45%, the UK stock market was a casualty of Europe's worsening debt crisis and other global events as investors favoured safe haven assets.

During the period Middle Eastern conflicts escalated with revolt in Libya turning into a civil war; there was political bickering in the US over its debt issues which ultimately led to ratings agency S&P stripping its AAA-rating for the first time in 70 years; the UK contended with a growing phone hacking scandal and street riots; Europe's debt concerns spread from Greece to encompass several other economies, including Spain, Italy and eventually France.

Over the half year, the FTSE 100 had positive and negative months as investor sentiment saw-sawed with world events. For the full period the best performers came from a range of market sectors including defensive stocks like *Unilever* and *BAT* as well as healthcare companies such as *GlaxoSmithKline* and *Shire*. Retailers *Next* and *WM Morrison* were also among the top 10 best performing stocks but the best of the best was gold miner *Randgold Resources*.

Dragging down the FTSE 100's performance over the half year were banks, the profits of which suffered as a result of compensation payments for mis-selling claims as well as

writing down Greek debt holdings. Among the worst 10 performers over the six months were *Lloyd's Banking*, *Royal Bank of Scotland* and *Barclays*. Energy stocks were also a large negative contributor, particularly India-affiliated companies such as *Essar Energy* and *Cairn Energy*.

The highlights of each month are below, 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:**

Perhaps reflecting the relative quietness of global news in June, the month was a flat beginning to the summer period, with the FTSE 100 Index returning 0.35%. The top performance over the month came from luxury brand *Burberry* as well as engineering company *Weir Group*. At the bottom of the performance table was *Essar Energy*.

Following the quarterly review of the FTSE 100 it was announced there was just one constituent change to the make-up of the UK blue chip index. Global ingredients and food solutions provider *Tate & Lyle* entered the Index while exiting the top 100 was international travel company TUI Travel.

### **July:**

July dipped into negative territory, falling 2.85% on the back of global events, particularly the UK's phone hacking scandal. After 168 years

## FUND REVIEW CONTINUED

in existence the *News of the World* printed its last issue and helped to make *BSkyB* the worst performer in July falling 16.14%.

There were notes of positivity as the month progressed with the FTSE 100 spiking above 6000 at one point only to drop back down. Continued uncertainty over Europe as well as Middle East tensions saw investors return to safety assets and the price of gold hit record highs, breaching a record \$1,600 an ounce. Unsurprisingly gold companies fared best in July with *Fresnillo* leading the way with its share price advancing 25.80%. Healthcare company *Shire* was the second best performer but some distance away from *Fresnillo* with gains of 8.83% while another gold company, *Randgold Resources*, rounded out the top three top performers.

### August:

It was a riotous month for both the market and the UK itself, with the FTSE 100 ending the month down 5.94%. The Index hit a 52-week low, dropping to a level of 4791 on 9 August before recovering some of its losses by the end of the month and closing at 5394.53.

The market was hit by concerns over the downgrading of the US's debt for the first time in 70 years and no sooner was that situation over when worries over Europe escalated once more. Closer to home, the UK saw days of extensive

riots on the streets in London and other major cities. Meanwhile banks began reporting profit hits springing from mis-selling claims and exposure to Greek debt.

Gold companies *Fresnillo* and *Randgold* continued to advance while Indian power company *Essar* endured the worst falls. Also hit over the month were financial companies with *Royal Bank of Scotland* and *Hargreaves Lansdown* among the worst performers in August.

### September:

September marked the 10th anniversary of the 2001 US terrorist attacks but it was the ongoing Libyan conflict as well as Europe that dominated headlines. As Europe's debt crisis became more worrisome and began to involve countries like Italy, concerns over contagion to even more economies grew. The FTSE 100 fell 5.16% over the month to close at a level of 5128.

It was a mixed group posting the best returns in the market with top gains coming from energy company *Tullow Oil*, retailer *Next* and food solutions provider *Tate & Lyle*. A more dominant theme was seen in the FTSE 100's losers with resource companies feeling some strife. The share price of copper miner *Antofagasta* fell by 31.22% in September while *Kazakhmys* returned -26.3%.

Following the latest review, investment management firm *Ashmore Group* and specialised distribution company *Bunzl* joined the UK's large cap index. Leaving the FTSE 100 were *Wood Group* and *3i*.

### **October:**

After two such down months as August and September, October came as a relief and with it a rally in the FTSE 100 to a level of 5544 and an overall gain of 8.20%. Although Europe continued to pose risks and concerns, progress was made with Germany and France agreeing to a bailout package. The UK announced it would engage in another round of quantitative easing to help support its economy. Libya's Colonel Muammar Gaddafi was killed.

From the bottom in the previous month to the top in October, miners bounced back. The top FTSE 100 performer was *Xstrata* followed by *Antofagasta* with share price gains of 27.38% and 25.96% respectively. However, financials continued to struggle with the largest fall over the month coming from *Man Group* while *Lloyds Banking* was the third worst performer.

### **November:**

Continuing October's relief rally November bucked bad news both at home and abroad to finish the month in positive territory, up 2.26%. News over the month continued to weigh on investors as expectations of a European recession mounted, protests returned to Egypt, tension between the UK and Iran grew and

the UK announced further austerity measures. Also in November Italy's prime minister Silvio Berlusconi resigned.

Building materials company *CRH*, engineers *Weir Group* and specialist power company *Aggreko* led the FTSE 100 up in November, with each posting double digit gains. *Essar Energy* continued to feel the effects of India being out of favour, posting the worst return at -21.49%. During the month *Lloyds Banking* reported substantial losses over the first nine months of 2011, chiefly related to compensation being paid in relation to payment protection mis-selling claims. The financial group was the second worst performer in November, falling 18.77%.

### **Liontrust Fund Partners LLP**

January 2012

# FUND PROFILE

## Investment Objective and Policy

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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 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.

## Investment Approach

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## Risk Profile

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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: 0.46% (31st May 2011: 0.44%)**

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### Fund Calendar

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

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# PERFORMANCE

## Net Asset Values

	30th November 2011	31st May 2011	% Change
<i>Pence per unit</i>	158.82	173.78	-8.61

## 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 paid a distribution for the year ended 31st May 2011 of 4.61 pence per unit (2010: 4.66 pence per unit).

## Total Return

	6 months to 30.11.11	3 Years to 30.11.11	Since launch (14.7.95) to 30.11.11
Liontrust Top 100 Fund	-8.6	40.1	148.3
FTSE 100 Index	-6.3	43.4	177.6

## Discrete Years' Performance

To previous quarter, 12 months ending:	Dec '07	Dec '08	Dec '09	Dec '10	Dec '11
Liontrust Top 100 Fund	6.8	28.1	26.2	13.1	3.8
FTSE 100 Index	7.4	28.3	27.3	12.6	2.2

Up-to-date past performance information may be obtained 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 Ten Holdings			
As at 30th November 2011	%	As at 31st May 2011	%
HSBC	6.12	HSBC	7.27
Vodafone	6.03	Vodafone	5.63
BP	5.97	BP	5.61
Royal Dutch Shell 'A' Shares	5.41	Royal Dutch Shell 'A' Shares	4.87
GlaxoSmithKline	4.95	GlaxoSmithKline	4.37
Royal Dutch Shell 'B' Shares	4.21	Rio Tinto	4.19
British American Tobacco	4.06	Royal Dutch Shell 'B' Shares	3.80
Rio Tinto	3.30	British American Tobacco	3.50
BG	3.15	BHP Billiton	3.37
BHP Billiton	2.78	BG	3.04
<b>Total</b>	<b>45.98</b>		<b>45.65</b>

Sector Weightings	Liontrust Top 100 Fund	
	30th November 2011	31st May 2011
	%	%
Basic Materials	11.85	14.34
Consumer Goods	14.56	12.79
Consumer Services	8.56	8.53
Financials	16.22	20.05
Health Care	8.83	8.26
Industrials	5.03	4.67
Oil & Gas	20.39	19.26
Technology	0.81	1.00
Telecommunications	7.18	6.80
Utilities	4.37	4.11
Derivative instruments	–	–
	<b>97.80</b>	<b>99.81</b>
<b>Cash (including SSgA* cash deposits)</b>	<b>2.20</b>	<b>0.19</b>
	<b>100.00</b>	<b>100.00</b>

# FURTHER INFORMATION

## Liontrust Asset Management Plc

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Liontrust provides portfolio management services in UK, European, Asian and Emerging Markets equities. 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 £1.354 billion (as at 10th November 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

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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](http://www.liontrust.co.uk).

## The Manager

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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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Authorised and regulated by the Financial Services Authority.