




LIONTRUST EUROPEAN ENHANCED INCOME FUND

**Manager's Long Final Report and Financial Statements
for the year ended 28 February 2018**



Managed by
Olly Russ & Oisín O'Leary in accordance with
The European Income Process

LIONTRUST FUND PARTNERS LLP

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Directory

Authorised Fund Manager ("Manager")

Liontrust Fund Partners LLP
2 Savoy Court
London
WC2R 0EZ

Administration and Dealing enquiries 0330 123 3822
Administration and Dealing facsimile 0330 123 3720
Email admin@liontrust.co.uk
Website www.liontrust.co.uk

Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Liontrust Investment Partners LLP
2 Savoy Court
London
WC2R 0EZ

Authorised and regulated by the Financial Conduct Authority.

Trustee

State Street Trustees Limited
20 Churchill Place
London
E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

Registrar

DST Financial Services Europe Limited
DST House
St. Nicholas Lane
Basildon
Essex
SS15 5FS

Authorised and regulated by the Financial Conduct Authority.

As of 14 August 2017, DST Financial Services Europe Limited is the trading name of International Financial Data Services (UK) Ltd following the acquisition of the remaining 50% ownership interest.

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Investment Profile

The investment objective of the Liontrust European Enhanced Income Fund is to provide a high income yield. In order to meet this objective, it is intended that the target yield (the sum of all net distributions in an accounting period divided by the unit price at the start of said period) will be in excess of 1.25 times the net yield of the MSCI Europe ex UK index each year but this cannot be guaranteed and the target range may also be adjusted in the light of market conditions although it is not expected that this will be a regular occurrence.

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*Collectively, these comprise the Authorised Manager's Report (from herein referred to as the Manager's Report).

LIONTRUST EUROPEAN ENHANCED INCOME FUND

MANAGER'S INVESTMENT REPORT

Investment Objective and Policy

The investment objective of the Liontrust European Enhanced Income Fund is to provide a high income yield. In order to meet this objective, it is intended that the target yield (the sum of all net distributions in an accounting P31 -LT 14 period divided by the unit price at the start of said period) will be in excess of 1.25 times the net yield of the MSCI Europe ex UK index each year but this cannot be guaranteed and the target range may also be adjusted in the light of market conditions although it is not expected that this will be a regular occurrence.

The Fund will predominantly invest in securities of companies incorporated in Continental Europe and Ireland or in companies that are headquartered or quoted outside Europe which derive a significant part of their business from Europe and whose securities are listed or traded on an eligible securities or derivatives exchange. The Fund may also invest in European emerging markets. The Fund will not be restricted in choice of investment by either size, sector or country.

Although the majority of the Fund's investments are expected to be in non-sterling currencies, the Fund's Units (apart from the Unhedged Classes) will use forward foreign exchange contracts to hedge the total return of the Fund's investments in certain Unit Classes ("Unit Class Hedging") against changes in the exchange rate between the currency of denomination of the financial instruments held by the Fund and the base currency of the Fund, which is pounds sterling. Any financial instruments used to implement hedging of any hedged Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Unit Class(es) and the gains/losses and the costs of the relevant financial instruments will accrue solely to the relevant Class(es). Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The Investment Adviser will review the hedging on a daily basis, adjusting the hedge when there is a material change that requires the hedging to be adjusted however, there can be no assurance that such hedging transactions will be undertaken and, if undertaken, will be effective or beneficial. It is not the intention to over-hedge or under-hedge positions, but this may occur due to factors outside the control of the Fund. Over-hedged positions will not exceed more than 105% of the Net Asset Value of the Class. Hedged positions will be kept under review by the Investment Adviser to ensure that over-hedged positions of any hedged Class do not exceed 105% of the Net Asset Value of such a Class. To the extent that such hedging is successful, the performance of the hedged Classes is unlikely to move in line with the performance of the underlying assets and that investors in a hedged Class will not benefit if the Fund's investments' currency rises against the base currency.

The Fund may also invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may invest up to 10% of its property in units or shares in collective investment schemes. In addition, the Fund may use derivatives for investment purposes and for efficient portfolio management. The Fund may use derivative instruments to generate additional income by systematically writing "out of the money" call options, these call options must be covered. The use of call options will constrain capital growth if the call options are exercised against the Fund when they are in the money.

Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist fund management company with £10.6 billion in assets under management as at 31 December 2017. The company takes pride in having a distinct culture and approach to running money. We have two primary aims: to invest money on your behalf to try to help you reach your financial goals and to invest in what we believe are the best companies around the world, providing businesses with capital to grow. What makes Liontrust distinct?

- The company launched in 1995 and was listed on the London Stock Exchange in 1999.
- We are an independent business with no corporate parent, our head office is on the Strand in London and we have branch offices in Luxembourg and Edinburgh.
- We believe in the benefits of active fund management over the long term and all our fund managers are truly active.
- We focus only on those areas of investment in which we have particular expertise. We have eight fund management teams: five that invest in UK, European, Asian and Global equities, one team that manages Multi-Asset portfolios, a Sustainable Investment team and a Global Fixed Income team.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

MANAGER'S INVESTMENT REPORT

- Our fund managers have the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management company.
- Each fund management team applies distinct and rigorous investment processes to the management of funds and portfolios that ensure the way we manage money is predictable and repeatable.
- Staying true to their documented investment processes helps to create an in-built risk control for our fund managers, especially in more challenging environments, by preventing them from buying stocks for the wrong reasons.
- We aim to treat investors, clients, members, employees, suppliers and other stakeholders fairly and with respect. We are committed to the Principles of Treating Customers Fairly (TCF) and they are central to how we conduct business across all our functions.

Liontrust Asset Management PLC is the parent company of Liontrust Fund Partners LLP, Liontrust Investment Partners LLP and Liontrust Investments Ltd, which are authorised and regulated by the Financial Conduct Authority. All member firms of the Liontrust Group sell only Liontrust Group products.

Performance of the Fund

In the year to 28 February 2018, an investment in the Fund returned 11.4% (institutional currency-hedged accumulation share class), 10.7% (retail currency-hedged accumulation share class) and 12.6% (institutional unhedged accumulation share class) in sterling terms. This compares with a return of 11.2% from the Fund's benchmark, the MSCI Europe ex-UK Index and an average return of 13.7% from the IA Europe ex-UK sector both in sterling terms. The MSCI Europe ex-UK Index returned 9.5% in local currency terms.

From the Fund's launch on 30 April 2010 to 28 February 2018, an investment in the Fund has risen 83.5% (primary share class) compared with a rise of 84.4% from the MSCI Europe ex-UK Index and an average return of 99.8% from the IA Europe ex-UK sector both in sterling terms.

Source: Financial Express, bid-to-bid basis, total return (net of fees, income reinvested). In line with Investment Association guidance, performance since inception is shown for the primary share class.

A final dividend of 1.67 pence per unit (hedged income units) and 2.40 pence per unit (hedged accumulation units) was distributed to retail unitholders and 1.78 pence per unit (hedged income units) and 2.54 pence per unit (hedged accumulation units) to institutional at the end of April 2018

Source: Liontrust Fund Partners LLP.

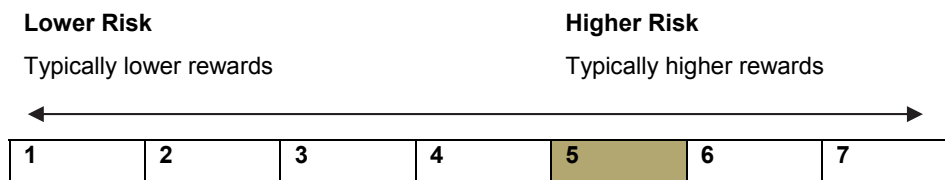
Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

MANAGER'S INVESTMENT REPORT

Risk Rating

The Risk disclosures are in accordance with European Securities Markets Authority (ESMA) guidelines and are consistent with the rating disclosed in the Key Investor Information Document (KIID).



- This Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Fund.
- The SRRI shown is not guaranteed to remain the same and may shift over time.
- The lowest category (1) does not mean 'risk free'.
- The Fund's risk and reward category has been calculated using the methodology set by the European Commission. It is based upon the rate by which the Fund or a representative fund or Index's value has moved up and down in the past.
- The Fund is categorised 5 primarily for its exposure to European companies.

The SRRI may not fully take into account the following risks:

- That a company may fail thus reducing its value within the Fund;
- Any company which has high overseas earnings may carry a higher currency risk;
- The Fund may make use of derivative instruments but it is not intended that their use will materially affect volatility.
- Counterparty risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- The Fund may have a concentrated portfolio and therefore can lead to more risk than where investments are held more widely.
- As part of the investment policy, the Fund may write out of the money call options to generate additional income. These call options will be "covered", as the Fund will not sell a call option on a specific stock unless it has a long equity exposure to that stock (either directly or indirectly). Unitholders should note that potential capital growth of the Fund would be capped if these call options are exercised against the Fund and the Fund's capital returns are likely to be lower than the market in periods of rapidly rising share prices (either directly or indirectly). Unitholders should note that potential capital growth of the Fund would be capped if these call options are exercised against the Fund and the Fund's capital returns are likely to be lower than the market in periods of rapidly rising share prices.

For full details of the Fund's risks, please see the prospectus which may be obtained from Liontrust or online at www.liontrust.co.uk.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

MANAGER'S INVESTMENT REPORT

Market Review

The MSCI Europe ex-UK Index returned 11.2% in sterling terms and 9.5% in local currency terms for the 12 months to 28 February 2018.

The beginning of the review period was dominated by European elections, which helped ease the market's concern about populism. The Dutch parliamentary election in March 2017 saw the incumbent centre-right VVD party beat populist anti-immigration candidate Geert Wilder's eurosceptic PVV party. This was followed by a resounding victory for Emmanuel Macron in the French presidential election over far right candidate Marine Le Pen. Both results were welcomed by the market and helped maintain largely bullish sentiment.

Central bank action was the most prominent feature for the majority of the review period. The European Central Bank (ECB) announced a reduction in monthly quantitative easing (QE) from €60bn to €30bn from January 2018. President Mario Draghi made a point of framing this as a "downsizing" not a tapering. The lower level of QE will be in place until at least September 2018, at which point the ECB indicates its options are open-ended. Draghi has talked up the strength of the eurozone economy and noted that inflation is heading towards the Bank's objective of below but close to 2%. The Bank of England and US Federal Reserve also tightened monetary policy during the review period.

European markets encountered widespread selling in the final month of the review period. Government bond yields reached multi year highs, stocks sold off and volatility in Europe spiked as investors fretted over accelerating inflation and the potential for aggressive monetary policy tightening.

In terms of sector trends, the gains in the MSCI Europe ex-UK Index were led by IT (+17.7% in sterling terms), financials (+16.2%) and utilities (+14.0%). Aside from utilities, bond-proxy areas of the market underperformed. Telecoms (-2.9%), health care (-2.8%) and consumer staples (+0.6%) were the weakest sectors.

Fund Review

The Fund returned 11.4% (institutional, accumulation currency-hedged share class) in the 12 months to 28 February 2018.

Although the currency-hedged share class missed out on the 3.7% rise in the euro relative to sterling, it outperformed the MSCI Europe ex-UK Index in both sterling and local currency terms.

Though telecoms was the worst performing sector in the MSCI Europe ex-UK Index, for the Fund it was one of the biggest sources of positive attribution. Much of this was due to a stellar performance from 1&1 Drillisch, which in May announced a long-suspected merger with United Internet's telecoms division to create a mobile business with the scale to take on Germany's big three: Deutsche Telekom, Vodafone and Telefonica Deutschland. In its third quarter results in November, Drillisch made bullish comments regarding the integration of the acquired business.

Financials, where the Fund has its largest sector allocation, was one of the best performing sectors in the European market due to a hawkish outlook for global monetary policy. This is because higher interest rates improve banks' net interest margin and insurers' reinvestment yield. Of the Fund's holdings in the sector, Italian bank Intesa Sanpaolo was one of the best performers after the bank confirmed that it is considering selling its credit-servicing platform and a bad loans portfolio to Sweden's Intrum Justitia. In addition, Italian asset manager Anima Holdings rose after stating that it expects to report a net profit of between €215m and €225m for 2017, which would be the second highest in the company's history and significantly ahead of consensus expectations. The group closed the year with total assets of over €50bn, 16% higher than in 2016, and helped by net inflows of €6.8bn. The group also confirmed its target of €300m net profit by 2019 and declared a dividend of €2 per share, doubling the payout from 2016.

Among other key positive contributors to the Fund's performance, French construction giant Vinci rallied following Macron's victory in the first round of the French presidential election in April. The stock continued to move higher after strong third quarter results but its share price came off slightly at the end of the review period despite in line full-year results.

SES was among the biggest detractors from the Fund after its third quarter revenue and earnings missed consensus estimates, resulting in the shares being marked down reasonably heavily. The satellite operator saw revenue declines in its Video and Fixed Data divisions, and sector sentiment was not helped by peer Eutelsat cutting its full year guidance the same day.

Pharmaceuticals in general experienced a poor 12 months. Biopharmaceutical company Sanofi was one of the Fund's holdings to see its shares drop in response to a third quarter statement which included a slightly soft outlook, despite the maintenance of full-year guidance towards stable earnings per share at constant exchange rates.

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Volatility in European markets was at record lows for most of the 12 month period and prevented us from writing covered calls. This is because market volatility is a key input into the prices we are offered when writing calls. Without volatility, option prices remain low, and in our opinion offered little value. In the final two months, however, volatility in European markets rose to its highest level since the Brexit referendum result amid the market sell-off. If volatility is sustained at a reasonably high level, we would expect to resume writing covered calls at better prices.

Portfolio Activity

SES was one of the companies to be sold from the Fund during the 12 month period, alongside Aegon, CRH, Deutsche Euroshop, Hennes & Mauritz, Swiss Re and Swisscom.

A number of positions were opened in the year, including French asset manager Amundi, which boosted its funds under management to €1.4tn with the July acquisition of Pioneer Investments. This deal catapulted the company to the position of Europe's biggest asset manager. Banca Farmafactoring, which completed an initial public offering to the Italian stockmarket in April, was another financial stock to be added.

A position in Sunrise Communications, a challenger telecoms provider, was initiated after establishing itself as the highest quality operator in a quality – rather than cost – conscious Swiss market.

Branded consumer goods company Orkla, Nordic IT products and services company Dustin Group, Nordic facilities management specialist Coor Service Management and French property developer Kaufman & Broad were other positions added to the Fund.

Outlook

We are optimistic about the outlook for the European economy. For each of the previous six years or so Europe has seen nothing but relentless earnings downgrades, but 2017 has marked the most significant turn in almost a decade. GDP forecasts have also been consistently upgraded throughout 2017 and projections for 2018 look too low. Barring any unexpected events, we could see another 2%+ year in terms of European GDP growth.

A properly functioning eurozone economy has begun to power domestic earnings (combined with a rest of the world also doing quite well). This earnings growth – if sustained – should represent the beginnings of a virtuous circle of declining bad debts for banks leading to more capital being available for loans, leading to more growth, and so on. There are also encouraging signs that overseas investors, long fearful of Europe due to its potentially frightening potential political complications, are also returning, which could be a welcome boost to markets.

Globally, we expect monetary policy to continue on its tightening path. If we accept that rates might be moving higher – but not too far – there is a strong correlation between rising interest rates and 'value' outperformance over 'growth'. If we decompose the value trade, we see a very strong positive relationship between the banks sector (and financials in general) and rising bond yields, which should benefit the Fund, which retains its overweight position in the financials sector.

Olly Russ and Oisín O'Leary

Fund Managers
April 2018

Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise.

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, the information on page 1 and the portfolio statement, comprise the Manager's Report.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

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 Conduct 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 Financial Statements of the Scheme:

The Financial Conduct 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 requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in May 2014;
- 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 Trustee's Responsibilities

The Depositary in its capacity as Trustee of Liontrust European Enhanced Income Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority’s Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together “the Regulations”), the Trust Deed and Prospectus (together “the Scheme documents”) as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust’s cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust’s assets is remitted to the Trust within the usual time limits;
- the Trust’s income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (“the AFM”) which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Trustee's Report

to the unitholders of the Liontrust European Enhanced Income Fund ("the Scheme")

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Trust, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and Scheme documents of the Trust.

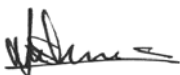
State Street Trustees Limited
20 Churchill Place
London E14 5HJ

23 May 2018

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Certification of Financial Statements by Directors of the Manager

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



John Ions
Chief Executive



Antony Morrison
Partner, Head of Finance

Liontrust Fund Partners LLP

23 May 2018

Independent auditors' report to the Unitholders of Liontrust European Enhanced Income Fund

Report on the audit of the financial statements

Opinion

In our opinion, Liontrust European Enhanced Income Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 28 February 2018 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements, included within the Manager's Long Final Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 28 February 2018; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Manager's Report

In our opinion, the information given in the Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities set out on page 8, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to wind up or terminate the Trust or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Opinion on matter required 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.

Collective Investment Schemes Sourcebook exception reporting

Under the Collective Investment Schemes Sourcebook we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
23 May 2018

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Comparative Tables

as at 28 February 2018

| | 28/02/18 (p) | 28/02/17 (p) |
|--|-----------------|-----------------|
| Institutional Accumulation Unhedged | | |
| Change in net assets per unit | | |
| Opening net asset value per unit | 106.92 | 100.00 |
| Return before operating charges* | 14.74 | 7.38 |
| Operating charges | (1.15) | (0.46) |
| Return after operating charges* | 13.59 | 6.92 |
| Distributions on accumulation units | (5.04) | (0.96) |
| Retained distributions on accumulation units | 5.04 | 0.96 |
| Closing net asset value per unit | 120.51 | 106.92 |
| *after direct transaction costs of: | 0.07 | 0.04 |
| Performance | | |
| Return after charges | 12.71% | 6.92% |
| Other information | | |
| Closing net asset value (£'000) | 110 | 7 |
| Closing number of units | 91,455 | 6,889 |
| Operating charges | 0.96% | 0.96% |
| Direct transaction costs | 0.05% | 0.03% |
| Prices | | |
| Highest offer (buying) unit price | 126.06 | 110.77 |
| Lowest bid (selling) unit price | 107.72 | 98.80 |

Institutional Accumulation Unhedged Unit was launched 14 September 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Comparative Tables

as at 28 February 2018

| | 28/02/18 (p) | 28/02/17 (p) |
|--------------------------------------|-----------------|-----------------|
| Institutional Income Unhedged | | |
| Change in net assets per unit | | |
| Opening net asset value per unit | 105.97 | 100.00 |
| Return before operating charges* | 14.61 | 7.38 |
| Operating charges | (1.13) | (0.45) |
| Return after operating charges* | 13.48 | 6.93 |
| Distributions on income units | (4.98) | (0.96) |
| Closing net asset value per unit | 114.47 | 105.97 |
| *after direct transaction costs of: | 0.06 | 0.04 |
| Performance | | |
| Return after charges | 12.72% | 6.93% |
| Other information | | |
| Closing net asset value (£'000) | 6,113 | 7,998 |
| Closing number of units | 5,340,368 | 7,546,834 |
| Operating charges | 0.97% | 0.94% |
| Direct transaction costs | 0.05% | 0.03% |
| Prices | | |
| Highest offer (buying) unit price | 121.57 | 110.49 |
| Lowest bid (selling) unit price | 106.77 | 98.54 |

Institutional Income Unhedged Unit was launched 14 September 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Comparative Tables

as at 28 February 2018

| | 28/02/18 (p) | 28/02/17 (p) |
|--|-----------------|-----------------|
| Institutional Accumulation | | |
| Change in net assets per unit | | |
| Opening net asset value per unit | 164.80 | 146.91 |
| Return before operating charges* | 20.68 | 18.73 |
| Operating charges | (1.75) | (0.84) |
| Return after operating charges* | 18.93 | 17.89 |
| Distributions on accumulation units | (7.73) | (1.79) |
| Retained distributions on accumulation units | 7.73 | 1.79 |
| Closing net asset value per unit | 183.73 | 164.80 |
| *after direct transaction costs of: | 0.10 | 0.05 |
| Performance | | |
| Return after charges | 11.49% | 12.18% |
| Other information | | |
| Closing net asset value (£'000) | 12,928 | 16,975 |
| Closing number of units | 7,036,283 | 10,300,635 |
| Operating charges | 0.98% | 0.92% |
| Direct transaction costs | 0.05% | 0.03% |
| Prices | | |
| Highest offer (buying) unit price | 191.73 | 167.26 |
| Lowest bid (selling) unit price | 166.83 | 149.42 |

Institutional Accumulation Unit was launched 8 July 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Comparative Tables

as at 28 February 2018

| | 28/02/18 (p) | 28/02/17 (p) |
|--------------------------------------|-----------------|-----------------|
| Institutional Income | | |
| Change in net assets per unit | | |
| Opening net asset value per unit | 115.30 | 103.90 |
| Return before operating charges* | 16.11 | 13.30 |
| Operating charges | (1.22) | (0.64) |
| Return after operating charges* | 14.89 | 12.66 |
| Distributions on income units | (5.44) | (1.26) |
| Closing net asset value per unit | 124.75 | 115.30 |
| *after direct transaction costs of: | 0.07 | 0.04 |
| Performance | | |
| Return after charges | 12.91% | 12.18% |
| Other information | | |
| Closing net asset value (£'000) | 32,182 | 54,944 |
| Closing number of units | 25,797,116 | 47,651,877 |
| Operating charges | 0.98% | 0.93% |
| Direct transaction costs | 0.05% | 0.03% |
| Prices | | |
| Highest offer (buying) unit price | 132.21 | 117.78 |
| Lowest bid (selling) unit price | 116.71 | 105.68 |

Institutional Income Unit was launched 8 July 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Comparative Tables

as at 28 February 2018

| | 28/02/18 (p) | 28/02/17 (p) |
|--|-----------------|-----------------|
| Retail Accumulation | | |
| Change in net assets per unit | | |
| Opening net asset value per unit | 155.59 | 139.05 |
| Return before operating charges* | 19.68 | 18.08 |
| Operating charges | (2.92) | (1.54) |
| Return after operating charges* | 16.76 | 16.54 |
| Distributions on accumulation units | (7.31) | (1.68) |
| Retained distributions on accumulation units | 7.31 | 1.68 |
| Closing net asset value per unit | 172.35 | 155.59 |
| *after direct transaction costs of: | 0.09 | 0.05 |
| Performance | | |
| Return after charges | 10.77% | 11.90% |
| Other information | | |
| Closing net asset value (£'000) | 5,601 | 8,957 |
| Closing number of units | 3,249,670 | 5,756,630 |
| Operating charges | 1.73% | 1.68% |
| Direct transaction costs | 0.05% | 0.03% |
| Prices | | |
| Highest offer (buying) unit price | 189.00 | 165.86 |
| Lowest bid (selling) unit price | 157.44 | 141.42 |

Retail Accumulation Unit was launched 8 July 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Comparative Tables

as at 28 February 2018

| | 28/02/18 (p) | 28/02/17 (p) |
|--------------------------------------|-----------------|-----------------|
| Retail Income | | |
| Change in net assets per unit | | |
| Opening net asset value per unit | 109.77 | 99.29 |
| Return before operating charges* | 13.95 | 12.80 |
| Operating charges | (2.04) | (1.12) |
| Return after operating charges* | 11.91 | 11.68 |
| Distributions on income units | (5.12) | (1.20) |
| Closing net asset value per unit | 116.56 | 109.77 |
| *after direct transaction costs of: | 0.06 | 0.04 |
| Performance | | |
| Return after charges | 10.85% | 11.76% |
| Other information | | |
| Closing net asset value (£'000) | 1,186 | 2,140 |
| Closing number of units | 1,017,797 | 1,949,124 |
| Operating charges | 1.73% | 1.68% |
| Direct transaction costs | 0.05% | 0.03% |
| Prices | | |
| Highest offer (buying) unit price | 129.74 | 117.91 |
| Lowest bid (selling) unit price | 111.07 | 100.98 |

Retail Income Unit was launched 8 July 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Portfolio Statement

as at 28 February 2018 (Ordinary shares except where otherwise stated)

| | Holdings | Market Value £'000 | Percentage of total net assets % |
|--|----------|-----------------------|--|
| BELGIUM (2.91%*) | | 1,731 | 2.98 |
| bpost | 70,699 | 1,731 | 2.98 |
| DENMARK (2.40%*) | | 738 | 1.27 |
| ISS | 27,893 | 738 | 1.27 |
| FINLAND (3.35%*) | | 2,086 | 3.59 |
| Elisa | 38,046 | 1,182 | 2.03 |
| Sampo 'A' Shares | 21,991 | 904 | 1.56 |
| FRANCE (11.19%*) | | 7,477 | 12.86 |
| Air Liquide 'prime fidelite' | 9,529 | 867 | 1.49 |
| Amundi | 8,957 | 528 | 0.91 |
| AXA | 32,369 | 741 | 1.26 |
| Danone | 9,072 | 529 | 0.91 |
| Kaufman & Broad | 25,547 | 947 | 1.63 |
| Nexity | 25,178 | 1,141 | 1.96 |
| Sanofi | 11,719 | 672 | 1.16 |
| TOTAL | 14,951 | 619 | 1.07 |
| Vinci | 19,917 | 1,433 | 2.47 |
| GERMANY (19.50%*) | | 9,691 | 16.68 |
| Allianz | 5,345 | 911 | 1.57 |
| Amadeus Fire | 12,902 | 1,003 | 1.73 |
| BASF | 10,936 | 837 | 1.44 |
| Daimler | 18,600 | 1,156 | 1.99 |
| Deutsche Beteiligungs | 14,845 | 573 | 0.99 |
| Deutsche Post | 44,436 | 1,463 | 2.52 |
| 1&1 Drillisch | 37,050 | 2,075 | 3.57 |
| Muenchener Rueckversicherungs-Gesellschaft | 5,242 | 857 | 1.47 |
| RHOEN-KLINIKUM | 32,196 | 816 | 1.40 |
| IRELAND (3.51%*) | | 1,680 | 2.89 |
| Ryanair | 46,673 | 662 | 1.14 |
| SSgA Cash Management Fund** | | 1,018 | 1.75 |
| ITALY (11.57%*) | | 9,208 | 15.85 |
| Anima | 178,084 | 972 | 1.67 |
| Azimut | 56,823 | 897 | 1.54 |
| Banca Farmafactoring | 309,103 | 1,580 | 2.72 |
| Cerved Information Solutions | 127,459 | 1,191 | 2.05 |
| Ei Towers | 20,972 | 862 | 1.49 |
| Eni | 47,668 | 579 | 1.00 |
| Intesa Sanpaolo 'Preference shares' | 621,885 | 1,783 | 3.07 |
| Terna Rete Elettrica Nazionale | 333,042 | 1,344 | 2.31 |
| LUXEMBOURG (1.04%*) | | - | - |
| NETHERLANDS (3.48%*) | | 1,542 | 2.65 |
| ING | 119,687 | 1,542 | 2.65 |

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Portfolio Statement

as at 28 February 2018 (Ordinary shares except where otherwise stated)

| | Holdings | Market Value £'000 | Percentage of total net assets % |
|--|-----------|-----------------------|--|
| NORWAY (7.98%*) | | 5,666 | 9.74 |
| ABG Sundal Collier | 1,305,330 | 763 | 1.31 |
| Gjensidige Forsikring | 68,486 | 909 | 1.56 |
| Marine Harvest | 79,320 | 1,108 | 1.91 |
| Orkla | 109,618 | 863 | 1.48 |
| Statoil | 54,672 | 910 | 1.57 |
| Telenor | 68,494 | 1,113 | 1.91 |
| PORTUGAL (1.01%*) | | 349 | 0.60 |
| CTT-Correios de Portugal | 117,314 | 349 | 0.60 |
| SPAIN (4.33%*) | | 2,335 | 4.02 |
| Endesa | 107,588 | 1,639 | 2.82 |
| Industria de Diseno Textil | 31,499 | 696 | 1.20 |
| SWEDEN (13.38%*) | | 8,097 | 13.93 |
| Axfood | 60,666 | 816 | 1.40 |
| Coor Service Management | 100,492 | 600 | 1.03 |
| Dustin | 39,894 | 271 | 0.47 |
| Nobina | 287,502 | 1,392 | 2.40 |
| Nordea Bank | 133,728 | 1,107 | 1.90 |
| Swedbank 'A' Shares | 85,735 | 1,564 | 2.69 |
| Telia | 310,584 | 1,059 | 1.82 |
| Thule | 81,641 | 1,288 | 2.22 |
| SWITZERLAND (10.38%*) | | 6,004 | 10.33 |
| Komax | 2,758 | 640 | 1.10 |
| Novartis | 15,361 | 933 | 1.60 |
| Oriflame | 26,782 | 920 | 1.58 |
| Roche | 4,464 | 755 | 1.30 |
| Sunrise Communications | 13,107 | 910 | 1.57 |
| UBS | 42,620 | 592 | 1.02 |
| Zurich Insurance | 5,221 | 1,254 | 2.16 |
| UNITED KINGDOM (3.75%*) | | 1,016 | 1.75 |
| Berkeley | 26,200 | 1,016 | 1.75 |
| DERIVATIVES (-0.56%*) | | (201) | (0.35) |
| Forward Currency Contracts | | | |
| Danish Krone | | | |
| Sold DKK131,947 for GBP15,580 Settlement 28/03/2018‡ | | - | - |
| Sold DKK614,622 for GBP72,574 Settlement 28/03/2018‡ | | - | - |
| Sold DKK1,422,423 for GBP167,958 Settlement 28/03/2018 | | (1) | - |
| Sold DKK3,585,008 for GBP423,313 Settlement 28/03/2018 | | (2) | - |
| Euro | | | |
| Sold EUR824,201 for GBP724,530 Settlement 28/03/2018 | | (3) | (0.01) |
| Sold EUR3,839,196 for GBP3,374,921 Settlement 28/03/2018 | | (16) | (0.03) |
| Sold EUR8,885,076 for GBP7,810,602 Settlement 28/03/2018 | | (38) | (0.07) |
| Sold EUR22,393,528 for GBP19,685,474 Settlement 28/03/2018 | | (95) | (0.16) |

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Portfolio Statement

as at 28 February 2018 (Ordinary shares except where otherwise stated)

| | Market Value £'000 | Percentage of total net assets % |
|---|-----------------------|--|
| Norwegian Krone | | |
| Sold NOK1,276,064 for GBP116,318 Settlement 28/03/2018 | (1) | - |
| Sold NOK5,944,014 for GBP541,818 Settlement 28/03/2018 | (3) | (0.01) |
| Sold NOK13,756,269 for GBP1,253,932 Settlement 28/03/2018 | (7) | (0.01) |
| Sold NOK34,670,654 for GBP3,160,352 Settlement 28/03/2018 | (19) | (0.03) |
| Swedish Krona | | |
| Sold SEK57,560,126 for GBP5,037,826 Settlement 28/03/2018 | 4 | 0.01 |
| Sold SEK22,838,120 for GBP1,998,857 Settlement 28/03/2018 | 2 | - |
| Sold SEK9,868,236 for GBP863,696 Settlement 28/03/2018 | 1 | - |
| Sold SEK2,118,518 for GBP185,419 Settlement 28/03/2018‡ | - | - |
| Swiss Franc | | |
| Sold CHF136,350 for GBP104,016 Settlement 28/03/2018 | (1) | - |
| Sold CHF635,130 for GBP484,515 Settlement 28/03/2018 | (2) | - |
| Sold CHF1,469,886 for GBP1,121,315 Settlement 28/03/2018 | (6) | (0.01) |
| Sold CHF3,704,633 for GBP2,826,111 Settlement 28/03/2018 | (14) | (0.03) |
| Portfolio of investments[^] | 57,419 | 98.79 |
| Net other assets | 702 | 1.21 |
| Total net assets | 58,121 | 100.00 |

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

* Comparative figures shown in brackets relate to 28 February 2017.

**This is a collective investment scheme. 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.

[^]Including derivative liabilities.

[‡]The market value of the holdings is below £500 and is therefore rounded down to £0.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Securities Financing Transactions

as at 28 February 2018

GLOBAL DATA

| Proportion of securities and commodities on loan | £'000 | % |
|--|--------------|----------|
| Total lendable assets excluding cash and cash equivalents: | 54,635 | |
| Securities and commodities on loan | 2,633 | 4.82% |

| Assets engaged in SFTs and total return swaps | £'000 | % |
|--|--------------|----------|
| Fund assets under management (AUM) | 58,723 | |
| Absolute value of assets engaged in: | | |
| Securities lending | 2,633 | 4.48% |

CONCENTRATION DATA

Top 10 Collateral Issuers

| Name and value of collateral and commodities received | £'000 |
|--|--------------|
| United States of America Treasury | 553 |
| Republic of France | 470 |
| Government of United Kingdom | 242 |
| Federal Republic of Germany | 226 |
| Kingdom of Belgium | 139 |
| Cash Collateral | 80 |
| Banco Santander | 40 |
| Time Warner | 34 |
| Kingdom of Netherlands | 33 |
| Alphabet | 25 |

Top 10 Counterparties

| Name and value of outstanding transactions | £'000 |
|---|--------------|
| Securities lending | |
| Credit Suisse (Dublin) | 1,097 |
| JP Morgan Securities | 948 |
| Credit Suisse Securities (Europe) | 314 |
| Citigroup Global Markets | 98 |
| Morgan Stanley International | 76 |
| Bank of Nova Scotia | 54 |
| HSBC Bank | 46 |

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Securities Financing Transactions

as at 28 February 2018

AGGREGATE TRANSACTION DATA

| Type, Quality and Currency of Collateral | | Currencies | £'000 |
|--|-------------------------------|-------------------|--------------|
| Type | Quality | | |
| Securities lending | | | |
| Equity | Traded on recognised exchange | Sterling | 13 |
| Equity | Traded on recognised exchange | Australian dollar | 14 |
| Equity | Traded on recognised exchange | Canadian dollar | 1 |
| Equity | Traded on recognised exchange | Chinese yuan | 8 |
| Equity | Traded on recognised exchange | Danish krone | 5 |
| Equity | Traded on recognised exchange | Euro | 148 |
| Equity | Traded on recognised exchange | Hong Kong dollar | 23 |
| Equity | Traded on recognised exchange | Japanese yen | 179 |
| Equity | Traded on recognised exchange | Norwegian krone | 5 |
| Equity | Traded on recognised exchange | Singapore dollar | 3 |
| Equity | Traded on recognised exchange | Swedish krona | 5 |
| Equity | Traded on recognised exchange | Swiss franc | 13 |
| Equity | Traded on recognised exchange | US dollar | 654 |
| Fixed Income | Investment Grade | Sterling | 242 |
| Fixed Income | Investment Grade | Canadian dollar | 1 |
| Fixed Income | Investment Grade | Euro | 868 |
| Fixed Income | Investment Grade | Swedish krona | 4 |
| Fixed Income | Investment Grade | US dollar | 553 |
| Cash | Cash Collateral | Euro | 80 |
| Total collateral held | | | 2,819 |

Maturity Tenor of Collateral (remaining period to maturity)

| Type | Less than one day | One day to one week | One week to one month | One to three months | Three months to one year | Above one year | Open maturity | Total |
|--------------------|-------------------|---------------------|-----------------------|---------------------|--------------------------|----------------|---------------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Securities lending | 80 | - | - | 3 | 397 | 1,267 | 1,072 | 2,819 |
| | 80 | - | - | 3 | 397 | 1,267 | 1,072 | 2,819 |

Counterparty details

| Type | Countries of counterparty | Settlement and clearing | £'000 |
|------------------------------|---------------------------|-------------------------|--------------|
| Securities lending | Canada | Bi-lateral | 57 |
| Securities lending | United Kingdom | Bi-lateral | 185 |
| Securities lending | Ireland | Tri-party | 1,162 |
| Securities lending | United Kingdom | Tri-party | 1,415 |
| Total collateral held | | | 2,819 |

Maturity Tenor of SFTs and Total Return Swaps (remaining period to maturity)

| Type | Less than one day | One day to one week | One week to one month | One to three months | Three months to one year | Above one year | Open trans- actions | Total |
|--------------------|-------------------|---------------------|-----------------------|---------------------|--------------------------|----------------|---------------------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Securities lending | - | - | - | - | - | - | 2,633 | 2,633 |
| | - | - | - | - | - | - | 2,633 | 2,633 |

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Securities Financing Transactions

as at 28 February 2018

RE-USE OF COLLATERAL

The Fund does not engage in re-use of collateral.

SAFEKEEPING OF COLLATERAL RECEIVED

| Names and value of custodians safekeeping collateral | £'000 |
|--|-------|
| JP Morgan | 2,577 |
| State Street | 242 |
| Number of custodians safekeeping collateral | 2 |

SAFEKEEPING OF COLLATERAL GRANTED

The Fund does not borrow stock from counterparties; therefore, no collateral has been granted.

RETURN AND COST

| | Collective Investment Undertaking £'000 | Manager of Collective Investment Undertaking £'000 | Third Parties (e.g. lending agent) £'000 | Total £'000 |
|---------------------------|---|---|--|----------------|
| Securities lending | | | | |
| Gross return | 30 | 3 | 12 | 45 |
| % of total gross return | 66.51% | 7.00% | 26.49% | 100.00% |
| Cost* | - | - | - | - |

*All direct costs from securities lending are borne by lending agent.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Statement of Total Return

for the year ended 28 February 2018

| | Notes | 01/03/17 to 28/02/18 | | 08/07/16 to 28/02/17 | |
|--|-------|----------------------|---------|----------------------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Income | | | | | |
| Net capital gains | 4 | | 5,660 | | 11,469 |
| Revenue | 5 | 3,141 | | 1,285 | |
| Expenses | 6 | (662) | | (671) | |
| Interest payable and similar charges | | (4) | | (2) | |
| Net revenue before taxation | | 2,475 | | 612 | |
| Taxation | 7 | (258) | | (116) | |
| Net revenue after taxation | | | 2,217 | | 496 |
| Total return before distributions | | | 7,877 | | 11,965 |
| Distributions | 8 | | (2,875) | | (1,163) |
| Change in net assets attributable to unitholders from investment activities | | | 5,002 | | 10,802 |

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 28 February 2018

| | 01/03/17 to 28/02/18 | | 08/07/16 to 28/02/17 | |
|---|----------------------|----------|----------------------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to unitholders | | 91,021 | | - |
| Assets transferred from Other Funds** | - | | 109,702 | |
| Amounts receivable on issue of units | 13,315 | | 18,749 | |
| Amounts payable on cancellation of units | (52,059) | | (48,619) | |
| | | (38,744) | | 79,832 |
| Dilution adjustment | | 79 | | 63* |
| Change in net assets attributable to unitholders from investment activities | | 5,002 | | 10,802 |
| Retained distributions on Accumulation units | | 763 | | 324 |
| Closing net assets attributable to unitholders | | 58,121 | | 91,021 |

* Reclassification of dilution adjustment from prior year. Amount was previously netted off against creations.

**Relating to the merger of the FP Argonaut European Enhanced Income Fund via a scheme of arrangement with the Liontrust European Income Fund on 08.07.16.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Balance Sheet

as at 28 February 2018

| | Notes | 28/02/2018 £'000 | 28/02/2017 £'000 |
|---|-------|----------------------|----------------------|
| Assets | | | |
| Fixed assets | | | |
| Investments | | 57,627 | 90,821 |
| Current assets | | | |
| Debtors | 9 | 615 | 1,076 |
| Cash and bank balances | 10 | 954 | 620 |
| Total assets | | <u>59,196</u> | <u>92,517</u> |
| Liabilities | | | |
| Derivative liabilities | | 208 | 510 |
| Distribution payable on income units | | 607 | 428 |
| Other creditors | 11 | 260 | 558 |
| Total liabilities | | <u>1,075</u> | <u>1,496</u> |
| Net assets attributable to unitholders | | <u><u>58,121</u></u> | <u><u>91,021</u></u> |

LIONTRUST EUROPEAN ENHANCED INCOME 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 basis, as modified by the revaluation of investments, in compliance with the Financial Conduct Authority's Collective Investments Schemes Sourcebook. They have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland "FRS 102"), Trust Deed and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014 ('the 2014 SORP'). The financial statements are prepared on the going concern basis.

(b) Recognition of revenue

- (i) UK dividends classified as franked investment income are shown net of attributable tax credits when the securities are quoted ex-dividend.
- (ii) Special dividends are treated as income or capital according to the nature of the event giving rise to the payment.
- (iii) Bank interest is recognised on an accruals basis.
- (iv) Overseas revenue that is received after the deduction of withholding tax is shown gross of taxation.
- (v) Stock lending revenue is recognised on an accruals basis.
- (vi) Nominal interest on interest-bearing securities is recognised on an accruals basis.

(c) Expenses

All expenses are deducted from capital and are accounted for on an accruals basis. These do not form part of the distribution, described in note (d).

(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 28 February 2018. 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.

(h) Derivative and forward currency transactions

Where appropriate, certain permitted financial instruments such as derivatives or forward currency contracts are used for efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in 'Revenue' or 'Expenses' in the Statement of total return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in 'Net capital gains/(losses)' in the Statement of Total Return.

Any positions on such financial instruments open at the year end are reflected in the Balance Sheet at their marked-to market value at 12:00 noon which is not materially different from IMA SORP defined fair value policy.

(i) 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.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Notes to the Financial Statements

(j) 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 can hold certain financial instruments. These comprise:

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

In accordance with the requirements of the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Fund is not permitted to trade in other financial instruments. 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 counterparty 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.

The fund is exposed to market price risk as the assets and liabilities of the fund are listed on stock exchanges and their prices are subject to movements both up or down that would result in an appreciation or depreciation in the fair value of that asset. As at 28 February 2018, had the prices increased by 1% the resulting change in the value of the Net Asset Value would have been an increase of 1.01%.

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.

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.

The majority of the fund's financial assets and liabilities are non-interest bearing and any excess cash and cash equivalents are invested at short term market interest rates. As a result, the fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

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. When the Fund enters into such a transaction which will involve the buying or selling of foreign currency in order to complete, a foreign exchange contract is entered into as soon as possible after the initial transaction in order to minimise exchange rate risk.

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.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Notes to the Financial Statements

Currency Risk at Share Class level

Hedged Shares are Shares denominated in a currency other than a fund's base currency and hedged against the currency exchange risk between the currency of denomination of such Shares and the fund's base currency. Hedged Shares will be hedged against the base currency of the fund regardless of whether such base currency is decreasing or increasing in value, relative to the currency of denomination of such Shares.

The investors in Hedged Shares should be aware that whilst holding Hedged Shares may substantially protect them against decreases in the fund's base currency, it may also substantially prevent them from benefitting if there is an increase in the value of the fund's base currency relative to the currency of denomination of Hedged Shares. Holders of Hedged Shares should be aware that any currency hedging process may not give a precise hedge. There is no guarantee that the hedging will be totally successful. This hedging will typically be undertaken by means of forward contracts but may also include currency options or futures or over-the-counter derivatives.

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 counterparty 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 counterparty. This list is reviewed annually.

3. Unit classes

The Trust has three unit classes in issue with two unit options per unit class.

The total net asset value, net asset value per unit and number of units in issue for each class are given in the Comparative Tables on pages 13 to 18.

Reconciliation of the unit movement in the year:

| | 28/02/2017 | 01/03/17 to 28/02/18 | | 28/02/2018 |
|-------------------------------------|---------------------------|----------------------|---------------|--|
| | Opening units in issue | Creations | Cancellations | Units converted Closing units in issue |
| Institutional Accumulation Unhedged | 6,889 | 105,453 | (20,887) | - 91,455 |
| Institutional Income Unhedged | 7,546,834 | 1,525,913 | (3,732,379) | - 5,340,368 |
| Institutional Accumulation | 10,300,635 | 2,084,176 | (5,362,406) | 13,878 7,036,283 |
| Institutional Income | 47,651,877 | 2,795,787 | (25,245,277) | 594,729 25,797,116 |
| Retail Accumulation | 5,756,630 | 44,067 | (2,536,317) | (14,710) 3,249,670 |
| Retail Income | 1,949,124 | 3,706,238 | (4,004,156) | (633,409) 1,017,797 |
| Total | 73,211,989 | 10,261,634 | (40,901,422) | (39,512) 42,532,689 |

4. Net capital gains

| | 01/03/17 to 28/02/18 £'000 | 08/07/16 to 28/02/17 £'000 |
|---|----------------------------------|----------------------------------|
| Non-derivative securities | 6,161 | 11,951 |
| Forward foreign exchange currency contracts | (484) | (2,605) |
| Currency (losses)/gains | (11) | 2,126 |
| Transaction charges | (6) | (3) |
| Net capital gains | 5,660 | 11,469 |

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Notes to the Financial Statements

5. Revenue

| | 01/03/17 to 28/02/18 £'000 | 08/07/16 to 28/02/17 £'000 |
|---|----------------------------------|----------------------------------|
| Overseas taxable revenue* | (6) | (4) |
| Overseas non-taxable revenue | 2,999 | 1,224 |
| UK dividends | 113 | 89 |
| Distributions from Regulated Collective Investment Schemes: | | |
| Offshore investment revenue** | 1 | 1 |
| Interest on debt securities | 4 | - |
| Bank interest | - | 1 |
| Stocklending income | 30 | 12 |
| Withhold tax reclaims | - | (38) |
| | 3,141 | 1,285 |
| | 3,141 | 1,285 |

*Overseas taxable revenue includes currency gains or losses arising from the repatriation of foreign dividends therefore may be negative.

**This is revenue received from investment in the SSgA Cash Management Fund.

6. Expenses

| | 01/03/17 to 28/02/18 £'000 | 08/07/16 to 28/02/17 £'000 |
|--|----------------------------------|----------------------------------|
| Payable to the Manager, associates of the Manager and agents of either of them: | | |
| Manager's periodic charge | 527 | 555 |
| Registration fees | 33 | 45 |
| | 560 | 600 |
| | 560 | 600 |
| Payable to the Trustee, associates of the Trustee and agents of either of them: | | |
| Safe custody fees | 17 | 15 |
| Trustee's fees | 14 | 19 |
| Wire charges | 7 | 3 |
| | 38 | 37 |
| | 38 | 37 |
| Other expenses | | |
| Administration fee | 31 | 18 |
| Audit fee | 16 | 7 |
| Publishing fee | 4 | 2 |
| Other expenses | 13 | 7 |
| | 64 | 34 |
| | 64 | 34 |
| Total expenses | 662 | 671 |

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Notes to the Financial Statements

7. Taxation

| | 01/03/17 to 28/02/18 £'000 | 08/07/16 to 28/02/17 £'000 |
|--|----------------------------------|----------------------------------|
| (i) Analysis of charge for the year: | | |
| Irrecoverable overseas tax | 258 | 116 |
| (ii) Factors affecting current tax charge for the year: | | |
| The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for authorised unit trusts of 20% (2017: 20%). The differences are explained below: | | |
| Net revenue before taxation | 2,475 | 612 |
| Corporation tax at 20% | 495 | 122 |
| Effects of: | | |
| UK dividends* | (23) | (18) |
| Other non taxable income | - | 8 |
| Movement in excess management expenses | 125 | 132 |
| Irrecoverable overseas tax | 258 | 116 |
| Expenses not deductible for tax purposes | 3 | 1 |
| Non taxable overseas dividends | (600) | (245) |
| | (237) | (6) |
| Total tax charge for the year (see note 7(i)) | 258 | 116 |

* 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.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Notes to the Financial Statements

(iii) Deferred tax

There is no provision required for deferred taxation at the balance sheet date.

At the year end, there is a potential deferred tax asset of £256,600 (28/02/17: £131,604) in relation to excess management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or the prior year.

8. Distributions

This takes account of income received on the creation of units and income deducted on the cancellation of units, and comprises:

| | 01/03/17 to 28/02/18 £'000 | 08/07/16 to 28/02/17 £'000 |
|---|----------------------------------|----------------------------------|
| Quarter 1 | 446 | - |
| Interim | 545 | 204 |
| Quarter 3 | 633 | 260 |
| Final | 884 | 597 |
| Amounts deducted on cancellation of units | 618 | 128 |
| Amounts received on issue of units | (251) | (26) |
| Net distribution for the year | 2,875 | 1,163 |
| Reconciliation of net revenue after taxation to: | | |
| Net revenue after taxation | 2,217 | 496 |
| Fees paid from capital | 662 | 671 |
| Add: Income brought forward from previous year | 2 | - |
| Less: Tax relief on management charges taken to capital | (5) | (2) |
| Less: Income carried forward | (1) | (2) |
| Net distribution for the year | 2,875 | 1,163 |

Details of the distribution per unit are set out in the tables on page 37 to 39.

9. Debtors

| | 28/02/18 £'000 | 28/02/17 £'000 |
|---|-------------------|-------------------|
| Accrued revenue | 24 | 46 |
| Amounts receivable on creation of units | 6 | 198 |
| Overseas tax recoverable | 229 | 476 |
| In specie receivable | 356 | 356 |
| | 615 | 1,076 |

10. Cash and bank balances

| | 28/02/18 £'000 | 28/02/17 £'000 |
|--------------|-------------------|-------------------|
| Cash at bank | 954 | 620 |

11. Other creditors

| | 28/02/18 £'000 | 28/02/17 £'000 |
|--|-------------------|-------------------|
| Accrued expenses | 113 | 96 |
| Amounts payable on cancellation of units | 147 | 462 |
| | 260 | 558 |

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Notes to the Financial Statements

12. Capital commitments and contingent liabilities

On 28 February 2018, the Fund had no capital commitments (28/02/17: £nil) and no contingent liabilities (28/02/17: £nil).

13. Securities on loan

The aggregate value of securities on loan at 28 February 2018 is £2,633,120 (28/02/2017: £10,714,959). The identities of these counterparties are listed in the counterparties table below. 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 28 February 2018 is £2,819,240 (28/02/2017: £11,512,739). This collateral is listed in the collateral held table below.

The gross earnings and fees paid for the year are £44,825 (28/02/17: £20,167) and £15,012 (28/02/17: £7,462).

| | 28/02/2018 | 28/02/2017 |
|-----------------------------------|-------------------|-------------------|
| | £'000 | £'000 |
| Counterparties | | |
| Bank of Nova Scotia | 54 | - |
| Citigroup Global Markets | 98 | 64 |
| Credit Suisse (Dublin) | 1,097 | - |
| Credit Suisse Securities (Europe) | 314 | 3,352 |
| HSBC Bank | 46 | 1,302 |
| JP Morgan Securities | 948 | 3,880 |
| Morgan Stanley International | 76 | 2,117 |
| Total securities on loan | 2,633 | 10,715 |
| | 28/02/2018 | 28/02/2017 |
| | £'000 | £'000 |
| Collateral held | | |
| Bonds | 1,668 | 5,291 |
| Equities | 1,071 | 6,155 |
| Cash | 80 | 67 |
| Total collateral held | 2,819 | 11,513 |

14. Related parties

The Manager, Liontrust Fund Partners LLP is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of operation of the Fund.

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.

The charges made by the Manager during the year are disclosed in note 6 on page 30. At 28 February 2018 £37,662 was due to the Manager (28/02/17: £59,798). This amount is included under 'Accrued expenses' in note 11.

During the year the Manager received creation monies of £13,566,188 (28/02/17: £128,477,177) and paid cancellation monies of £52,677,442 (28/02/17: £48,747,139). At there were creation monies due from the Manager of £6,227 (28/02/17: £198,031). There were cancellation monies due to the Manager of £146,725 at (28/02/17: £462,126).

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Notes to the Financial Statements

15. Risk disclosures

The policies applied in the management of financial instruments are set out in note 2 on page 28.

Interest rate risk

The interest rate risk profile of the Fund's financial assets and liabilities at 28 February 2018 was:

The Fund's net cash holding of £953,667 (28/02/17: £620,442) whose rates are determined by reference to rates supplied by the Trustee.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund receives revenue from holdings in equities. The cash flow from these investments may fluctuate depending upon the particular decisions made by each company. Given that the Fund's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

Foreign currency risk

The Portfolio Statement on page 19 to 21 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 | Currency exposure | Currency exposure |
|-----------------|-------------------|-------------------|
| | 28/02/18 | 28/02/17 |
| | £'000 | £'000 |
| Danish krone | 67 | 214 |
| Euro | 3,487 | 6,246 |
| Norwegian krone | 580 | 754 |
| Swedish krona | 938 | 1,142 |
| Swiss franc | 589 | 907 |
| US dollar | 8 | 15 |
| | <u>5,669</u> | <u>9,278</u> |

The fund is exposed to currency risk as the assets and liabilities of the fund may be denominated in a currency other than the functional currency of the fund, which is Pound Sterling. The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset. The Investment Adviser monitors the fund's currency exposures on a daily basis. As at 28 February 2018, had currency rates strengthened by 1.00% the resulting change in the Net Asset Value would have been an increase of 0.10%.

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 ENHANCED INCOME FUND

Notes to the Financial Statements

16. Purchases, sales and transaction costs

| | Purchases | | Sales | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 01/03/17 to 28/02/18 | 08/07/16 to 28/02/17 | 01/03/17 to 28/02/18 | 08/07/16 to 28/02/17 |
| | £'000 | £'000 | £'000 | £'000 |
| Equities | 7,894 | 5,856 | 47,978 | 36,889 |
| In-specie transfers | - | 109,702 | - | - |
| Short Terms | 790 | 228 | - | - |
| Trades excluding transaction costs | 8,684 | 115,786 | 47,978 | 36,889 |
| Commissions | | | | |
| Equities | 5 | 6 | (26) | (22) |
| In-specie transfers | - | - | - | - |
| Short Terms | - | - | - | - |
| Total commissions | 5 | 6 | (26) | (22) |
| Taxes | | | | |
| Equities | 2 | 8 | - | - |
| In-specie transfers | - | - | - | - |
| Short Terms | - | - | - | - |
| Total taxes | 2 | 8 | - | - |
| Total transaction costs | 7 | 14 | (26) | (22) |
| Total net trades including transaction costs | 8,691 | 115,800 | 47,952 | 36,867 |

Total transaction cost expressed as a percentage of asset type cost.

| | Purchases | | Sales | |
|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 01/03/17 to 28/02/18 | 08/07/16 to 28/02/17 | 01/03/17 to 28/02/18 | 08/07/16 to 28/02/17 |
| | % | % | % | % |
| Commissions | | | | |
| Equities | 0.06 | 0.10 | 0.05 | 0.06 |
| Taxes | | | | |
| Equities | 0.03 | 0.14 | - | - |

Total transaction cost expressed as a percentage of average net asset value.

| | 01/03/17 to 28/02/18 | 08/07/16 to 28/02/17 |
|-------------|----------------------|----------------------|
| | % | % |
| Commissions | 0.05 | 0.02 |
| Taxes | 0.00 | 0.01 |
| Total costs | 0.05 | 0.03 |

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.07% (28/02/2017: 0.08%).

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Notes to the Financial Statements

17. Post balance sheet events

There are no post balance sheet events which have a bearing on the interpretation of the financial statements (28/02/2017: none).

18. Fair value

| Valuation technique | 28/02/18 | | 28/02/17 | |
|-------------------------|-----------------|----------------------|-----------------|----------------------|
| | Assets £'000 | Liabilities £'000 | Assets £'000 | Liabilities £'000 |
| Level 1 | 57,620 | - | 90,821 | - |
| Level 2 | 7 | (208) | - | (510) |
| Level 3 | - | - | - | - |
| Total fair value | 57,627 | (208) | 90,821 | (510) |

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability. Over the counter (OTC) derivatives (including equity swaps) are held at fair value which are determined by valuation techniques or single broker quotes.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Distribution Tables

for the year ended 28 February 2018:

| | |
|----------|--|
| Group 1: | First interim units purchased prior to 1 March 2017 Second interim units purchased prior to 1 June 2017 Third interim units purchased prior to 1 September 2017 Final units purchased prior to 1 December 2017 |
| Group 2: | First interim units purchased prior to 1 March 2017 and 31 May 2017 Second interim units purchased prior to 1 June 2017 and 31 August 2017 Third interim units purchased prior to 1 September 2017 and 30 November 2017 Final units purchased prior to 1 December 2017 and 28 February 2018 |

| | | Net revenue | Equalisation | Distributions paid/payable 30/04/18 | Distributions paid 30/04/17 |
|--|----------------|-------------------|-------------------|---|-----------------------------------|
| | | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Institutional Accumulation Unhedged | | | | | |
| Group 1 | First interim | 0.87 | - | 0.87 | - |
| | Second interim | 1.10 | - | 1.10 | - |
| | Third interim | 1.29 | - | 1.29 | 0.27 |
| | Final | 1.78 | - | 1.78 | 0.69 |
| Group 2 | First interim | 0.67 | 0.20 | 0.87 | - |
| | Second interim | - | 1.10 | 1.10 | - |
| | Third interim | - | 1.29 | 1.29 | 0.27 |
| | Final | 1.78 | - | 1.78 | 0.69 |

| | | Net revenue | Equalisation | Distributions paid/payable 30/04/18 | Distributions paid 30/04/17 |
|--------------------------------------|----------------|-------------------|-------------------|---|-----------------------------------|
| | | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Institutional Income Unhedged | | | | | |
| Group 1 | First interim | 0.87 | - | 0.87 | - |
| | Second interim | 1.09 | - | 1.09 | - |
| | Third interim | 1.27 | - | 1.27 | 0.27 |
| | Final | 1.75 | - | 1.75 | 0.69 |
| Group 2 | First interim | - | 0.87 | 0.87 | - |
| | Second interim | - | 1.09 | 1.09 | - |
| | Third interim | - | 1.27 | 1.27 | 0.27 |
| | Final | 0.23 | 1.52 | 1.75 | 0.69 |

Institutional Unhedged units were launched 14 September 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Distribution Tables

for the year ended 28 February 2018:

| Institutional Accumulation | | Net revenue | Equalisation | Distributions paid/payable 30/04/18 | Distributions paid 30/04/17 |
|-----------------------------------|----------------|------------------------|---------------------|--|--|
| | | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Group 1 | First interim | 1.35 | - | 1.35 | - |
| | Second interim | 1.70 | - | 1.70 | 0.29 |
| | Third interim | 1.96 | - | 1.96 | 0.43 |
| | Final | 2.72 | - | 2.72 | 1.07 |
| Group 2 | First interim | - | 1.35 | 1.35 | - |
| | Second interim | - | 1.70 | 1.70 | 0.29 |
| | Third interim | - | 1.96 | 1.96 | 0.43 |
| | Final | 0.36 | 2.36 | 2.72 | 1.07 |

| Institutional Income | | Net revenue | Equalisation | Distributions paid/payable 30/04/18 | Distributions paid 30/04/17 |
|-----------------------------|----------------|------------------------|---------------------|--|--|
| | | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Group 1 | First interim | 0.95 | - | 0.95 | - |
| | Second interim | 1.19 | - | 1.19 | 0.20 |
| | Third interim | 1.38 | - | 1.38 | 0.30 |
| | Final | 1.92 | - | 1.92 | 0.76 |
| Group 2 | First interim | - | 0.95 | 0.95 | - |
| | Second interim | - | 1.19 | 1.19 | 0.20 |
| | Third interim | - | 1.38 | 1.38 | 0.30 |
| | Final | 0.29 | 1.63 | 1.92 | 0.76 |

Institutional units were launched 8 July 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Distribution Tables

for the year ended 28 February 2018:

| | | Net revenue | Equalisation | Distributions paid/payable 30/04/18 | Distributions paid 30/04/17 |
|----------------------------|----------------|------------------------|---------------------|--|--|
| | | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Retail Accumulation | | | | | |
| Group 1 | First interim | 1.28 | - | 1.28 | - |
| | Second interim | 1.60 | - | 1.60 | 0.27 |
| | Third interim | 1.86 | - | 1.86 | 0.40 |
| | Final | 2.57 | - | 2.57 | 1.01 |
| Group 2 | First interim | - | 1.28 | 1.28 | - |
| | Second interim | - | 1.60 | 1.60 | 0.27 |
| | Third interim | - | 1.86 | 1.86 | 0.40 |
| | Final | 0.32 | 2.25 | 2.57 | 1.01 |
| Retail Income | | | | | |
| | | Net revenue | Equalisation | Distributions paid/payable 30/04/18 | Distributions paid 30/04/17 |
| | | Pence per unit | Pence per unit | Pence per unit | Pence per unit |
| Group 1 | First interim | 0.90 | - | 0.90 | - |
| | Second interim | 1.13 | - | 1.13 | 0.19 |
| | Third interim | 1.30 | - | 1.30 | 0.29 |
| | Final | 1.79 | - | 1.79 | 0.72 |
| Group 2 | First interim | - | 0.90 | 0.90 | - |
| | Second interim | - | 1.13 | 1.13 | 0.19 |
| | Third interim | - | 1.30 | 1.30 | 0.29 |
| | Final | 0.20 | 1.59 | 1.79 | 0.72 |

Retail units were launched 8 July 2016.

LIONTRUST EUROPEAN ENHANCED INCOME FUND

Additional Information

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 14 April 2016.

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 accumulation and income units. 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 09.00 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 £1,000. 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 11061, Chelmsford CM99 2YA. 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 Conduct 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 | % | Ongoing charges | | Included within the OCF | |
|------------------------------|----------|---|------|-----------------------------------|---------------|
| | | figure* | % | is the Annual Management Charge** | % |
| | | Institutional accumulation unhedged class | 0.96 | | |
| Institutional unhedged class | Nil | Institutional income unhedged class | 0.97 | Institutional class | unhedged 0.75 |
| Institutional class | Nil | Institutional accumulation class | 0.98 | Institutional class | 0.75 |
| Retail class | up to 5% | Institutional income class | 0.98 | | |
| | | Retail accumulation class | 1.73 | Retail class | 1.50 |
| | | Retail income class | 1.73 | | |

*The OCF covers all aspects of operating a fund during the course of its financial year. These include the annual charge for managing the Fund, administration and independent oversight functions, such as trustee, custody, legal and audit fees. The OCF excludes portfolio transaction costs except for an entry/exit charge paid by the Fund when buying or selling units in another fund.

** These are the annual costs of running and managing the Fund.

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

| Yield | % | | % |
|-------------------------------------|------|-------------------------------|------|
| Institutional Accumulation Unhedged | 4.06 | Institutional Income Unhedged | 4.22 |
| Institutional Accumulation | 4.08 | Institutional Income | 4.23 |
| Retail Accumulation | 4.08 | Retail Income | 4.24 |

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

LIONTRUST EUROPEAN ENHANCED INCOME 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 Association (the industry trade body), www.investmentassociation.org. Daily and historic Fund prices are available from our Dealing and Administration team on 0330 123 3822.

Capital Gains Tax: As an authorised unit trust, the Fund is exempt from UK Capital Gains Tax. An individual's first £11,300 of net gains on disposals in the 2017-2018 tax year are exempt from tax.

Income Tax: UK tax resident individuals are now entitled to a new tax-free dividend allowance in place of the dividend tax credit. Consequently, all income from dividend distributions is now regarded as gross 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 from 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.

Remuneration: Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive (2014/91/EU), the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year. The table below provides an overview of the following:

- Aggregate total remuneration paid by the Manager to its staff (employees and members)
- Aggregate total remuneration paid by Liontrust Asset Management PLC to all UCITS code staff

| | Headcount | Total Remuneration £000 |
|--|-----------|----------------------------|
| Manager UK Staff ¹ | 46 | 5,151 |
| of which | | |
| Fixed remuneration | | 3,105 |
| Variable remuneration | | 2,046 |
| UCITS Aggregate Remuneration Code Staff ² | 6 | 3,496 |
| of which | | |
| Senior Management | 2 | 2,064 |
| Other 'Identified' Staff | 4 | 1,432 |

¹ The Manager's staff are members of Liontrust Fund Partners LLP or Group staff who are employed by Liontrust Asset Management PLC but have their costs apportioned to the Manager

² UCITS Aggregate Remuneration Code Staff applies only in respect of the provision of services to UCITS funds rather than their total remuneration in the year. For senior management and control function staff, remuneration is apportioned on the basis of assets under management for UCITS funds versus the total Group assets under management. For portfolio management staff remuneration is apportioned directly to this fund.

Remuneration is made up of fixed pay (i.e. salary and benefits such as pension contributions) and variable pay (annual performance based or linked directly to investment management revenues). Annual incentives are designed to reward performance in line with the business strategy, objectives, values and long term interests of the Manager and the Liontrust Asset Management PLC Group. The annual incentive earned by an individual is dependent on the achievement of financial and non-financial objectives, including adherence to effective risk management practices. The Manager provides long-term incentives which are designed to link reward with long-term success and recognise the responsibility participants have in driving future success and delivering value. Long-term incentive awards are conditional on the satisfaction of corporate performance measures. The structure of remuneration packages is such that the fixed element is sufficiently large to enable a flexible incentive policy to be operated.

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Staff are eligible for an annual incentive based on their individual performance, and depending on their role, the performance of their business unit and/or the group. These incentives are managed within a strict risk framework, and the Directors of Liontrust Asset Management PLC retain ultimate discretion to reduce annual incentive outcomes where appropriate.

The Manager actively manages risks associated with delivering and measuring performance. All our activities are carefully managed within our risk appetite, and individual incentive outcomes are reviewed and may be reduced in light of any associated risk management issues.

The Liontrust Group operates a Remuneration Committee (the "Committee"). The Committee reports to the Board. The Committee reviews risk and compliance issues in relation to the vesting of deferred awards for all employees and members. Compliance is monitored throughout the vesting period by the Committee.

These remuneration policies apply also to other entities in the Liontrust group to which investment management of Funds has been delegated, and those delegates are subject to contractual arrangements to ensure that policies which are regarded as equivalent are applied.

The Board adopts, and reviews annually, the general principles of the applicable remuneration policies, and the implementation of the remuneration policies is, at least annually, subject to central and independent internal review by the Committee for compliance with policies and procedures.

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. The annual management fee of the Fund is deducted from capital. Whilst this results in the dividend paid to investors being higher than would be the case were the annual management fee charged to income, the potential for capital growth may be reduced.



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