



LIONTRUST EUROPEAN GROWTH FUND

**Manager's Long Final Report and Financial Statements
for the year ended 30 April 2018**



Managed by James Inglis-Jones &
Samantha Gleave in accordance with
The Liontrust Cashflow Solution

LIONTRUST FUND PARTNERS LLP

LIONTRUST EUROPEAN GROWTH 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 GROWTH FUND

Investment Profile

The Fund has been managed since launch in November 2006 by James Inglis-Jones, with Samantha Gleave becoming co-manager in 2012. The Fund invests in companies listed in Europe excluding the UK, focuses on companies with strong cash flows and has an equally weighted and concentrated portfolio.

Contents

Directory*	1
Investment Profile*	2
Manager's Investment Report*	3
Authorised Status*	9
Statement of the Manager's Responsibilities*	9
Statement of the Trustee's Responsibilities	9
Trustee's Report	10
Certification of Financial Statements by Directors of the Manager*	11
Independent Auditors' Report	12
Comparative Tables	14
Portfolio Statement*	16
Securities Financing Transactions	18
Financial Statements:	
Statement of Total Return	21
Statement of Change in Net Assets Attributable to Unitholders	21
Balance Sheet	22
Notes to the Financial Statements	23
Distribution Tables	31
Additional Information	32

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

LIONTRUST EUROPEAN GROWTH FUND

MANAGER'S INVESTMENT REPORT

Investment objective and policy

The investment objective of Liontrust European Growth Fund is to provide long-term capital growth through a concentrated portfolio of investments primarily in European companies excluding the UK.

Although the Fund may invest in all economic sectors in all parts of the world, it is intended that it will currently invest primarily in equities in companies incorporated in any European Economic Area ("EEA") Member State, together with Switzerland, but other than the UK, which are listed on a recognised stock exchange of an EEA Member State or Switzerland. The Fund may also invest in transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes.

Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist fund management company with £10.5 billion in assets under management as at 31st March 2018. The Company takes pride in having a distinct culture and approach to running money.

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 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, a Global Fixed Income team, a Sustainable Investment team and one team that manages Multi-Asset portfolios.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.
- 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 Investment Partners LLP, Liontrust Fund Partners LLP and Liontrust Investments Limited which are authorised and regulated by the Financial Conduct Authority. All members of the Liontrust Group sell only Liontrust Group products.

Performance of the Fund

In the year to 30 April 2018 an investment in the Fund returned 2.2% (retail class) and 3.0% (primary class). This compares with a return of 6.3% from the MSCI Europe ex-UK Index, the benchmark index and a 7.5% return from the IA Europe ex-UK sector average.

From the Fund's launch on 15 November 2006 to 30 April 2018, an investment in the Fund rose by 152.8% (retail class) and 167.8% (primary class), compared to a rise of 89.6% by the MSCI Europe ex-UK Index and a 106.5% return from the IA Europe ex-UK sector average.

LIONTRUST EUROPEAN GROWTH FUND

MANAGER'S INVESTMENT REPORT

Source: Financial Express, bid-to-bid basis, total return (net of fees, income reinvested).

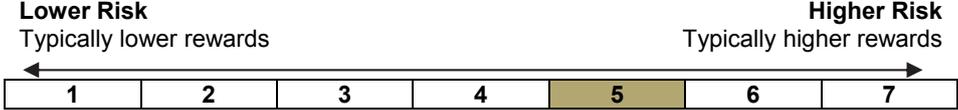
Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise.

LIONTRUST EUROPEAN GROWTH FUND

MANAGER’S INVESTMENT REPORT

Risk and Reward Profile

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).



- The 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 high currency risk;
 - Any overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund, which is pounds sterling.
- The Fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.

LIONTRUST EUROPEAN GROWTH FUND

MANAGER'S INVESTMENT REPORT

Market Review

The MSCI Europe ex-UK Index returned 6.3% in the 12 months to 30 April 2018.

Emmanuel Macron's convincing victory in the French election at the start of the review period was a market-friendly outcome, supporting investor sentiment towards European equities. It was, however, outweighed in its impact on capital markets by the actions of central bankers, in a pattern which will have become familiar to investors over recent years. The euro appreciated 4.2% against the pound, boosting sterling terms returns for investors in Europe. Much of the euro strength can be attributed to anticipation of the European Central Bank's (ECB) winding down of its quantitative easing (QE) programme. In euro terms, the MSCI Europe ex-UK Index return was only 2.0% over the year.

The ECB revealed a plan to reduce monthly asset purchases from €60bn to €30bn from January 2018 through to September 2018. Central banks in the UK and US added to the hawkish tone. The US Federal Reserve continued its tightening cycle with another 25 basis point increase to US rates, indicating one more interest rate increase in 2017 and three more in 2018. Somewhat more surprisingly, the Bank of England's Monetary Policy Committee implemented a rate hike to 0.5%, reversing its post-referendum cut with the first rise in over a decade.

European equity markets turned lower at the start of 2018 as a sell-off in bond markets spilled over. The sharp moves appeared to be a delayed reaction to the increased likelihood of tighter global monetary policy, which was brought into focus by strong US labour market data.

Concerns about a trade war also weighed on sentiment in 2018. US President Donald Trump announced a range of tariffs, many of them aimed at China, which raised the prospect of retaliatory actions. However, as the review period drew to a close, there was increasing optimism that the US and China would reach a compromise that avoided damaging trade frictions.

At the end of the period, Trump signalled his intention to withdraw the US from the Iran nuclear deal. The increased geopolitical risk was apparent through the rise in the oil price. Production cuts by Opec and Russia together with supply disruption in Venezuela had already pushed oil substantially higher and price of US\$68.6 a barrel on 30 April 2018 was almost 40% higher than a year earlier.

Analysis of Portfolio Return

The Fund returned 3.0% (institutional class) and 2.2% (retail class), underperforming the benchmark return and the 7.5% average return from the peer group, the IA Europe ex-UK sector.

Over the 10 years we have been applying the Cashflow Solution investment process we have learnt that strong long term returns can be punctuated from time to time by short periods when cash flow characteristics are not rewarded by the market. The Fund experienced one of these bouts in the first six months of the review period, when its 2.3% return lagged the 8.9% return from the MSCI Europe ex-UK Index.

While it is always frustrating to report on such a period of disappointing returns relative to the benchmark, these short periods are a necessary ingredient of a sustainable investment process – if a process is seen to work all the time it would be quickly arbitrated away. We will continue to implement the process with consistency and discipline – recognising that this is the key to long term success.

Returns were better for small-cap and mid-cap than large-caps over the year, a profile which usually supports the Fund's relative return given its equal-weighted nature (which compares with the MSCI Europe ex-UK Index's market cap-weighting).

However, it was a difficult environment for cash flow styles for much of 2017. Investors showed a preference for companies forecast to generate high rates of growth. In contrast, the characteristics prized by our investment process were not in vogue. In particular, companies exhibiting working capital and capital spending budgetary control to drive cash flows and return surplus cash flows to investors were overlooked. As a consequence, companies ranking highly on the cash flow ratios we use to make our selections struggled to keep pace with the market as investors sought out companies with high forecast growth irrespective of their cash flow characteristics.

Conditions for the process were more favourable during 2018, as a reassessment of the pace of monetary tightening caused high forecast growth stocks to ease back. During the second half of the review period, the Fund's small 0.6% gain contrasted against a -2.4% performance for the index.

Market gains were spread across a range of sectors over the year, with only health care (-4.7%) registering a negative return. The Fund's participation in rallies for energy (+25.6%) and utilities (+24.1%) were restricted by some stock specific disappointments. Its holdings in oil & gas producers such as Total (+22.2%) rose alongside oil prices, but engineering and services providers Fred Olsen Energy (-39.3%) and Subsea 7 (-14.8%) experienced

LIONTRUST EUROPEAN GROWTH FUND

MANAGER'S INVESTMENT REPORT

tough trading. Likewise, Energias de Portugal (+11.8%) formed part of a strong utilities sector but Endesa (-1.9%) was a drag on performance.

The Fund's top performing holdings over the period included Moncler (+74.0%), Stora Enso (+59.8%) and Technogym (+57.3%).

- Italian apparel manufacturer Moncler saw a 17% increase in revenue for 2017 at constant currencies, while its net cash position nearly doubled to €305m. The company attributed the improvement in cash flow to better inventory management which helped offset the additional costs related to store openings. Over 40% of its revenues come from its 'Asia & Rest of the World' region, which also saw the fastest growth over the period, up 20%.

- Stora Enso released a series of upbeat financial results, culminating in a Q1 statement which reported operational earnings before interest and taxes (EBIT) of €369m, ahead of the company's own guidance and 72% higher than the same time last year. The improvement was down to favourable prices and higher volumes in the Consumer Board and Packaging Solutions divisions. The company is attempting to move away from traditional paper sales in order to become a "renewable materials" company.

- Gym equipment manufacturer and service provider Technogym grew net profit by 41% to €61.2m in 2017, a level which beat consensus expectations. Profit margins expanded as a result of efficiency improvements to production and operating costs while revenue grew in all of the company's geographic areas; North America providing the fastest growth of 13%. An upbeat outlook pointed to further growth in revenue and profit for 2018.

The worst performing holdings included JM AB (-39.1%), Orion (-38.8%) and Liberbank (-35.3%).

- Shares in JM AB declined as it became clear that an uncertain housing outlook in Stockholm was persisting. The company cited a "cautious market for new production in Stockholm" as contributing to declines in both revenue and operating profit in the first quarter of 2018. Although the housing market in the rest of Sweden is in better shape, conditions in Stockholm have yet to stabilise.

- Shares in Finnish pharmaceutical company Orion fell heavily on the release of interim results and continued to slide through the remainder of the review period. Q2 net sales of €272.4m fell short of the consensus forecast of €278.5m, while second quarter EBIT and pre-tax profit also disappointed. Orion noted this was partly due to the decline in sales in its Parkinson's drugs business and changes made to the pricing system for prescription drugs in Finland. Subsequently, within its full-year 2017 results, the company commented that operating profit in 2018 is likely to fall as generic and price competitions.

- Distressed Spanish lender Liberbank was held in the Fund for its contrarian value appeal, which is often characterised by the presence of tough trading conditions, sceptical investors and management restructuring efforts. This investor scepticism led the shares to be very susceptible to sentiment towards financials in the eurozone periphery – which took a hit following the collapse of peer Banco Popular. Liberbank proposed a €500m capital increase to bolster its financial reserves as it aims to continue reducing its bad loan ratio.

Portfolio Activity

During the first half of the review period, we implemented the findings of the 2017 review of companies' report and accounts. The review involves the forensic analysis of historic cash flows and balance sheet developments. We apply a simple quantitative screen using two measures of cash flow to create a composite ranking of the European universe of companies, with only the top 20% – the top quintile – qualifying for further qualitative analysis.

Following the changes, the portfolio continued to consist primarily of companies with strong cash flows that we regarded as being high quality. Many of these companies are experiencing strong business momentum, are able to self-fund growth and possess robust balance sheets which allow shareholder cash returns.

In line with an environment of low investor anxiety, we placed much less emphasis on 'contrarian' cash flow stocks in the 2017 review. We think it's much better to get exposure to more contrarian opportunities when anxiety is high, as they often trade on a substantial valuation discount to higher quality stocks, which then narrows as economic conditions and investor confidence mean revert. These pockets of contrarian value had largely been squeezed out.

There was still a place for some value exposure amongst the good cash flow subset – but this was almost exclusively what we would characterise as 'recovering value' (companies that are reining in capex and tightly managing working capital in order to aid financial recovery) rather than 'contrarian value' (companies suffering a

LIONTRUST EUROPEAN GROWTH FUND

MANAGER'S INVESTMENT REPORT

prolonged period of poor trading that may be restructuring or selling off assets). This value opportunity led us to increase exposure to the materials sector, adding European non-mining names.

The portfolio changes included the following sales: ACS Actividades de Construcción y Servicios, Axfood, Banco BPM, CIE Automotive, Diasorin, Forbo Holding, Granges, Nexans, NKT Holding, Norsk Hydro, NN Group, OMV, Red Electrica de Espana, Royal Unibrew, Schindler Holding, Svenska Handelbanken, UBS, Unilever and Vopak. Separately, Actelion exited the Fund following the completion of its takeover by Johnson & Johnson in June.

A number of new holdings were added to the Fund: Construcciones y Auxiliar de Ferrocarriles, Dassault Aviation, Energias de Portugal, JM AB, Investor AB, Lenzing, Liberbank, Loomis, Orion, Scandic Hotels, Simcorp, Skandinaviska Enkilda, Stora Enso, Subsea 7, Technogym.

As the year drew to a close, we implemented many of the changes from the 2018 review of companies' report and accounts earlier than usual owing to a decision to phase the turnover in the Fund, as opposed to previous year's practice of implementing all the changes in May. Further to research we carried out in 2017 we believe there is good evidence that a phasing of turnover over the course of the review period offers better risk control. Similar to the 2017 review the dominant feature of the 2018 review was a continuation of very low investor anxiety – therefore we were careful not to emphasize 'contrarian' selections in the review as a backdrop of very low investor anxiety usually is the least rewarding time to invest in these types of companies.

The following stocks were sold: Endesa, Hexpol, Hochtief, ING Groep, Investor AB, Liberbank, Partners Group, SEB, Straumann Holding and Sydbank. In addition, the holdings in JM AB, Orion, Vestas Wind Systems and Lenzing had been sold prior to the annual review process due to evidence of deteriorating cash flow characteristics.

New additions comprised: Boliden, CIE Automotive, Deutsche Borse, Elisa, ENCE Energia y Celulosa, Eramet, Koninklijke Philips, Lundin Petroleum, Natixis, Partners Group Roche, Siltronic, Swedish Match.

Outlook

Our view on European equity markets recently changed from cautiously constructive to uncertain, reflecting a weakening in the strong uptrend signal seen at the end of 2017. Against this backdrop, we would expect volatility to be more elevated.

Levels of investor anxiety are depressed relative to history and valuation spreads also remain compressed. We also note equity markets remain richly valued, particularly in the US. Should a clearer negative trend become apparent in equity markets, the combination of a downtrend with low anxiety and high valuation would be troubling. This combination, typically, can result in poor equity market outcomes. We continue to observe increased levels of aggressive corporate investment. This is consistent with rising optimism and has not yet risen to a worrying level. However, a further notable increase would prompt us to become more negative in our outlook for equity markets.

It is worth highlighting again that the efficacy of the Cashflow Solution investment process is not dependent on a bullish equity market environment.

While we are still a long way short of being able to declare that monetary policy normalisation is substantially underway on a global basis, the Bank of England, US Federal Reserve and the European Central Bank have all acted to tighten policy or announced their intention to do so. This could presage an inflexion point or regime change in which the distortionary effect of monetary policy is reduced.

Companies with high forecast growth look vulnerable to such an inflexion. They have enjoyed a steady re-rating since the 2009 market trough, propelling them to today's heady valuation level. The Cashflow Solution process is based on analysis of actual cash flow as shown in companies' reports and accounts rather than forecasts made by company managers or analysts. It is therefore biased towards companies with good cash flow and away from those with ambitious forecast growth.

James Inglis-Jones & Samantha Gleave
Fund Managers

June 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.

LIONTRUST EUROPEAN GROWTH 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 Growth 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 GROWTH FUND

Trustee's Report

to the unitholders of the Liontrust European Growth 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

7 August 2018

LIONTRUST EUROPEAN GROWTH 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

7 August 2018

Independent Auditors' Report to the Unitholders of Liontrust European Growth Fund

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the financial position of the Trust as at 30 April 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: balance sheet as at 30 April 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 9, 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
7 August 2018

LIONTRUST EUROPEAN GROWTH FUND

Comparative Tables

as at 30 April 2018

	30/04/18 (p)	30/04/17 (p)	30/04/16 (p)
Advised Income			
Change in net assets per unit			
Opening net asset value per unit	206.51	153.71	145.83
Return before operating charges*	8.32	57.18	11.73
Operating charges	(2.37)	(2.31)	(1.96)
Return after operating charges*	5.95	54.87	9.77
Distributions on income units	(3.67)	(2.07)	(1.89)
Closing net asset value per unit	208.79	206.51	153.71
*after direct transaction costs of:	0.23	0.81	0.41
Performance			
Return after charges	2.88%	35.70%	6.70%
Other information			
Closing net asset value (£'000)	214	333	19
Closing number of units	102,360	161,303	12,308
Operating charges	1.14%	1.21%	1.34%
Direct transaction costs	0.11%	0.42%	0.28%
Prices			
Highest offer (buying) unit price	219.88	213.03	164.64
Lowest bid (selling) unit price	196.99	150.65	134.23
	30/04/18 (p)	30/04/17 (p)	30/04/16 (p)
Institutional Income			
Change in net assets per unit			
Opening net asset value per unit	205.83	153.16	145.21
Return before operating charges*	7.99	57.01	11.82
Operating charges	(1.85)	(1.84)	(1.58)
Return after operating charges*	6.14	55.17	10.24
Distributions on income units	(4.18)	(2.50)	(2.29)
Closing net asset value per unit	207.79	205.83	153.16
*after direct transaction costs of:	0.23	0.79	0.41
Performance			
Return after charges	2.98%	36.02%	7.05%
Other information			
Closing net asset value (£'000)	150,991	125,047	26,979
Closing number of units	72,665,954	60,751,819	17,614,773
Operating charges	0.89%	0.99%	1.08%
Direct transaction costs	0.11%	0.42%	0.28%
Prices			
Highest offer (buying) unit price	215.25	208.61	161.24
Lowest bid (selling) unit price	196.73	150.13	133.85

LIONTRUST EUROPEAN GROWTH FUND

Comparative Tables

as at 30 April 2018

	30/04/18 (p)	30/04/17 (p)	30/04/16 (p)
Retail Income			
Change in net assets per unit			
Opening net asset value per unit	204.42	152.26	144.45
Return before operating charges*	7.90	56.49	11.56
Operating charges	(3.40)	(3.18)	(2.59)
Return after operating charges*	4.50	53.31	8.97
Distributions on income units	(2.58)	(1.15)	(1.16)
Closing net asset value per unit	206.34	204.42	152.26
*after direct transaction costs of:	0.23	0.75	0.40
Performance			
Return after charges	2.20%	35.01%	6.21%
Other information			
Closing net asset value (£'000)	2,076	3,453	3,437
Closing number of units	1,005,888	1,688,972	2,257,223
Operating charges	1.65%	1.79%	1.81%
Direct transaction costs	0.11%	0.42%	0.28%
Prices			
Highest offer (buying) unit price	223.25	216.13	167.13
Lowest bid (selling) unit price	194.22	149.19	132.79

LIONTRUST EUROPEAN GROWTH FUND

Portfolio Statement

as at 30 April 2018 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
AUSTRIA (1.57%*)		-	-
DENMARK (12.00%*#)		7,711	5.03
Dfds	68,523	3,114	2.03
SimCorp	86,289	4,597	3.00
FINLAND (2.12%*#)		11,583	7.56
Elisa	95,477	3,094	2.02
Nokian Renkaat	65,489	1,918	1.25
Stora Enso	454,503	6,571	4.29
FRANCE (5.00%*)		21,783	14.21
Dassault Aviation	3,980	5,815	3.79
Eramet	24,687	3,170	2.07
Natixis	535,950	3,195	2.09
Peugeot	260,491	4,681	3.05
TOTAL	107,754	4,922	3.21
GERMANY (10.13%*)		19,936	13.01
Covestro	69,412	4,652	3.04
Deutsche Boerse	31,221	3,086	2.01
Deutsche Pfandbriefbank	403,554	4,776	3.12
Siltronic	23,882	2,774	1.81
Software	128,647	4,648	3.03
IRELAND (4.74%*)		5,154	3.36
SSgA Cash Management Fund**		5,154	3.36
ITALY (5.98%*)		18,323	11.95
Mediobanca	565,615	5,035	3.29
Moncler	218,871	7,181	4.68
Technogym	694,414	6,107	3.98
LUXEMBOURG (0.00%*)		3,427	2.24
Subsea 7	333,776	3,427	2.24
NETHERLANDS (6.32%*)		3,258	2.13
Koninklijke Philips	105,713	3,258	2.13
NORWAY (2.61%*)		189	0.12
Fred Olsen Energy	171,091	189	0.12
PORTUGAL (0.00%*)		4,453	2.91
EDP - Energias de Portugal	1,628,844	4,453	2.91
SPAIN (12.85%*)		12,713	8.29
Amadeus IT	96,055	5,098	3.32
CIE Automotive	118,735	3,250	2.12
Construcciones y Auxiliar de Ferrocarriles	44,241	1,561	1.02
Ence Energia y Celulosa	497,606	2,804	1.83

LIONTRUST EUROPEAN GROWTH FUND

Portfolio Statement

as at 30 April 2018 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
SWEDEN (15.00%*)		28,339	18.49
Atlas Copco	144,450	4,156	2.71
Boliden	116,352	2,987	1.95
Loomis	147,459	3,953	2.58
Lundin Petroleum	158,362	3,207	2.09
Peab	493,556	3,221	2.10
Scandic Hotels	480,722	3,464	2.26
Swedish Match	99,891	3,306	2.16
Tethys Oil	619,882	4,045	2.64
SWITZERLAND (21.73%*)		16,300	10.63
Cembra Money Bank	63,508	3,944	2.57
Oriflame	129,574	4,517	2.95
Partners	8,899	4,743	3.09
Roche	19,151	3,096	2.02
FORWARD CURRENCY CONTRACTS (0.01%*)		-	-
Portfolio of investments		153,169	99.93
Net other assets		112	0.07
Total net assets		153,281	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 30 April 2017.

** 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.

Since the previous report, certain stock classification have been updated where appropriate.

LIONTRUST EUROPEAN GROWTH FUND

Securities Financing Transactions

as at 30 April 2018

GLOBAL DATA

Proportion of securities and commodities on loan	£'000	%
Total lendable assets excluding cash and cash equivalents:	140,304	
Securities and commodities on loan	19,385	13.82%

Assets engaged in SFTs and total return swaps	£'000	%
Fund assets under management (AUM)	156,776	
Absolute value of assets engaged in:		
Securities lending	19,385	12.36%

CONCENTRATION DATA

Top 10 Collateral Issuers

Name and value of collateral and commodities received	£'000
Cash Collateral	13,254
Medtronic	426
Aetna	374
Republic of France	305
Boston Scientific	298
Government of United Kingdom	274
Honeywell International	262
Cognizant Technology Solutions	258
United States of America Treasury	258
Kingdom of Belgium	234

Top 10 Counterparties

Name and value of outstanding transactions	£'000
Securities lending	
Goldman Sachs International	13,673
UBS	2,905
Bank of Nova Scotia	1,405
BNP Paribas Arbitrage	1,090
Societe Generale	117
Nomura International	77
JP Morgan Securities	73
Credit Suisse Securities (Europe)	45

LIONTRUST EUROPEAN GROWTH FUND

Securities Financing Transactions

as at 30 April 2018

AGGREGATE TRANSACTION DATA

Type, Quality and Currency of Collateral		Currencies	£'000
Type	Quality		
Securities lending			
Equity	Traded on recognised exchange	Sterling	370
Equity	Traded on recognised exchange	Australian dollar	5
Equity	Traded on recognised exchange	Canadian dollar	543
Equity	Traded on recognised exchange	Danish krone	1
Equity	Traded on recognised exchange	Euro	1,520
Equity	Traded on recognised exchange	Hong Kong dollar	85
Equity	Traded on recognised exchange	Japanese yen	146
Equity	Traded on recognised exchange	New Zealand dollar	1
Equity	Traded on recognised exchange	Norwegian krone	3
Equity	Traded on recognised exchange	Swiss franc	96
Equity	Traded on recognised exchange	US dollar	3,410
Bonds	Investment Grade	Sterling	274
Bonds	Investment Grade	Canadian dollar	5
Bonds	Investment Grade	Euro	677
Bonds	Investment Grade	US dollar	324
Cash	Cash Collateral	Euro	13,241
Cash	Cash Collateral	US dollar	13
Total collateral held			20,714

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	13,254	-	1	21	120	1,137	6,181	20,714
	13,254	-	1	21	120	1,137	6,181	20,714

Counterparty details

Type	Countries of counterparty establishment	Settlement and clearing	£'000
Securities lending	United Kingdom	Bi-lateral	13,311
Securities lending	Canada	Tri-party	1,518
Securities lending	France	Tri-party	1,435
Securities lending	Switzerland	Tri-party	3,201
Securities lending	United Kingdom	Tri-party	1,249
Total collateral held			20,714

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 transactions	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Securities lending	-	-	-	-	-	-	19,385	19,385
	-	-	-	-	-	-	19,385	19,385

LIONTRUST EUROPEAN GROWTH FUND

Securities Financing Transactions

as at 30 April 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
State Street	13,311
Bank of New York	4,428
JP Morgan	2,975
Number of custodians safekeeping collateral	3

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	58	6	21	85
% of total gross return	68.00%	7.00%	25.00%	100%
Cost*	-	-	-	-

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

LIONTRUST EUROPEAN GROWTH FUND

Statement of Total Return

for the year ended 30 April 2018

	Notes	01/05/17 to 30/04/18		01/05/16 to 30/04/17	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	4		1,338		15,725
Revenue	5	4,457		1,377	
Expenses	6	(1,311)		(511)	
Interest payable and similar charges		(1)		(5)	
Net revenue before taxation		3,145		861	
Taxation	7	(327)		(61)	
Net revenue after taxation			2,818		800
Total return before distribution			4,156		16,525
Distribution	8		(2,843)		(813)
Change in net assets attributable to unitholders from investment activities			1,313		15,712

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 30 April 2018

	01/05/17 to 30/04/18		01/05/16 to 30/04/17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		128,833		30,435
Amounts receivable on issue of units	37,250		92,728	
Amounts payable on cancellation of units	(14,163)		(10,186)	
		23,087		82,542
Dilution adjustment		48		144
Change in net assets attributable to unitholders from investment activities		1,313		15,712
Closing net assets attributable to unitholders		153,281		128,833

LIONTRUST EUROPEAN GROWTH FUND

Balance Sheet

as at 30 April 2018

	Notes	30/04/2018 £'000	30/04/2017 £'000
Assets			
Fixed assets			
Investments		153,169	128,916
Current assets			
Debtors	9	2,028	6,133
Cash and bank balances	10	1,734	4,473
Total assets		<u>156,931</u>	<u>139,522</u>
Liabilities			
Derivative liabilities		-	2
Distribution payable on income units		3,067	1,542
Other creditors	11	583	9,145
Total liabilities		<u>3,650</u>	<u>10,689</u>
Net assets attributable to unitholders		<u><u>153,281</u></u>	<u><u>128,833</u></u>

LIONTRUST EUROPEAN GROWTH FUND

Notes to the Financial Statements

1. Accounting and distribution policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost 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.

(c) Expenses

The safe custody fees and transaction charges are deducted from capital. All other expenses are charged against income. All expenses are accounted for on an accruals basis.

(d) Distribution

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

(e) Basis of valuation of investments

All investments have been valued at 12 midday, on 30 April 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) Foreign exchange

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

(i) Equalisation

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

LIONTRUST EUROPEAN GROWTH FUND

Notes to the Financial Statements

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.

* No derivatives were held in the current year.

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 30 April 2018, had the prices increased by 1% the resulting change in the value of the Net Asset Value would have been an increase of 1.00%.

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

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 GROWTH FUND

Notes to the Financial Statements

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.

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 14 to 15.

Reconciliation of the unit movement in the year:

	30/04/17	01/05/17 to 30/04/18		30/04/18
	Opening units in issue	Creations	Cancellations	Units converted Closing units in issue
Advised Income	161,303	185,657	(244,600)	-
Institutional Income	60,751,819	17,581,534	(6,200,321)	532,922
Retail Income	1,688,972	353,957	(498,715)	(538,326)
Total	62,602,094	18,121,148	(6,943,636)	(5,404)

4. Net capital gains

	01/05/17 to 30/04/18 £'000	01/05/16 to 30/04/17 £'000
Non-derivative securities	1,363	15,692
Forward foreign exchange currency contracts	26	209
Currency losses	(34)	(161)
Transaction charges	(17)	(15)
Net capital gains	1,338	15,725

5. Revenue

	01/05/17 to 30/04/18 £'000	01/05/16 to 30/04/17 £'000
Overseas taxable revenue*	(9)	-
Overseas non-taxable revenue	4,397	1,357
Distributions from Regulated Collective Investment Schemes:		
Offshore investment revenue**	10	2
Bank interest	1	4
Stocklending income	58	14
	4,457	1,377

*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.

LIONTRUST EUROPEAN GROWTH FUND

Notes to the Financial Statements

6. Expenses

	01/05/17 to 30/04/18 £'000	01/05/16 to 30/04/17 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	1,124	404
Registration fees	71	35
	<u>1,195</u>	<u>439</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees	25	8
Trustee's fees	28	14
Wire charges	2	4
	<u>55</u>	<u>26</u>
Other expenses		
Administration fee	45	27
Audit fee	11	12
Printing fee	2	-
Other expenses	3	7
	<u>61</u>	<u>46</u>
Total expenses	<u>1,311</u>	<u>511</u>

Ad valorem, performance management fees, publishing fees and out of pocket expenses are now combined as "Other expenses" which were listed separately in the notes to the prior year accounts as at 30 April 2017.

LIONTRUST EUROPEAN GROWTH FUND

Notes to the Financial Statements

7. Taxation

	01/05/17 to 30/04/18 £'000	01/05/16 to 30/04/17 £'000
(i) Analysis of charge for the year:		
Irrecoverable overseas tax	327	61
(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	3,145	861
Corporation tax at 20%	629	172
Effects of:		
Other non-taxable income*	(879)	(271)
Movement in excess management expenses	250	98
Irrecoverable overseas tax	327	61
Capital expenses not deductible for tax purposes	-	1
	(302)	(111)
Total tax charge for the year (see note 7(i))	327	61

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

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

(iii) Deferred tax

At the year end, there is a potential deferred tax asset of £1,173,028 (30/04/17: £922,799) 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:

	01/05/17 to 30/04/18 £'000	01/05/16 to 30/04/17 £'000
Final	3,067	1,542
Amounts deducted on cancellation of units	140	94
Amounts received on issue of units	(364)	(823)
Net distribution for the year	2,843	813
Reconciliation of net revenue after taxation to:		
Net revenue after taxation	2,818	800
Fees paid from capital	27	12
Add: Income brought forward from previous year	1	1
Movement in net income as a result of conversions	3	1
Less: Income carried forward	(6)	(1)
Net distribution for the year	2,843	813

LIONTRUST EUROPEAN GROWTH FUND

Notes to the Financial Statements

9. Debtors

	30/04/18	30/04/17
	£'000	£'000
Accrued revenue	592	300
Sales awaiting settlement	992	3,914
Amounts receivable on creation of units	195	1,800
Overseas tax recoverable	249	119
	<u>2,028</u>	<u>6,133</u>

10. Cash and bank balances

	30/04/18	30/04/17
	£'000	£'000
Cash at bank	1,734	4,473
	<u>1,734</u>	<u>4,473</u>

11. Other creditors

	30/04/18	30/04/17
	£'000	£'000
Accrued expenses	147	117
Purchases awaiting settlement	-	9,028
Amounts payable on cancellation of units	436	-
	<u>583</u>	<u>9,145</u>

12. Capital commitments and contingent liabilities

On 30 April 2018, the Fund had no capital commitments (30/04/17: £nil) and no contingent liabilities (30/04/17: £nil).

13. Securities on loan

The aggregate value of securities on loan at 30 April 2018 is £19,384,764 (30/04/17: £20,054,753). 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 30 April 2018 is £20,714,479 (30/04/17: £21,312,128). This collateral is listed in the collateral held table below.

The gross earnings and fees paid for the year are £84,716 (30/04/17: £22,793) and £27,109 (30/04/17: £8,433).

	30/04/18	30/04/17
	£'000	£'000
Counterparties		
Bank of Nova Scotia	1,405	-
BNP Paribas Arbitrage	1,090	-
Credit Suisse Securities (Europe)	45	3,219
Deutsche Bank	-	1,185
Goldman Sachs International	13,673	8,000
JP Morgan Securities	73	2,848
Merrill Lynch	-	3,591
Nomura International	77	-
Societe Generale	117	-
UBS	2,905	1,212
Total securities on loan	<u>19,385</u>	<u>20,055</u>
	30/04/18	30/04/17
	£'000	£'000
Collateral held		
Bonds	1,280	1,581
Equities	6,180	7,653
Cash	13,254	12,078
Total collateral held	<u>20,714</u>	<u>21,312</u>

LIONTRUST EUROPEAN GROWTH FUND

Notes to the Financial Statements

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 26. At 30 April 2018, £94,755 was due to the Manager (30/04/17: £73,449). This amount is included under 'Accrued expenses' in note 11.

During the year the Manager received creation monies of £37,614,015 (30/04/17: £93,551,487) and paid cancellation monies of £14,304,210 (30/04/17: £10,280,301). At 30 April 2018, there were creation monies due from the Manager of £195,063 (30/04/17: £1,800,341). There were cancellation monies due to the Manager of £435,899 at 30 April 2018 (30/04/17: £18).

15. Risk disclosures

The policies applied in the management of financial instruments are set out in note 2 on page 24.

Foreign currency risk

The Portfolio Statement on page 16 to 17 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
	30/04/18	30/04/17
	£'000	£'000
Danish krone	1,058	89
Euro	325	(1,556)
Norwegian krone	153	-
Swedish krona	234	(1,872)
Swiss franc	61	368
	<u>1,831</u>	<u>(2,971)</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 30 April 2018, had currency rates strengthened by 1% the resulting change in the Net Asset Value would have been an increase of 0.98%.

Maturity profile of financial liabilities

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

Short-term debtors and creditors

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

Fair value of financial assets and liabilities

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

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

LIONTRUST EUROPEAN GROWTH FUND

Notes to the Financial Statements

16. Purchases, sales and transaction costs

	Purchases		Sales	
	01/05/17 to 30/04/18 £'000	01/05/16 to 30/04/17 £'000	01/05/17 to 30/04/18 £'000	01/05/16 to 30/04/17 £'000
Equities	124,140	106,140	100,445	29,352
Commissions				
Equities	64	115	(50)	(77)
Taxes				
Equities	47	23	-	-
Total transaction costs	111	138	(50)	(77)
Total net trades including transaction costs	124,251	106,278	100,395	29,275

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

	Purchases		Sales	
	01/05/17 to 30/04/18 %	01/05/16 to 30/04/17 %	01/05/17 to 30/04/18 %	01/05/16 to 30/04/17 %
Commissions				
Equities	0.05	0.11	0.05	0.26
Taxes				
Equities	0.04	0.02	-	-

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

	01/05/17 to 30/04/18 %	01/05/16 to 30/04/17 %
Commissions	0.08	0.38
Taxes	0.03	0.04
Total costs	0.11	0.42

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.08% (30/04/17: 0.09%).

17. Post balance sheet events

There are no post balance sheet events which have a bearing on the interpretation of the financial statements (30/04/17: none).

18. Fair value

Valuation technique	30/04/18		30/04/17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	153,169	-	128,905	-
Level 2	-	-	11	(2)
Level 3	-	-	-	-
Total fair value	153,169	-	128,916	(2)

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 GROWTH FUND

Distribution Tables

for the year ended 30 April 2018:

Group 1: Units purchased prior to 1 May 2017

Group 2: Units purchased between 1 May 2017 and 30 April 2018

		Net revenue	Equalisation	Distributions payable 30/06/18	Distributions paid 30/06/17
Advised Income		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	Final	3.67	-	3.67	2.07
Group 2	Final	1.89	1.78	3.67	2.07

		Net revenue	Equalisation	Distributions payable 30/06/18	Distributions paid 30/06/17
Institutional Income		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	Final	4.18	-	4.18	2.50
Group 2	Final	2.12	2.06	4.18	2.50

		Net revenue	Equalisation	Distributions payable 30/06/18	Distributions paid 30/06/17
Retail Income		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	Final	2.58	-	2.58	1.15
Group 2	Final	1.24	1.34	2.58	1.15

LIONTRUST EUROPEAN GROWTH FUND

Additional Information

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

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

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

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

Dealing in all unit trusts operated by Liontrust Fund Partners LLP may be carried out between 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 £2,500. At its absolute discretion, the Manager may accept a lower minimum amount for the purchase and sale of units.

A contract note in respect of any purchase will be issued the day following the dealing date. Unit certificates will not be issued. Instructions to sell your units may be required to be given by telephone and then confirmed in writing to Liontrust Customer Services Team, PO Box 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 figure*	%	Included within the OCF is the Annual Management Charge**	%
Advised Income	2.00	Advised Income	1.14	Advised Income	1.00
Institutional Income	nil	Institutional Income	0.89	Institutional Income	0.75
Retail Income	5.00	Retail Income	1.65	Retail Income	1.50

*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	%	Yield	%
Advised Income	0.98	Institutional Income	1.18
Retail Income	0.59		

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

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.

LIONTRUST EUROPEAN GROWTH FUND

Additional Information

Capital Gains Tax: As an authorised unit trust, the Fund is exempt from UK Capital Gains Tax. An individual's first £11,700 of net gains on disposals in the 2018-2019 tax year are exempt from tax (2017-2018: £11,300).

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	41	7,967
of which		
Fixed remuneration	41	3,915
Variable remuneration	41	4,052
UCITS Aggregate Remuneration Code Staff ²	6	2,735
of which		
Senior Management	2	1,901
Other control functions:		
Other code staff/risk takers	4	834

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.

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.

LIONTRUST EUROPEAN GROWTH FUND

Additional Information

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.



Liontrust Customer Services Team
PO Box 11061, Chelmsford, CM99 2YA
Tel 0330 123 3822 Facsimile 0330 123 3720
Email: admin@liontrust.co.uk
Website: www.liontrust.co.uk

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