



## **LIONTRUST MACRO EQUITY INCOME FUND**

**Manager's Long Final Report and Financial Statements  
for the year ended 31 July 2018**



Managed by  
Stephen Bailey & Jamie Clark in accordance with  
**The Liontrust Macro-Thematic Process**

**LIONTRUST FUND PARTNERS LLP**

# LIONTRUST MACRO EQUITY INCOME FUND

## Directory

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### 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](mailto:admin@liontrust.co.uk)  
Website [www.liontrust.co.uk](http://www.liontrust.co.uk)

Authorised and regulated by the Financial Conduct Authority.

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### Investment Adviser

Liontrust Investment Partners LLP  
2 Savoy Court  
London  
WC2R 0EZ

Authorised and regulated by the Financial Conduct Authority.

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### Trustee

State Street Trustees Limited  
20 Churchill Place  
London  
E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

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### 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.

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### Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

# LIONTRUST MACRO EQUITY INCOME FUND

## Investment Profile

This Unit Trust aims to provide investors with rising dividend payments and capital growth. The Fund is managed according to the Liontrust Macro-Thematic Process. At the core of the philosophy of this process lies the belief that macro-thematic analysis - the identification and interpretation of major economic, political and social developments affecting the UK and the rest of the world - offers scope to add long-term investment value. Identifying such themes, and assessing their implications for investment markets and individual industries, provides the framework for the construction of the portfolios.

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

# LIONTRUST MACRO EQUITY INCOME FUND

## MANAGER'S INVESTMENT REPORT

### Investment Objective and Policy

The investment objective of the Liontrust Macro Equity Income Fund is to provide Unitholders with a rising level of income, together with capital growth. In providing an above average level of income, particular attention will be paid towards capital security and maintenance. There is no restriction on the economic sectors or geographical areas in which the Fund may invest, however, the investments will be predominantly in ordinary shares of UK companies, although the Fund may also invest in other transferable securities, collective investment schemes, warrants, money market instruments and deposits. 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 £11.4 billion in assets under management as at 30<sup>th</sup> June 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 and Liontrust Fund Partners LLP 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 31 July 2018 an investment in the Fund returned 1.8% (primary class) and 1.1% (retail class). This compares with a return of 9.2% from the Fund's benchmark, the FTSE All-Share Index and an average return of 6.2% from the IA UK Equity Income sector.

From the Fund's launch on 31 October 2003 to 31 July 2018, an investment in the Fund has risen 278.4% (primary class) and 262.3% (retail class), compared with a rise of 235.5% from the FTSE All-Share Index and an average return of 219.0% from the IA UK Equity Income sector.

**Source:** Financial Express, accumulation share classes, 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.

# LIONTRUST MACRO EQUITY INCOME FUND

## MANAGER'S INVESTMENT REPORT

A final quarterly dividend of 2.12 pence per unit (income units) and 3.84 pence per unit (accumulation units) was distributed to retail unitholders, 2.23 pence per unit (income units) and 4.01 pence per unit (accumulation units) to institutional unitholders and 2.20 pence per unit (income units) and 3.95 pence per unit (accumulation units) to advised class unitholders at the end of September 2018.

This takes the year's total dividend to 9.95 pence per unit (income units) and 17.69 pence per unit (accumulation units) was distributed to retail unitholders, 10.44 pence per unit (income units) and 18.40 pence per unit (accumulation units) to institutional unitholders and 10.35 pence per unit (income units) and 18.15 pence per unit (accumulation units) to advised class unitholders at the end of September 2018.

**Source:** *Liontrust Fund Partners LLP.*

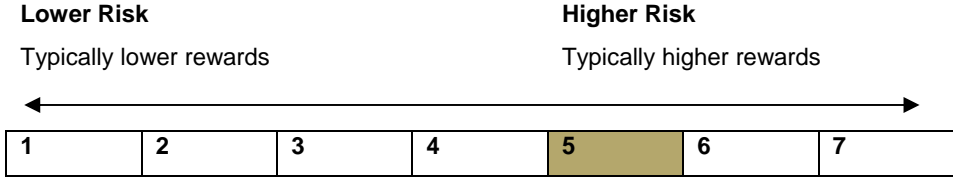
**Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise.**

# LIONTRUST MACRO EQUITY 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 equities.

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;
- 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.

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

# LIONTRUST MACRO EQUITY INCOME FUND

## MANAGER'S INVESTMENT REPORT

### Market Review

The FTSE All-Share returned 9.2% in the 12 months to 31 July 2018.

During the final few months of 2017 and most of January 2018, UK equities made broad moves higher, particularly through the characteristically illiquid Christmas run-in. However, trading became more volatile in subsequent months after a sell-off in government bond markets which intensified in February as US employment data showed solid jobs growth and an acceleration of earnings. This weakness fed through to the UK equity market, which returned -6.9% in the first quarter of 2018, not helped by the escalation of trade tensions between the US and China.

Trade tensions appeared to ease at the start of the second quarter of 2018 and underpinned a rally in stocks. Although in June the US did ultimately push ahead with its threatened tariffs, equity markets outside of China showed a high degree of resilience to the move.

Monetary policy also featured prominently during the year. The US Federal Reserve continued on its tightening path, hiking US interest rates a total of three times in 2017. It raised rates twice more in the first half of 2018 to a range of 1.75%-2.0% and indicated two more hikes in the rest of the year. The European Central Bank revealed its strategy on the winding down of its quantitative easing (QE) programme, by cutting its monthly asset purchases in half to €15bn from September 2018 before completely halting it in December.

The Bank of England belatedly noticed inflation pushing 3% and an economy at full employment and moved to raise rates in November 2017 for the first time in a decade. In February 2018, the Bank's inflation report included upgrades to growth and inflation estimates and a comment that "monetary policy would need to be tightened somewhat earlier and by a somewhat greater extent", raising expectations of a May rate rise. While softer Q1 economic data subsequently led to a delay in this expected rate increase.

### Fund Review

In the 12 months to 31 July 2018 the Fund returned 1.8% (institutional accumulation share class) and 1.1% (retail accumulation share class). *Source: Financial Express, bid-to-bid, accumulation share classes, total return (net of fees, income reinvested).*

The underperformance versus the FTSE All-Share Index return derived primarily from the *Global Data* and *Avoiding Oil & Gas* macro-themes.

Starting with *Avoiding Oil & Gas*, the oil majors traded higher in lock-step with the price of crude as a number of geopolitical events – such as the US withdrawal from the Iranian nuclear agreement – conspired to provide bull impetus. We continue to believe, however, that such moves are little more than noise when viewed in terms of the structural headwind presented by electric vehicles. The International Energy Agency (IEA) estimates that 29% of global oil demand is attributable to transportation, so changing consumer tastes spell trouble for Big Oil.

The *Global Data* theme's negative contribution included poor returns from Vodafone, AT&T and BT Group. BT Group in particular experienced a tough time. Broadly in-line financials for the year to 31 March 2018 were undercut by soft guidance and a triennial pension review that delivered near-term dividend maintenance at a cost. The stock recovered slightly in July following the release of Q1 numbers distinguished by a 3% EBITDA (earnings before interest, tax, depreciation and amortisation) beat.

The *Global Pharma* theme delivered a more positive performance, with Pfizer, AbbVie, GlaxoSmithKline and AstraZeneca all among the top contributors to the Fund. GlaxoSmithKline stanchoned months of disappointment in reaffirming its dividend policy in March, passing on the opportunity to purchase Pfizer's consumer health care arm and buying the 36.5% rump of its consumer joint venture with Novartis.

Long-term holding Bloomsbury Publishing also registered a large gain. The move was driven by an impressive set of final results that evidenced 10% earnings growth and a 12% increase in the dividend. This marks Bloomsbury's full rehabilitation from the hangover that followed the success of Harry Potter and its transition to a balanced business with exciting growth prospects.

The non-hold theme of *Avoiding Tobacco* was an instance of a zero weighting that delivered a fillip to relative performance. Weakness followed quarterly earnings from US tobacco giant Philip Morris which disclosed a disappointing showing in smokeless, cigarette alternatives. Such incremental evidence offers proof of our bear thesis and gives good reason to stay zero-weighted.

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## MANAGER'S INVESTMENT REPORT

Paper packaging business and *Digital Economy* constituent Smurfit Kappa was another to rise, after receiving an approach from International Paper while shares in Virgin Money jumped on receipt of an all paper offer from Clydesdale Bank.

Individual detractors included Saga, a *Population Ageing* constituent, after issuing a profit warning. The warning was without precedent and carried the implicit threat of further investor disappointment. Under such conditions, we reduced exposure to limit investor risk, pending news of stabilisation. Cineworld also fell on the disclosure of its intent to buy US cinema operator Regal. We noted the material and dilutive nature of the required rights issue, increased post-deal leverage and the company's entry into a market of which it has no experience.

### Portfolio Activity

The following changes were made to the Fund's Macro-Themes over the period:

#### Population Ageing

We added St James's Place and Allianz to the theme. St James's Place is a scalable, cash-generative business with the intent to return cash. The pensions advice gap delivers a structural growth tailwind. Allianz offers gearing to European economic growth and the accompanying pick-up in yields while trading on an undemanding valuation.

A new position was opened in Schroders non-voting shares, which we believe offered an arbitrage opportunity to the ordinary shares. The non-voting shares' absence from equity indices means they lack passive investment demand and trade at a historically wide discount and yield premium to the ordinary share class. We closed the position in Schroders voting shares.

Saga and Carnival were sold. For Saga, this was the culmination of an exit process going back to December's profit warnings which undermined our confidence in management and the merits of the strategic shift. We feel that Carnival is fully valued versus the peer group. We prefer life insurers and providers of retirement solutions as more focused plays on *Population Ageing*.

#### Resource Scarcity

New positions were opened in Antofagasta, Anglo American and BHP Billiton. Antofagasta is a Chilean copper miner which is cash generative with capacity to de-gear and grow dividends while a clear capex discipline signals a focus on shareholder returns. Demand for copper is underpinned by infrastructure expenditure and the advent of electric vehicles. Shares in Anglo American have obvious value appeal. Balance sheet risk has been addressed by a combination of asset sales, capex discipline and higher spot prices, actions with the potential to enhance shareholder returns. BHP Billiton's resource mix gives it exposure to both the advent of electric vehicles and the structural infrastructure spending deficit. It is cheaply-rated and highly cash generative.

#### Infrastructure Spending

We initiated a position in building materials manufacturer Ibstock, which is seen as a proxy for new build housing demand in the context of a structural housing supply shortfall. In addition, we bought shares in German real estate companies Vonovia, Leg Immobilien and Tag Immobilien which are well-placed to benefit from household formation trends, immigration and housing supply shortfalls as rents and capital values are driven higher by urban living.

British Land was sold from the Fund, with a lack of visibility on the Brexit settlement obscuring the rental yield outlook while its retail exposure faces a compromised UK consumer. We also exited positions in Kier Group and Telford Homes. Kier Group's investment case had been undermined by a risk of cost overruns on low margin, fixed-price construction contracts. Telford Homes' outlook is compromised by a reliance on foreign investment demand in the midst of a soft London property market. The thematic attractions of its growing Build to Rent business are offset by margin dilution.

#### Global Pharma

Vectura was sold as we believed its valuation belied a record of operational mishaps. Primary Healthcare Properties traded at a premium to NAV, counselling profit-taking on a rump position which no longer formed a key position within the theme.



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## MANAGER'S INVESTMENT REPORT

### Digital Economy

DS Smith and Sabre were added to the theme. International Paper's approach for Smurfit Kappa suggests the sector is consolidating. DS Smith stands to be a beneficiary of e-commerce trends. Its record of growth and margin progression is not reflected in a sub-market earnings multiple. Sabre is a UK motor insurer with digital sales capacity; we saw a purchase opportunity after a May placing depressed the share price. It is a high-margin, cash-generative business with capacity to deploy excess capital. We also bought shares in Hastings Group, an insurer with strong and growing digital sales capabilities.

Auto Trader was sold as used-car market volumes came under threat amid tighter credit standards and waning consumer confidence in a market dependent upon transactional finance.

### Data Growth

We reduced the position in BT following a disappointing full year statement that drove earnings downgrades. Its triennial pension review gives clarity on deficit funding and dividend maintenance, but at a cost. Its attractive valuation is offset by a lack of near-term catalysts.

### Battery Revolution

The purchase of Glencore represented the initiation of a new Macro-Theme designed to capture the gathering viability and take-up of battery technology. Glencore is unique amongst large-cap resource businesses in generating c.40% of earnings before interest, taxes, depreciation and amortisation (EBITDA) from materials applicable to electric vehicles. Recent deleveraging has also permitted more generous dividend distributions.

We also opened a position in Johnson Matthey. Its battery cathode materials business gives it exposure to the advent of electric vehicles and its resilient auto catalysts business offers the capacity to surprise gloomy analyst forecasts. The shares trade on an attractive discount to peers and other electric vehicle-related businesses.

### Rising Rates

We initiated new positions in Lloyds Banking Group and BAE Systems. Lloyds' capital and regulatory issues are offset in the interim by its sensitivity to rising rates and the uplift to earnings entailed. It offers a proxy for the UK economy at a point when consensus estimates of UK GDP growth are being revised higher. BAE Systems' unfunded pension liabilities offer excellent gearing to rising yields with a higher discount rate mitigating the deficit position. Its sizeable valuation discount to global peers confers 'value' status at point when investors are looking for it.

Clydesdale's approach for Virgin Money allowed us to close out the position and capture profits. The capital demands of loan book growth suggests the anticipated dividend progression could be deferred. The position in Hargreaves Lansdown was also closed in order to lock in gains in view of a full rating while Intermediate Capital was sold in order to capture share price strength resulting from its exposure to a robust European economy. Secure Trust Bank was also disposed of as part of portfolio house-keeping.

### Lapsed Themes

The investment case for Cineworld – held as a play on *Consumer Spending* – was compromised by its deal to buy US cinema operator Regal Operators and was sold from the Fund. We viewed the acquisition as unattractive on a number of levels: post-deal leverage, management's lack of US experience and corporate governance issues.

Microfocus, Smiths Group and Tate & Lyle were sold out of the portfolio, closing the *Dollar Earners* Macro-Theme.

## Macro-Themes

In this section we outline some of the most prominent themes currently active within the Fund. This list is not exhaustive; at any given time we tend to have a number of smaller themes within the portfolio, while many of the themes are also inter-connected.

- *Population Ageing*: We think that earnings and dividend progression for savings and pensions providers will flow from population ageing, unmanageable corporate and government pension liabilities and the accompanying need for individuals to make adequate retirement provision. These companies have a fantastic opportunity to gather sticky, remunerative, long-term assets. It is well documented that the UK, along with most developed countries, is ageing as healthcare innovations increase longevity and contraception curtails births. In recognition of this trend

# LIONTRUST MACRO EQUITY INCOME FUND

## MANAGER'S INVESTMENT REPORT

and the associated cost of providing for an expanding elderly cohort, both business and government have sought to mitigate their obligation by shifting responsibility to the individual.

- *Resource Scarcity*: Investors are still penalising listed mining companies for mistakes made during the commodity 'super-cycle' years when rampant investment led to overproduction and falling prices when demand growth slowed in line with the Chinese economy. We are now a decade on from these strategic errors and the mining sector bears little resemblance to that which existed in 2008. It has addressed the overinvestment legacy issues by reasserting capital discipline in no uncertain terms. There has effectively been a moratorium on investment in new mining facilities. Non-core assets have also been disposed of, with the proceeds often used to help pay down debt, reducing the interest burden for these companies. This capital discipline is leading to eye-watering levels of free cash-flow which in turn is driving increases in dividends and share buybacks. Investors are yet to cotton on to this fact, meaning that mining shares trade at a substantial discount to fair value in our view.

- *Rising Rates*: Evidence of investor behavioural biases such as recency bias and the availability heuristic are seen clearly in ongoing attachment to stocks which are low-rate beneficiaries. However, the economic recovery of the UK and other Western economies no longer makes depression-era monetary policy appropriate. As rates rise, some sectors of the equity market will suffer, including those seen as bond-proxies, while others – including interest rate sensitive areas such as banks – stand to benefit.

- *Data Growth*: While the defensive characteristics of telecoms shouldn't be a surprise to anyone, we think the sector's ability to generate recurring revenues and sustainable growth in dividends is still underappreciated. Telecoms operators are benefitting from consumers' dependence on data consumption, which we think makes the sector the natural heir to tobacco as the foremost 'addiction' income play. We take the view that a content-led offering will be key in enabling operators to leverage unprecedented rates of data consumption and convert it to top line growth.

- *Global Pharma*: Investor appetite for pharma pipeline potential has been increasing, many companies have successfully negotiated the 'patent cliff' and the industry has shed its low risk 'comfort blanket' of consumer health and is once more focusing on research and development (R&D) of new and innovative pharmaceuticals. This has resulted in a sector re-rating which we expect to continue.

- *Infrastructure Spending*: Alive to the growing call for fiscal stimulus, politicians on both sides of the Atlantic and all persuasions have made commitments to finance public works and infrastructure. The theme includes an allocation to UK housebuilders which are likely to benefit from a supportive political backdrop.

- *Digital Economy*: Consumer habits are increasingly moving online and there is a demand for businesses to use digital channels to engage with their customers. We believe companies with capital-light and scalable online models present a disruptive challenge to high-street incumbents with physical presence and high fixed cost base.

The Fund also has a range of non-hold themes. These are areas of the stockmarket which we avoid as we deem their prospects to be impaired by Macro-Themes.

- *Avoiding Oil & Gas*: When we invest in a stock we need to be prepared to hold it for 5 to 10 years; companies in the oil & gas sector fail this fundamental test. The outlook for oil looks set to deteriorate over the medium and long term as the industry faces up to the challenge of viable energy alternatives. This trend is increasingly visible through the transformation of electric cars from expensive and inefficient curiosity to the verge of mass-market penetration.

- *Avoiding Utilities*: In addition to the challenge of coping with the four-year cycle of differing governments' whims, the sector must deal with the likelihood of a long-term decline in power demand. The utilities sector has faced a substantial deterioration in its macroeconomic backdrop as the political environment has evolved from one of mild patronage (for green energy at least) to political hostility. The sector's bond-proxy characteristics leave it exposed to the potential for material capital losses if bond yields rise further in anticipation of growth and inflation.

- *Avoiding Tobacco*: Tobacco is unique in being one of the only businesses where sales growth is inversely correlated with the longevity of its customers. The US FDA's 2017 decision in to target nicotine levels in cigarettes was another demonstration of regulatory pressure the sector faces. Additionally, developing markets are now following the lead of developed markets in legislating to curtail the industry's activities and contain its manifold economic externalities, which include escalating healthcare costs. We believe vaping is a false hope, with limited substitutability for smokers quitting cigarettes. The tobacco stocks are bond proxies in our view, which leaves them exposed to the risk of further de-rating as global monetary policy tightens.

# LIONTRUST MACRO EQUITY INCOME FUND

## MANAGER'S INVESTMENT REPORT

### Outlook

We have positioned the portfolio for the rise in market and policy rates that would typically flow from an episode of economic repair. With significant exposure to rate-sensitive life insurers, banks and other financials, the portfolio has excellent gearing to higher rates. This view is now shifting from fringe to consensus, resulting in a repricing of assets which we expect to be beneficial for many of the portfolio's holdings. Intuitively, higher rates imply economic growth and value stocks tend to be more sensitive to the economic cycle.

We remain constructive on the global economy, where there is impressive breadth to the economic upswing. This rare episode of synchronous growth in the US, Europe and Asia is imparting a powerful tailwind to UK exports, business confidence and asset prices. Talk of trade war, with all its implications for economic activity, has acted as a brake on this shift recently. But the likely impact of trade wars is limited and we remain sanguine in our outlook for the global economy. Activity data in both US and China is solidly indicative of ongoing expansion. European growth has reverted to trend rates, expunging memories of an alarmingly soft Q1.

### **Stephen Bailey and Jamie Clark**

Fund Managers  
September 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 MACRO EQUITY 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 Macro Equity 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 MACRO EQUITY INCOME FUND

## Trustee's Report

### to the unitholders of the Liontrust Macro Equity 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.

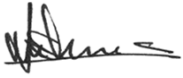
**State Street Trustees Limited**  
**20 Churchill Place**  
**London E14 5HJ**

10 October 2018

# LIONTRUST MACRO EQUITY 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

10 October 2018

# ***Independent Auditors' Report to the Unitholders of Liontrust Macro Equity Income Fund***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Liontrust Macro Equity Income Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 31 July 2018 and of the net revenue and the net capital losses 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 31 July 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.

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### **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.

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### **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.

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### **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 11, 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](http://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.

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## **Other required reporting**

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### **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.

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### **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.

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PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
10 October 2018



# LIONTRUST MACRO EQUITY INCOME FUND

## Comparative Tables

as at 31 July 2018

	31/07/18 (p)	31/07/17 (p)	31/07/16 (p)
<b>Advised Accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	349.62	309.92	318.12
Return before operating charges*	9.29	43.42	(4.81)
Operating charges	(3.92)	(3.72)	(3.39)
Return after operating charges*	5.37	39.70	(8.20)
Distributions on accumulation units	(18.15)	(15.37)	(13.90)
Retained distributions on accumulation units	18.15	15.37	13.90
Closing net asset value per unit	354.99	349.62	309.92
*after direct transaction costs of:	0.72	0.84	0.75
<b>Performance</b>			
Return after charges	1.54%	12.81%	(2.58%)
<b>Other information</b>			
Closing net asset value (£'000)	156	166	137
Closing number of units	43,857	47,556	44,312
Operating charges	1.11%	1.12%	1.12%
Direct transaction costs	0.20%	0.25%	0.25%
<b>Prices</b>			
Highest offer (buying) unit price	376.46	359.01	330.05
Lowest bid (selling) unit price	330.81	306.41	276.03

# LIONTRUST MACRO EQUITY INCOME FUND

## Comparative Tables

as at 31 July 2018

	31/07/18 (p)	31/07/17 (p)	31/07/16 (p)
<b>Advised Income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	203.11	188.52	202.54
Return before operating charges*	5.35	26.00	(3.15)
Operating charges	(2.23)	(2.22)	(2.16)
Return after operating charges*	3.12	23.78	(5.31)
Distributions on income units	(10.35)	(9.19)	(8.71)
Closing net asset value per unit	195.88	203.11	188.52
*after direct transaction costs of:	0.41	0.50	0.47
<b>Performance</b>			
Return after charges	1.54	12.61%	(2.62%)
<b>Other information</b>			
Closing net asset value (£'000)	62	76	46
Closing number of units	31,922	37,493	24,167
Operating charges	1.11%	1.12%	1.13%
Direct transaction costs	0.20%	0.25%	0.25%
<b>Prices</b>			
Highest offer (buying) unit price	213.76	213.57	210.19
Lowest bid (selling) unit price	188.09	184.97	171.39

# LIONTRUST MACRO EQUITY INCOME FUND

## Comparative Tables

as at 31 July 2018

	31/07/18 (p)	31/07/17 (p)	31/07/16 (p)
<b>Institutional Accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	354.17	313.16	320.70
Return before operating charges*	9.42	43.93	(4.88)
Operating charges	(3.08)	(2.92)	(2.66)
Return after operating charges*	6.34	41.01	(7.54)
Distributions on accumulation units	(18.40)	(15.56)	(14.03)
Retained distributions on accumulation units	18.40	15.56	14.03
Closing net asset value per unit	360.51	354.17	313.16
*after direct transaction costs of:	0.73	0.85	0.76
<b>Performance</b>			
Return after charges	1.79%	13.10%	(2.35%)
<b>Other information</b>			
Closing net asset value (£'000)	40,520	40,723	31,162
Closing number of units	11,239,658	11,498,196	9,950,984
Operating charges	0.86%	0.87%	0.87%
Direct transaction costs	0.20%	0.25%	0.25%
<b>Prices</b>			
Highest offer (buying) unit price	374.63	356.54	326.17
Lowest bid (selling) unit price	335.66	309.63	278.59

# LIONTRUST MACRO EQUITY INCOME FUND

## Comparative Tables

as at 31 July 2018

	31/07/18 (p)	31/07/17 (p)	31/07/16 (p)
<b>Institutional Income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	204.52	189.36	202.98
Return before operating charges*	5.40	26.12	(3.23)
Operating charges	(1.74)	(1.73)	(1.65)
Return after operating charges*	3.66	24.39	(4.88)
Distributions on income units	(10.44)	(9.23)	(8.74)
Closing net asset value per unit	197.74	204.52	189.36
*after direct transaction costs of:	0.41	0.50	0.47
<b>Performance</b>			
Return after charges	1.79	12.88%	(2.40%)
<b>Other information</b>			
Closing net asset value (£'000)	79,566	249,546	462,931
Closing number of units	40,237,011	122,015,575	244,467,840
Operating charges	0.86%	0.87%	0.87%
Direct transaction costs	0.20%	0.25%	0.25%
<b>Prices</b>			
Highest offer (buying) unit price	211.26	210.64	206.49
Lowest bid (selling) unit price	189.71	185.93	172.11

# LIONTRUST MACRO EQUITY INCOME FUND

## Comparative Tables

as at 31 July 2018

	31/07/18 (p)	31/07/17 (p)	31/07/16 (p)
<b>Retail Accumulation</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	341.63	304.36	312.99
Return before operating charges*	9.04	42.54	(3.76)
Operating charges	(5.53)	(5.27)	(4.87)
Return after operating charges*	3.51	37.27	(8.63)
Distributions on accumulation units	(17.69)	(15.06)	(13.69)
Retained distributions on accumulation units	17.69	15.06	13.69
Closing net asset value per unit	345.14	341.63	304.36
*after direct transaction costs of:	0.70	0.82	0.75
<b>Performance</b>			
Return after charges	1.03%	12.25%	(2.76%)
<b>Other information</b>			
Closing net asset value (£'000)	10,475	13,803	15,739
Closing number of units	3,034,967	4,040,282	5,171,164
Operating charges	1.61%	1.62%	1.62%
Direct transaction costs	0.20%	0.25%	0.25%
<b>Prices</b>			
Highest offer (buying) unit price	377.14	361.39	335.34
Lowest bid (selling) unit price	322.19	300.89	271.73

# LIONTRUST MACRO EQUITY INCOME FUND

## Comparative Tables

as at 31 July 2018

	31/07/18 (p)	31/07/17 (p)	31/07/16 (p)
<b>Retail Income</b>			
<b>Change in net assets per unit</b>			
Opening net asset value per unit	195.59	182.47	196.26
Return before operating charges*	5.14	25.09	(2.30)
Operating charges	(3.11)	(3.10)	(3.03)
Return after operating charges*	2.03	21.99	(5.33)
Distributions on income units	(9.95)	(8.87)	(8.46)
Closing net asset value per unit	187.67	195.59	182.47
*after direct transaction costs of:	0.39	0.48	0.46
<b>Performance</b>			
Return after charges	1.04	12.05%	(2.72%)
<b>Other information</b>			
Closing net asset value (£'000)	14,448	17,376	28,529
Closing number of units	7,698,432	8,883,955	15,634,527
Operating charges	1.61%	1.62%	1.62%
Direct transaction costs	0.20%	0.25%	0.25%
<b>Prices</b>			
Highest offer (buying) unit price	211.43	212.09	210.46
Lowest bid (selling) unit price	180.53	178.79	165.97

# LIONTRUST MACRO EQUITY INCOME FUND

## Portfolio Statement

as at 31 July 2018 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
<b>UNITED KINGDOM (84.01%*)</b>		<b>122,022</b>	<b>84.03</b>
<b>Basic Materials (8.01%*)</b>		<b>24,769</b>	<b>17.06</b>
Anglo American	87,046	1,489	1.02
Anglo Pacific	5,112,109	6,850	4.72
Antofagasta	11,937	118	0.08
BHP Billiton	235,168	4,068	2.80
Glencore	777,090	2,551	1.76
Johnson Matthey	30,733	1,160	0.80
Rio Tinto	205,436	8,533	5.88
<b>Consumer Goods (11.07%*)</b>		<b>4,286</b>	<b>2.95</b>
Barratt Developments	282,375	1,516	1.04
Persimmon	6,443	160	0.11
Taylor Wimpey	1,495,110	2,610	1.80
<b>Consumer Services (5.93%*)</b>		<b>3,864</b>	<b>2.66</b>
Bloomsbury Publishing	1,756,561	3,864	2.66
<b>Financials (33.29%*)</b>		<b>56,688</b>	<b>39.04</b>
Aviva	1,016,152	5,083	3.50
Brewin Dolphin	386,779	1,348	0.93
Chesnara	305,190	1,233	0.85
Close Brothers	102,680	1,644	1.13
Direct Line Insurance	891,191	3,032	2.09
Grainger	190,113	581	0.40
Hastings	435,323	1,051	0.72
HSBC	1,202,553	8,795	6.06
Jupiter Fund Management	658,507	2,890	1.99
Legal & General	3,328,891	8,802	6.06
Lloyds Banking	4,290,262	2,683	1.85
Phoenix	839,726	5,769	3.97
Prudential	351,910	6,387	4.40
River & Mercantile	219,917	611	0.42
Sabre Insurance	219,172	609	0.42
Schroders	78,090	1,874	1.29
St James's Place	354,780	4,296	2.96
<b>Health Care (6.81%*)</b>		<b>10,532</b>	<b>7.25</b>
AstraZeneca	28,365	1,641	1.13
GlaxoSmithKline	563,929	8,891	6.12

# LIONTRUST MACRO EQUITY INCOME FUND

## Portfolio Statement

as at 31 July 2018 (Ordinary shares except where otherwise stated)

	Holdings	Market Value £'000	Percentage of total net assets %
<b>Industrials (6.29%*)</b>		<b>10,735</b>	<b>7.39</b>
BAE Systems	559,628	3,666	2.52
DS Smith	356,959	1,808	1.24
Forterra	739,349	2,188	1.51
Ibstock	789,389	1,940	1.34
Marshalls	264,095	1,133	0.78
<b>Technology (2.64%*)</b>		-	-
<b>Telecommunications (9.97%*)</b>		<b>11,148</b>	<b>7.68</b>
BT	1,377,436	3,247	2.24
Vodafone	4,223,109	7,901	5.44
<b>GERMANY (0.00%*)</b>		<b>5,771</b>	<b>3.97</b>
Allianz	14,451	2,447	1.68
LEG Immobilien	12,542	1,083	0.74
TAG Immobilien	65,811	1,142	0.79
Vonovia	29,529	1,099	0.76
<b>UNITED STATES (15.42%*)</b>		<b>13,248</b>	<b>9.12</b>
AbbVie	16,251	1,129	0.78
AT&T	128,684	3,128	2.15
Merck	42,690	2,102	1.45
Pfizer	86,355	2,532	1.74
Prudential Financial	11,523	876	0.60
Verizon Communications	87,294	3,481	2.40
<b>IRELAND (1.41%*)</b>		<b>6,004</b>	<b>4.13</b>
<b>Industrials (0.19%*)</b>		<b>2,228</b>	<b>1.53</b>
Smurfit Kappa	71,359	2,228	1.53
<b>Money Market Funds (1.22%*)</b>		<b>3,776</b>	<b>2.60</b>
SSgA Cash Management Fund**		3,776	2.60
<b>Portfolio of investments</b>		<b>147,045</b>	<b>101.25</b>
<b>Net other liabilities</b>		<b>(1,818)</b>	<b>(1.25)</b>
<b>Total net assets</b>		<b>145,227</b>	<b>100.00</b>

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 31 July 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.



# LIONTRUST MACRO EQUITY INCOME FUND

## Securities Financing Transactions (SFTs)

as at 31 July 2018

### GLOBAL DATA

<b>Proportion of securities and commodities on loan</b>	<b>£'000</b>	<b>%</b>
Total lendable assets excluding cash and cash equivalents:	135,113	
Securities and commodities on loan	2,097	1.55%

<b>Assets engaged in SFTs and total return swaps</b>	<b>£'000</b>	<b>%</b>
Fund assets under management (AUM)	147,811	
Absolute value of assets engaged in:		
Securities lending	2,097	1.42%

### CONCENTRATION DATA

#### **Top 10 Collateral Issuers**

<b>Name and value of collateral and commodities received</b>	<b>£'000</b>
Federal Republic of Germany	313
Republic of France	195
United States of America Treasury	165
Government of United Kingdom	124
Kingdom of Belgium	120
Republic of Austria	97
Eni	91
Erste Bank	90
Anheuser Busch	90
Cash Collateral	89

#### **Top 10 Counterparties**

<b>Name and value of outstanding transactions</b>	<b>£'000</b>
<b>Securities lending</b>	
BNP Paribas Arbitrage	1,208
Credit Suisse (Dublin Branch)	582
Merrill Lynch	170
HSBC Bank	101
Societe Generale	30
Citigroup Global Markets	6

# LIONTRUST MACRO EQUITY INCOME FUND

## Securities Financing Transactions (SFTs)

as at 31 July 2018

### AGGREGATE TRANSACTION DATA

#### Type, Quality and Currency of Collateral

Type	Quality	Currencies	£'000
<b>Securities lending</b>			
Equity	Traded on recognised exchange	Sterling	119
Equity	Traded on recognised exchange	Australian dollar	107
Equity	Traded on recognised exchange	Euro	558
Equity	Traded on recognised exchange	Hong Kong dollar	100
Equity	Traded on recognised exchange	Japanese yen	29
Equity	Traded on recognised exchange	Norwegian krone	2
Equity	Traded on recognised exchange	Singapore dollar	125
Equity	Traded on recognised exchange	Swiss franc	1
Equity	Traded on recognised exchange	US dollar	3
Bonds	Investment Grade	Sterling	124
Bonds	Investment Grade	Canadian dollar	1
Bonds	Investment Grade	Euro	809
Bonds	Investment Grade	US dollar	165
Cash	Cash Collateral	Euro	89
<b>Total collateral held</b>			<b>2,232</b>

#### Maturity Tenor of Collateral (remaining period to maturity)

Type	Less than one day £'000	One day to one week £'000	One week to one month £'000	One to three months £'000	Three months to one year £'000	Above one year £'000	Open maturity £'000	Total £'000
Securities lending	89	-	-	-	25	1,074	1,044	2,232
	89	-	-	-	25	1,074	1,044	2,232

#### Counterparty details

Type	Countries of counterparty establishment	Settlement and clearing	£'000
Securities lending	France	Bi-lateral	389
Securities lending	United Kingdom	Bi-lateral	180
Securities lending	France	Tri-party	938
Securities lending	Ireland	Tri-party	613
Securities lending	United Kingdom	Tri-party	112
<b>Total collateral held</b>			<b>2,232</b>

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

Type	Less than one day £'000	One day to one week £'000	One week to one month £'000	One to three months £'000	Three months to one year £'000	Above one year £'000	Open trans- actions £'000	Total £'000
Securities lending	-	-	-	-	-	-	2,097	2,097
	-	-	-	-	-	-	2,097	2,097

# LIONTRUST MACRO EQUITY INCOME FUND

## Securities Financing Transactions (SFTs)

as at 31 July 2018

### RE-USE OF COLLATERAL

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

### SAFEKEEPING OF COLLATERAL RECEIVED

<b>Names and value of custodians safekeeping collateral</b>	<b>£'000</b>
JP Morgan	1,517
State Street	570
Crest	105
Bank of New York	40
Number of custodians safekeeping collateral	4

### SAFEKEEPING OF COLLATERAL GRANTED

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

### RETURN AND COST

	<b>Collective Investment Undertaking £'000</b>	<b>Manager of Collective Investment Undertaking £'000</b>	<b>Third Parties (e.g. lending agent) £'000</b>	<b>Total £'000</b>
<b>Securities lending</b>				
Gross return	43	4	16	63
% of total gross return	68.25%	6.35%	25.40%	100.00%
Cost*	-	-	-	-

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

# LIONTRUST MACRO EQUITY INCOME FUND

## Statement of Total Return

for the year ended 31 July 2018

	Notes	01/08/17 to 31/07/18		01/08/16 to 31/07/17	
		£'000	£'000	£'000	£'000
Income					
Net capital (losses)/gains	4		(8,502)		33,599
Revenue	5	13,465		17,832	
Expenses	6	(2,374)		(3,507)	
Interest payable and similar charges		(1)		(2)	
Net revenue before taxation		11,090		14,323	
Taxation	7	(279)		(383)	
Net revenue after taxation			10,811		13,940
<b>Total return before distributions</b>			2,309		47,539
Distributions	8		(13,174)		(17,345)
<b>Change in net assets attributable to unitholders from investment activities</b>			(10,865)		30,194

## Statement of Change in Net Assets Attributable to Unitholders

for the year ended 31 July 2018

	01/08/17 to 31/07/18		01/08/16 to 31/07/17	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		321,690		538,544
Amounts receivable on issue of units	20,334		31,597	
Amounts payable on cancellation of units	(189,249)		(282,257)	
		(168,915)		(250,660)
Dilution adjustment		641		1,125
Change in net assets attributable to unitholders from investment activities		(10,865)		30,194
Retained distributions on Accumulation units		2,676		2,487
<b>Closing net assets attributable to unitholders</b>		145,227		321,690

# LIONTRUST MACRO EQUITY INCOME FUND

## Balance Sheet

as at 31 July 2018

	Notes	31/07/2018 £'000	31/07/2017 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		147,045	324,350
<b>Current assets</b>			
Debtors	9	764	1,759
Cash and bank balances		97	-
<b>Total assets</b>		<u>147,906</u>	<u>326,109</u>
<b>Liabilities</b>			
Bank overdrafts		-	703
Distribution payable on income units		1,061	2,977
Other creditors	10	1,618	739
<b>Total liabilities</b>		<u>2,679</u>	<u>4,419</u>
<b>Net assets attributable to unitholders</b>		<u>145,227</u>	<u>321,690</u>

# LIONTRUST MACRO EQUITY 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) Dividends received from UK REITs are split into PID (Property Income Distributions) and Non-PID components for tax purposes. Revenue arising from UK REITs tax-exempt rental business is colloquially known as PID revenue and is taxable in the hands of the Fund. A UK REIT may also carry out other activities that give rise to taxable profits and gains, it is from these that the REIT will make a non-PID distribution, these are treated for tax purposes in the same way as dividends from normal UK companies.
- (vi) Stock lending revenue 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 all available 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 31 July 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) Recognition of revenue

Underwriting commission is wholly recognised as revenue when the issue takes place except where the Fund is required to take up all or some of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

#### (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 MACRO EQUITY 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.

### (k) Dilution adjustment

The Manager may require a dilution adjustment on the sale and redemption of units if, in its opinion, the existing unitholders (for sales) or remaining unitholders (for redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be charged in the following circumstances: where the Trust property is in continual decline; on a Fund experiencing large levels of net sales relative to its size; on 'large deals'; in any case where the Manager is of the opinion that the interests of remaining unitholders require the imposition of a dilution adjustment.

## 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;
- unitholders' funds which represent investors' monies which are invested on their behalf.

The Fund's use of financial instruments during the year satisfies the regulatory requirements of the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

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

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

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

# LIONTRUST MACRO EQUITY INCOME FUND

## Notes to the Financial Statements

### 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.

However, in line with the Fund's objectives of investing primarily in the UK and Ireland, the Fund is expected to have only minimal foreign currency exposures.

### 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.



# LIONTRUST MACRO EQUITY INCOME FUND

## Notes to the Financial Statements

### 3. Unit classes

The Trust has six 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 16 to 21.

Reconciliation of the unit movement in the year:

	31/07/17	01/08/17 to 31/07/18		31/07/18
	Opening units in issue	Creations	Cancellations	Units converted Closing units in issue
Advised Accumulation	47,556	803	(4,502)	-
Advised Income	37,493	9,477	(15,048)	-
Institutional Accumulation	11,498,196	863,492	(1,205,787)	83,757
Institutional Income	122,015,575	6,898,890	(88,823,647)	146,193
Retail Accumulation	4,040,282	69,434	(987,721)	(87,028)
Retail Income	8,883,955	1,966,607	(2,998,785)	(153,345)
<b>Total</b>	<b>146,523,057</b>	<b>9,808,703</b>	<b>(94,035,490)</b>	<b>(10,423)</b>

### 4. Net capital (losses)/gains

	01/08/17 to 31/07/18 £'000	01/08/16 to 31/07/17 £'000
Non-derivative securities	(8,488)	33,622
Forward foreign exchange currency contracts	33	8
Currency losses	(38)	(17)
Transaction charges	(9)	(14)
<b>Net capital (losses)/gains</b>	<b>(8,502)</b>	<b>33,599</b>

### 5. Revenue

	01/08/17 to 31/07/18 £'000	01/08/16 to 31/07/17 £'000
Overseas taxable revenue	(8)	7
Overseas non-taxable revenue	2,745	3,243
UK dividends	10,617	13,867
Property revenue from UK REITs - PID	46	434
Property revenue from UK REITs - Non PID	11	251
Distributions from Regulated Collective Investment Schemes:		
Offshore investment revenue*	9	13
Bank interest	2	1
Stocklending income	43	16
	<b>13,465</b>	<b>17,832</b>

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

# LIONTRUST MACRO EQUITY INCOME FUND

## Notes to the Financial Statements

### 6. Expenses

	01/08/17 to 31/07/18 £'000	01/08/16 to 31/07/17 £'000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Manager's periodic charge	2,102	3,076
Registration fees	118	246
	<u>2,220</u>	<u>3,322</u>
<b>Payable to the Trustee, associates of the Trustee and agents of either of them:</b>		
Safe custody fees	16	37
Trustee's fees	41	69
Wire charges	5	6
	<u>62</u>	<u>112</u>
<b>Other expenses</b>		
Administration fee*	69	41
Audit fee	11	(1)
Printing fee	9	8
Other expenses	3	25
	<u>92</u>	<u>73</u>
<b>Total expenses</b>	<u>2,374</u>	<u>3,507</u>

The PwC audit fee for the year, exclusive of VAT, is £9,200 (31/07/2017: £9,200).

Ad valorem, performance measurement fee 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 31 July 2017.

\*Prior year comparative figure has been restated to present German AKG Fee as part of Administration fee.

# LIONTRUST MACRO EQUITY INCOME FUND

## Notes to the Financial Statements

### 7. Taxation

	01/08/17 to 31/07/18 £'000	01/08/16 to 31/07/17 £'000
<b>(i) Analysis of charge for the year:</b>		
Irrecoverable overseas tax	279	383
<b>(ii) Factors affecting current tax charge for the year:</b>		
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	11,090	14,323
Corporation tax at 20%	2,218	2,865
Effects of:		
UK dividends*	(2,124)	(2,774)
Other non-taxable income*	(551)	(699)
Movement in excess management expenses	439	604
Irrecoverable overseas tax	279	383
Expenses not deductible for tax purposes	18	4
	(1,939)	(2,482)
<b>Total tax charge for the year (see note 7(i))</b>	<b>279</b>	<b>383</b>

\* 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 £6,896,677 (31/07/17: £6,457,666) 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.

# LIONTRUST MACRO EQUITY INCOME FUND

## Notes to the Financial Statements

### 8. Distributions

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

	01/08/17 to 31/07/18 £'000	01/08/16 to 31/07/17 £'000
Quarter 1	4,579	5,096
Interim	1,554	2,500
Quarter 3	3,949	4,592
Final	1,630	3,582
Amounts deducted on cancellation of units	1,592	1,732
Amounts received on issue of units	(130)	(157)
<b>Net distribution for the year</b>	<b>13,174</b>	<b>17,345</b>
<b>Reconciliation of net revenue after taxation to:</b>		
Net revenue after taxation	10,811	13,940
Fees paid from capital	2,374	3,507
Add: Income brought forward from previous year	10	2
Less: Tax relief on management charges taken to capital	(18)	(94)
Less: Income carried forward	(3)	(10)
Net distribution for the year	<b>13,174</b>	<b>17,345</b>

Details of the distribution per unit are set out in the table on pages 39 to 40.

### 9. Debtors

	31/07/18 £'000	31/07/17 £'000
Accrued revenue	721	1,736
Amounts receivable on creation of units	43	23
	<b>764</b>	<b>1,759</b>

### 10. Other creditors

	31/07/18 £'000	31/07/17 £'000
Accrued expenses	218	318
Purchases awaiting settlement	227	28
Amounts payable on cancellation of units	1,173	393
	<b>1,618</b>	<b>739</b>

### 11. Capital commitments and contingent liabilities

On 31 July 2018, the Fund had no capital commitments (31/07/17: £nil) and no contingent liabilities (31/07/17: £nil).

# LIONTRUST MACRO EQUITY INCOME FUND

## Notes to the Financial Statements

### 12. Securities on loan

The aggregate value of securities on loan at 31 July 2018 is £2,097,248 (31/07/17: £5,237,124). 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 31 July 2018 is £2,231,685 (31/07/17: £5,607,687). This collateral is listed in the collateral held table below.

The gross earnings and fees paid for the year are £62,716 (31/07/17: £23,513) and £20,069 (31/07/17: £7,953).

	31/07/18	31/07/17
	£'000	£'000
<b>Counterparties</b>		
BNP Paribas Arbitrage	1,208	1,777
Credit Suisse (Dublin Branch)	582	-
Merrill Lynch	170	1,431
HSBC Bank	101	1,073
UBS	-	899
Deutsche Bank	-	57
Societe Generale	30	-
Citigroup Global Markets (UK)	6	-
<b>Total securities on loan</b>	2,097	5,237
	31/07/18	31/07/17
	£'000	£'000
<b>Collateral held</b>		
Bonds	1,099	165
Equities	1,044	3,930
Cash	89	1,513
<b>Total collateral held</b>	2,232	5,608

### 13. 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 Fund received interest during the year as disclosed in note 5 on page 32 of which £1,188 was outstanding at 31 July 2018 (31/07/17: £993).

The charges made by the Manager during the year are disclosed in note 6 on page 33. At 31 July 2018, £113,502 was due to the Manager (31/07/17: £225,250). This amount is included under 'Accrued expenses' in note 10.

During the year the Manager received creation monies of £20,463,349 (31/07/17: £31,754,348) and paid cancellation monies of £190,840,621 (31/07/17: £283,988,785). At 31 July 2018, there were creation monies due from the Manager of £43,749 (31/07/17: £22,757). There were cancellation monies due to the Manager of £190,840,621 at 31 July 2018 (31/07/17: £393,516).

### 14. Risk disclosures

The policies applied in the management of financial instruments are set out in note 2 on pages 30 to 31.

#### Interest rate risk

The Fund receives revenue from holdings in equities. The cashflow 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.

The Fund's net cash holding of £96,909 (31/07/17: overdraft £(703,396)) whose rates are determined by reference to rates supplied by the Trustee.

# LIONTRUST MACRO EQUITY INCOME FUND

## Notes to the Financial Statements

### Foreign currency risk

The Portfolio Statement on pages 22 to 23 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
	31/07/18	31/07/17
	Total	Total
	£'000	£'000
Euro	5,771	-
US dollar	13,343	49,902
	<u>19,114</u>	<u>49,902</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 31 July 2018, had currency rates strengthened by 1% the resulting change in the Net Asset Value would have been an increase of 0.132%.

### 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 MACRO EQUITY INCOME FUND

## Notes to the Financial Statements

### 15. Purchases, sales and transaction costs

	Purchases		Sales	
	01/08/17 to 31/07/18 £'000	01/08/16 to 31/07/17 £'000	01/08/17 to 31/07/18 £'000	01/08/16 to 31/07/17 £'000
Equities	84,598	117,475	253,335	366,465
<b>Commissions</b>				
Equities	48	91	(129)	(312)
<b>Taxes</b>				
Equities	337	534	(1)	(2)
Total transaction costs	385	625	(130)	(314)
<b>Total net trades including transaction costs</b>	<b>84,983</b>	<b>118,100</b>	<b>253,205</b>	<b>366,151</b>

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

	Purchases		Sales	
	01/08/17 to 31/07/18 %	01/08/16 to 31/07/17 %	01/08/17 to 31/07/18 %	01/08/16 to 31/07/17 %
<b>Commissions</b>				
Equities	0.06	0.08	0.05	0.09
<b>Taxes</b>				
Equities	0.40	0.45	-	-

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

	01/08/17 to 31/07/18 %	01/08/16 to 31/07/17 %
Commissions	0.07	0.11
Taxes	0.13	0.14
Total costs	0.20	0.25

### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.16% (31/07/17: 0.18%).

### 16. Post balance sheet events

There are no post balance sheet events which have a bearing on the interpretation of the financial statements (31/07/17: none).

### 17. Fair value

Valuation technique	31/07/18		31/07/17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	147,045	-	324,350	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	147,045	-	324,350	-

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 MACRO EQUITY INCOME FUND

## Distribution Tables

for the year ended 31 July 2018:

- Group 1: First interim units purchased prior to 1 August 2017  
 Second interim units purchased prior to 1 November 2017  
 Third interim units purchased prior to 1 February 2018  
 Final units purchased prior to 1 May 2018
- Group 2: First interim units purchased between 1 August 2017 and 31 October 2017  
 Second interim units purchased between 1 November 2017 and 31 January 2018  
 Third interim units purchased between 1 February 2018 and 30 April 2018  
 Final units purchased between 1 May 2018 and 31 July 2018

		<b>Net revenue</b>	<b>Equalisation</b>	<b>Distributions paid/payable 30/09/18</b>	<b>Distributions paid 30/09/17</b>
<b>Advised Accumulation</b>		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	First interim	5.58	-	5.58	4.54
	Second interim	1.94	-	1.94	2.28
	Third interim	6.68	-	6.68	4.69
	Final	3.95	-	3.95	3.86
Group 2	First interim	2.32	3.26	5.58	4.54
	Second interim	0.28	1.66	1.94	2.28
	Third interim	4.37	2.31	6.68	4.69
	Final	1.30	2.65	3.95	3.86

		<b>Net revenue</b>	<b>Equalisation</b>	<b>Distributions paid/payable 30/09/18</b>	<b>Distributions paid 30/09/17</b>
<b>Advised Income</b>		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	First interim	3.24	-	3.24	2.76
	Second interim	1.11	-	1.11	1.37
	Third interim	3.80	-	3.80	2.79
	Final	2.20	-	2.20	2.27
Group 2	First interim	3.24	-	3.24	2.76
	Second interim	1.11	-	1.11	1.37
	Third interim	3.80	-	3.80	2.79
	Final	2.20	-	2.20	2.27

		<b>Net revenue</b>	<b>Equalisation</b>	<b>Distributions paid/payable 30/09/18</b>	<b>Distributions paid 30/09/17</b>
<b>Institutional Accumulation</b>		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	First interim	5.64	-	5.64	4.59
	Second interim	1.97	-	1.97	2.30
	Third interim	6.78	-	6.78	4.75
	Final	4.01	-	4.01	3.92
Group 2	First interim	2.44	3.20	5.64	4.59
	Second interim	0.53	1.44	1.97	2.30
	Third interim	4.73	2.05	6.78	4.75
	Final	0.82	3.19	4.01	3.92



# LIONTRUST MACRO EQUITY INCOME FUND

## Distribution Tables

for the year ended 31 July 2018:

		<b>Net revenue</b>	<b>Equalisation</b>	<b>Distributions paid/payable 30/09/18</b>	<b>Distributions paid 30/09/17</b>
		Pence per unit	Pence per unit	Pence per unit	Pence per unit
<b>Institutional Income</b>					
Group 1	First interim	3.26	-	3.26	2.75
	Second interim	1.12	-	1.12	1.39
	Third interim	3.83	-	3.83	2.81
	Final	2.23	-	2.23	2.28
Group 2	First interim	1.12	2.14	3.26	2.75
	Second interim	0.42	0.70	1.12	1.39
	Third interim	2.43	1.40	3.83	2.81
	Final	0.77	1.46	2.23	2.28
<b>Retail Accumulation</b>					
		<b>Net revenue</b>	<b>Equalisation</b>	<b>Distributions paid/payable 30/09/18</b>	<b>Distributions paid 30/09/17</b>
		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	First interim	5.45	-	5.45	4.46
	Second interim	1.89	-	1.89	2.23
	Third interim	6.51	-	6.51	4.59
	Final	3.84	-	3.84	3.78
Group 2	First interim	2.55	2.90	5.45	4.46
	Second interim	0.70	1.19	1.89	2.23
	Third interim	4.09	2.42	6.51	4.59
	Final	1.01	2.83	3.84	3.78
<b>Retail Income</b>					
		<b>Net revenue</b>	<b>Equalisation</b>	<b>Distributions paid/payable 30/09/18</b>	<b>Distributions paid 30/09/17</b>
		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1	First interim	3.12	-	3.12	2.66
	Second interim	1.07	-	1.07	1.33
	Third interim	3.64	-	3.64	2.69
	Final	2.12	-	2.12	2.19
Group 2	First interim	0.76	2.36	3.12	2.66
	Second interim	0.25	0.82	1.07	1.33
	Third interim	1.84	1.80	3.64	2.69
	Final	0.72	1.40	2.12	2.19

# LIONTRUST MACRO EQUITY INCOME FUND

## Additional Information

**Trust Deed:** Liontrust Macro Equity Income Fund is a unit trust authorised by the Financial Conduct Authority with effect from 17 October 2003. The first issue of units was on 30 October 2003.

**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](http://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 £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.

<b>Initial Charge*</b>	<b>%</b>	<b>Ongoing charges figure**</b>	<b>%</b>	<b>Included within the OCF is the Annual Management Charge***</b>	<b>%</b>
Advised class	2.00	Advised class	1.11	Advised class	1.00
Institutional class	nil	Institutional class	0.86	Institutional class	0.75
Retail class	5.00	Retail class	1.61	Retail class	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.

<b>Yield</b>	<b>%</b>	<b>%</b>
Advised Accumulation	4.51	Advised Income 4.72
Institutional Accumulation	4.50	Institutional Income 4.71
Retail Accumulation	4.52	Retail Income 4.73

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](http://www.liontrust.co.uk), other industry websites such as [www.trustnet.com](http://www.trustnet.com), and the website of the Investment Association (the industry trade body), [www.investmentassociation.org](http://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 £11,700 of net gains on disposals in the 2018-2019 tax year are exempt from tax (2017-2018: £11,300).

# LIONTRUST MACRO EQUITY INCOME FUND

## Additional Information

**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.

**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 <sup>1</sup>	41	7,966
of which		
Fixed remuneration		3,915
Variable remuneration		4,051
UCITS Aggregate Remuneration Code Staff <sup>2</sup>	6	2,735
of which		
Senior Management	2	1,901
Other control functions:		
Other code staff/risk takers	4	834

<sup>1</sup> 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.

<sup>2</sup> 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.

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.

# LIONTRUST MACRO EQUITY INCOME FUND

## Additional Information

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.