




LIONTRUST UK MICRO CAP FUND

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



Managed by Anthony Cross, Julian Fosh,
Victoria Stevens and Matthew Tonge in accordance with
The Liontrust Economic Advantage

LIONTRUST FUND PARTNERS LLP

LIONTRUST UK MICRO CAP FUND

Directory

Authorised Fund Manager ("Manager")

Liontrust Fund Partners LLP
2 Savoy Court
London
WC2R 0EZ

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

Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Liontrust Investment Partners LLP
2 Savoy Court
London
WC2R 0EZ

Authorised and regulated by the Financial Conduct Authority.

Trustee

State Street Trustees Limited
20 Churchill Place
London
E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

Registrar

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

Authorised and regulated by the Financial Conduct Authority.

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

Independent Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

LIONTRUST UK MICRO CAP FUND

Investment Profile

The Fund has been managed since launch in March 2016 by Anthony Cross, Julian Fosh, Victoria Stevens and Matt Tonge and seeks to invest in profitable, UK headquartered companies with high managerial ownership and a market capitalisation of under £150 million. The fund managers use the Economic Advantage investment process to try to identify companies with a durable competitive advantage, allowing them to defy industry competition and sustain a higher than average level of profitability for longer than expected.

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

LIONTRUST UK MICRO CAP FUND

MANAGER'S INVESTMENT REPORT

Investment Objective and Policy

The investment objective of the Liontrust UK Micro Cap Fund is to provide long-term capital growth by investing primarily in small UK companies.

To achieve this aim, the Fund will invest primarily in a portfolio of UK domiciled small companies. The majority of the Fund will be invested in UK domiciled companies with a market capitalisation of less than £150m. Companies within the Fund that grow above a market capitalisation of £250m will be held until suitable replacement investments are found or until such time as the Manager deems it to be in Unitholders' interest to dispose of them. The Fund may also hold larger companies, or invest in other transferable securities, money market instruments, warrants, cash and near cash and deposits. The Fund may also invest up to 10% of its property in units or shares in collective investment schemes. The Fund is permitted to use derivatives for the purposes of efficient portfolio management. The Fund is also permitted to use derivatives for investment purposes, however the Fund will only do so on providing investors with 60 days' notice.

Liontrust Asset Management PLC

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

The company launched in 1995 and was listed on the London Stock Exchange in 1999.

- We are an independent business with no corporate parent, our head office is on the Strand in London and we have offices in Luxembourg and Edinburgh.
- We believe in the benefits of active fund management over the long term and all our fund managers are truly active.
- We focus only on those areas of investment in which we have particular expertise. We have eight fund management teams: five that invest in UK, European, Asian and Global equities, a Global Fixed Income team, a Sustainable Investment team and one team that manages Multi-Asset portfolios.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.
- Our fund managers have the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management company.
- Each fund management team applies distinct and rigorous investment processes to the management of funds and portfolios that ensure the way we manage money is predictable and repeatable.
- Staying true to their documented investment processes helps to create an in-built risk control for our fund managers, especially in more challenging environments, by preventing them from buying stocks for the wrong reasons.
- We aim to treat investors, clients, members, employees, suppliers and other stakeholders fairly and with respect. We are committed to the Principles of Treating Customers Fairly (TCF) and they are central to how we conduct business across all our functions.

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

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MANAGER'S INVESTMENT REPORT

Performance of the Fund

In the year to 30th April 2018, an investment in the fund returned 16.3% (primary class). The Fund does not have a formal benchmark, but for reference, the FTSE Small Cap ex-Investment Trusts Index returned 6.1%, the FTSE AIM All-Share Index returned 10.7% and the average return of funds in the IA UK Smaller Companies sector was 14.1%.

Since the Fund's launch on 9th March 2016, an investment in the Fund rose by 47.9% (institutional accumulation class). The Fund does not have a formal benchmark, but for reference, the FTSE Small Cap ex-Investment Trusts Index returned 32.9%, the FTSE AIM All-Share Index returned 55.3% and the average return of funds in the IA UK Smaller Companies sector was 46.5%.

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

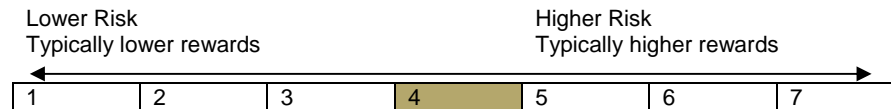
Past performance is not a guide to future performance. The value of investments and the income from them can fall as well as rise.

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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).



- The Synthetic Risk and Reward Indicator (SRRI) is based on historical data and may not be relied upon to gauge the future risk profile of the Fund.
- The SRRI shown is not guaranteed to remain the same and may shift over time.
- The lowest category (1) does not mean 'risk free'.
- The Fund's risk and reward category has been calculated using the methodology set by the European Commission. It is based upon the rate by which the Fund or a representative fund or Index's value has moved up and down in the past.
- The Fund is categorised 4 primarily for its exposure to small UK companies.
- The SRRI may not fully take into account the following risks:
 - That a company may fail thus reducing its value within the Fund;
 - Any company which has high overseas earnings may carry a higher currency risk.
- As the Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time. In addition the spread between the price you buy and sell units will reflect the less liquid nature of the underlying holdings.
- The Fund may invest in companies listed on the Alternative Investment Market (AIM) which is primarily for emerging or smaller companies. The rules are less demanding than those of the official List of the London Stock Exchange and therefore companies listed on AIM may carry a greater risk than a company with a full listing.
- The Fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.

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The Market

In the 12 months to 30 April 2018, the FTSE Small Cap ex-Investment Trusts Index returned 6.1% and the FTSE AIM All-Share returned 10.7%.

UK elections proved only a brief distraction for markets, which again looked to central banks to drive the macro narrative. The US Federal Reserve (Fed) raised interest rates in June and December 2017 and again in March 2018 as the US economy continued to strengthen. In the UK, the Bank of England raised interest rates for the first time in a decade in November 2017, reversing the 25 basis point cut seen in the immediate aftermath of the Brexit vote. However, expectations of a second UK rate increase in the first half of 2018 receded following soft inflation and GDP data.

At the start of 2018, there was a sell-off in global stock markets, as US wage data stoked inflationary expectations and saw investors further reprice assets for a world of rising interest rates. Investors also digested intensifying tensions between the US and China, with the pair trading targeted import tariffs. However, April saw hope that the confrontational rhetoric may give way to a more pragmatic solution and brought about a rebound for equities.

The Fund

In the 12 months to 30 April 2018, the Liontrust UK Micro Cap Fund returned 16.3% (institutional accumulation class), ahead of the FTSE Small Cap ex-Investment Trusts and the FTSE AIM All-Share indices as well as the 14.1% average return in the IA UK smaller companies sector.

The Fund's outperformance was largely down to strong individual stock performances, particularly during the market sell-off at the turn of the year. In the first four months of 2018 the Fund returned 7.4% compared to the FTSE Small Cap ex-Investment Trusts Index return of 0.1%.

Among individual stock movers, the biggest positive contributors to the Fund over the period included K3 Capital Group (+184%), GRC International Group (+120%), Focusrite (+111%), Bioquell (+97.4%) and Cromia Security Solutions (+33.7%).

- K3 Capital Group's share price nearly tripled in the review period following a string of robust trading updates by the private company mergers and acquisitions specialist. Stellar full-year results in September 2017 and interim results in January 2018 showed consistent growth in earnings and included bullish statements about its key performance indicators. In March 2018, K3 released a trading update lifting its guidance for the year to 31 May 2018 helped by a significant private equity transaction completed by its corporate finance division.

- GRC International, which was admitted to AIM on 5 March 2018, made an exceptionally strong debut on the market. GRC provides training and consultancy services which help customers meet IT governance, risk management and compliance requirements. Demand for these services has been boosted by companies seeking to comply with the EU's General Data Protection Regulation (GDPR) rules, which came into force at the end of May 2018.

- Audio software and hardware company Focusrite saw its shares spike after stating that revenue for the six months to 28 February 2018 would be over £38m, compared with £32m a year earlier. The company cited particularly strong sales of Scarlett and Launchpad ranges over the Christmas period. It commented that revenue and cash flow continued to grow at the start of the second half of the financial year though, as expected, at a slower rate than the first half.

- In late July 2017, Bioquell released interim results showing 19% growth in revenues to £14.3m. Stripping out declining sales from its non-core Defence business, growth from its Bio-decontamination products and services was 27%. In a trading statement later in the year it stated that full-year revenue was set to be higher than previous expectations, a claim which the company delivered on with a 10% year-on-year improvement to £28.5m.

- Cromia Security Solutions Group's latest leg higher came after it revealed that pre-tax profit in the six months to end December 2017 rose almost fivefold, driven by increased security demand from both the private and public sector. The company indicated that the strong first half of its financial year meant it was on track to deliver a record performance over the full year.

The biggest detractors from the Fund were IDE Group (-52.4%), Animalcare Group (-50.8%), Quarto Group (-47.8%), Medica Group (-46.4%) and Empresaria Group (-43.8%).

- IDE Group shares fell due to persistent disappointments in trading while poor cash flow called into question the robustness of the company's balance sheet. To address these cash flow issues, the cloud and IT managed services

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provider announced a major cost reduction programme before announcing the surprise resignation of CEO Andy Ross.

- Shares in Animalcare Group peaked in March 2017 but have drifted since the £134m reverse takeover of Belgian Animal Pharmaceutical business Ecuphar during the summer of 2017. The veterinary services company fell sharply in April 2018 following a trading statement which warned that 2018 earnings will be below market expectations due to "a changing sales mix and competitive pressures" squeezing gross margins. Investors paid little heed to management's indication that synergies and cross-selling from recent acquisitions should boost profit margins from 2019 onwards.

- Illustrated book publishing company Quarto Group disappointed the market after warning that its guidance for 2017 and beyond had been set too high. Additionally, its interim results showed a lower than expected publishing performance with group revenue declining 13% year-on-year and a loss of US\$8.7m compared to a loss of US\$1.6m in the same period last year. The Fund was in the process of selling its shares due to management ownership falling below 3%, although unfortunately had not managed to fully exit the position prior to the warning.

- Medica Group's shares weakened after a January trading update flagged some capacity constraints and Q4 demand which was "modestly below expectations". It later reported 18% growth in 2017 revenue to £33.7m. This was driven by 24% and 19% increases for its 'NightHawk' and 'Routine Cross Sectional' services respectively, reflecting both new client wins and an increase in volumes of CT and MRI scans at existing customers. The company noted a strong start to 2018 for sales and recruitment of radiologists, with the total now standing at 318.

- Recruiter Empresaria Group issued a profit warning in November 2017. This was a consequence of squeezed margins in its German business, which it expected to impact profit through 2018 as well. In addition to this, weakness in Middle Eastern markets resulted in higher costs.

Portfolio Activity

During the 12 month period, a number of stocks exited the Fund. Many of these were due to the Fund's rule of making a managed exit from a stock with a market cap above £250m. To stay true to its roots as a dedicated micro cap investment vehicle, the managers only consider companies with market capitalisations of under £150m for inclusion in the Fund and will look to exit holdings when they exceed £250m. Next Fifteen Communication was the first such stock. Its share price appreciation, over 90% since initial purchase, mirrored its impressive growth in revenue and earnings; in the 12 months to 31 January 2017, the company achieved over 50% annual growth in profit before tax.

Market research and data analytics group YouGov followed in the footsteps of Next Fifteen. Its share price rose over 100% following a string of upbeat statements during 2016, as robust underlying trends were boosted by a positive currency translation effect following the fall in the pound in the wake of the Brexit vote. Interim results in March 2017 beat market expectations with revenue up 24% and adjusted pre-tax profit rising 33%.

Trifast and Learning Technologies Group also grew to exceed a £250m market capitalisation. Trifast was boosted following interim results which showed solid growth in both revenue and pre-tax profit, driven largely by a strong organic performance. Learning Technologies Group released interim results in September 2017 which showed revenue growth of 68%.

In addition to the above, 1Spatial and Quarto Group were sold as a result of board ownership falling below the EA process's 3% requirement. The team believes that equity ownership aligns the interests of employees with outside shareholders and creates a more conservative attitude towards acquisitions and gearing.

Hayward Tyler Group exited the Fund after Avingtrans - another Fund holding - acquired it via a reverse takeover. Meanwhile, Sepura was bought by Hytera Communications for 20p/share as the company found itself in a distressed position having experienced contract delays which threatened its funding position.

Newmark Security, a provider of access control and workforce management systems, was initially added to the Fund in May 2016 soon after launch. Unfortunately, the company began to experience trading issues, issuing three profit warnings between July 2016 and January 2017, as all three divisions experienced difficulties in their end markets. Repeated profit warnings are one of the main signs that a business is struggling to translate its perceived intellectual capital advantage into real life results, so with little in the way of positive outlook in the 2017 final results the decision was taken to exit the position.

The Fund also sold out of Ergomed as analysis of its cash flow return on invested capital raised question marks over the company's ability to convert its theoretical Economic Advantage into a practical 'financial advantage'.

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A number of new stocks were added to the Fund during the year. Three of these were added via IPOs: Simplybiz, Sumo Group and Tatton Asset Management.

Sumo Group provides a range of services to video game publishers and developers, ranging from visual concept design and pre-production through to marketing and post-release support. As one of the few independent studios in the UK with the scale to provide full turnkey development of a game, it often becomes embedded within successful franchises, becoming 'spiritual owners' of the publisher's intellectual property.

Tatton Asset Management offers regulatory compliance and business consulting services, as well as a whole-of-market mortgage provision to directly authorised financial advisers across the UK. With revenue generated predominantly from subscription and annual fees, the business has high contracted recurring revenue while management still holds a considerable amount of stock. Much of its growth is being driven by its on-platform only discretionary management arm.

Simplybiz Group provides a range of support services to a network of financial intermediaries numbering over 10,000 with around £50bn in assets under management.

Other positions that were added include Cerillion, Inspired Energy, Pennant International Group, Surgical Innovations, Lighthouse Group, EKF Diagnostics and World Careers Network.

Cerillion is a provider of business and operational support systems primarily to the telecoms industry, via its flagship product *Cerillion Enterprise*. Economic Advantage assets include intellectual property within the software and a strong distribution network given the business-critical nature of its product; it currently powers billing for 80 telecoms companies in over 40 countries, generating a large amount of ongoing support and maintenance work.

Inspired Energy is a consultancy firm which specialises in energy procurement and management for industrial and commercial clients. In order to provide its energy procurement services, the company has developed an excellent distribution network with its customers, while it also has a good level of recurring income due to long contract cycles; both attributes are core Economic Advantage strengths.

Pennant International Group, headquartered in Gloucestershire, provides equipment to the defence industry. Its main products are highly realistic simulators of pieces of capital equipment (such as tanks) which military colleges and departments of defence use in training programs. Pennant possesses skills in hardware and software engineering, has requisite security clearance to be allowed to see the blueprints of the systems it emulates, and once installed these systems can generate service revenues for many years. It's rich in intellectual property, has very strong customer relationships and operates in an industry with high barriers to entry.

Surgical Innovations specialises in designing, developing and manufacturing devices for use in minimally invasive abdominal surgery. It possesses strong intellectual property as several of its products are patent protected and furthermore have regulatory approval to be used in surgery. In addition most of its revenue currently comes from sales of consumables, meaning high repeat if not contracted recurring income.

Lighthouse Group partners with 'affinity groups', such as trade unions, becoming the preferred provider of financial advice to their members. It possesses Economic Advantage through its distribution network. EKF Diagnostics provides 'point of care' diagnostics such as blood analysers and consumables providing tests for conditions such as diabetes and anaemia. World Careers Network is a provider of SaaS (software-as-a-service) recruitment software, with a high level of recurring income.

Outlook

The UK economic outlook remains uncertain with the true impact of Brexit unlikely to be known for some time yet. During periods of market or economic uncertainty, the fund managers believe that it is more important than ever to focus on company fundamentals rather than macroeconomic noise. Successfully predicting macroeconomic events is exceptionally difficult and they adhere to an investment process where this kind of forecasting plays no role.

The Economic Advantage investment process is unashamedly bottom-up. This is not to say that investor sentiment will not have an impact, but over the long term the greatest influence on the type of companies we invest in will be their ability to successfully execute growth plans and compound profits. Looking ahead, the managers expect the economic and corporate landscape to continue to be disrupted by technology, and in this respect they will look to the investment process to both identify investment opportunities and provide barriers against competition.

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The Fund's focus on intangible Economic Advantage assets leads it to own companies which, in the team's view, have significant pricing power. In the current environment, pricing power could prove paramount.

Anthony Cross, Julian Fosh, Victoria Stevens & Matthew Tonge
Partners, Liontrust Fund Partners LLP

June 2018

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

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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 UK Micro Cap 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 UK MICRO CAP FUND

Trustee's Report

to the unitholders of the Liontrust UK Micro Cap Fund ("the Scheme")

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

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

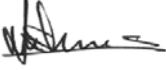
State Street Trustees Limited
20 Churchill Place
London E14 5HJ

7 August 2018

LIONTRUST UK MICRO CAP FUND

Certification of Financial Statements by Directors of the Manager

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



John Ions
Chief Executive



Antony Morrison
Partner, Head of Finance

Liontrust Fund Partners LLP

7 August 2018

Independent Auditors' Report to the Unitholders of Liontrust UK Micro Cap Fund

Report on the audit of the financial statements

Opinion

In our opinion, Liontrust UK Micro Cap Fund's financial statements:

- give a true and fair view of the financial position of the Trust as at 30 April 2018 and of the net revenue and the net capital gains on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes Sourcebook and the Trust Deed.

We have audited the financial statements, included within the Manager's Long Final Report and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 30 April 2018; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the distribution table; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

Manager's Report

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

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

As explained more fully in the Statement of the Manager's Responsibilities set out on page 10, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes Sourcebook

In our opinion we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes Sourcebook exception reporting

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
7 August 2018

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Comparative Table

as at 30 April 2018

	30/04/18 (p)	30/04/17 (p)
Institutional Accumulation		
Change in net assets per unit		
Opening net asset value per unit	127.40	100.00
Return before operating charges*	22.80	29.60
Operating charges	(2.19)	(2.20)
Return after operating charges*	20.61	27.40
Distributions on accumulation units	(0.17)	-
Retained distributions on accumulation units	0.17	-
Closing net asset value per unit	148.01	127.40
*after direct transaction costs of:	0.11	0.21
Performance		
Return after charges	16.18%	27.40%
Other information		
Closing net asset value (£'000)	26,020	18,437
Closing number of units	17,580,183	14,471,609
Operating charges	1.59%	1.79%
Direct transaction costs	0.08%	0.20%
Prices		
Highest offer (buying) unit price	153.98	131.92
Lowest bid (selling) unit price	127.23	94.98
Shareclass Institutional Accumulation was launched on 9 March 2016 and the first accounting period was extended to the year end 30 April 2017.		

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Portfolio Statement

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

	Holdings	Market Value £'000	Percentage of total net assets %
UNITED KINGDOM (91.42%*)		23,705	91.10
Basic Materials (1.70%*)		538	2.07
<i>James Cropper</i>	13,406	185	0.71
<i>Plastics Capital</i>	309,940	353	1.36
Consumer Goods (1.48%*)		692	2.66
<i>Focusrite</i>	79,419	362	1.39
<i>Sumo</i>	272,965	330	1.27
Consumer Services (8.98%*#)		1,199	4.61
<i>Cello Health</i>	451,622	542	2.08
<i>Jaywing</i>	815,046	171	0.66
<i>ULS Technology</i>	326,271	486	1.87
Financials (13.55%*#)		4,743	18.23
<i>Belvoir Lettings</i>	526,697	553	2.12
<i>Charles Stanley</i>	126,256	429	1.65
<i>Curtis Banks</i>	214,901	645	2.48
<i>Harwood Wealth Management</i>	320,059	464	1.78
<i>K3 Capital</i>	139,260	418	1.61
<i>Lighthouse</i>	2,102,064	429	1.65
<i>Mattioli Woods</i>	79,887	655	2.52
<i>Mortgage Advice Bureau</i>	87,050	541	2.08
<i>Orchard Funding</i>	252,412	240	0.92
<i>Tatton Asset Management</i>	170,656	369	1.42
Healthcare (8.55%*)		2,716	10.44
<i>Animalcare</i>	113,621	222	0.85
<i>Bioquell</i>	192,450	568	2.18
<i>Bioventix</i>	17,953	454	1.75
<i>EKF Diagnostics</i>	1,172,916	360	1.38
<i>Inspiration Healthcare</i>	786,247	428	1.65
<i>Medica</i>	258,475	306	1.18
<i>Surgical Innovations</i>	9,951,012	378	1.45
Industrials (22.50%*#)		4,459	17.14
<i>AB Dynamics</i>	21,254	202	0.78
<i>Avingtrans</i>	197,052	414	1.59
<i>Cohort</i>	81,359	281	1.08
<i>Croma Security Solutions</i>	274,363	310	1.19
<i>Empresaria</i>	134,140	107	0.41
<i>Inspired Energy</i>	1,844,924	332	1.28
<i>Judges Scientific</i>	16,592	425	1.64
<i>Marlowe</i>	101,468	396	1.52
<i>Murgitroyd</i>	83,401	484	1.86
<i>Science</i>	167,496	409	1.57
<i>Simplybiz</i>	232,651	367	1.41
<i>Solid State</i>	101,230	247	0.95
<i>Sprue Aegis</i>	144,085	157	0.60
<i>World Careers Network</i>	156,236	328	1.26

LIONTRUST UK MICRO CAP FUND

Portfolio Statement

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

	Holdings	Market Value £'000	Percentage of total net assets %
Technology (34.66%*#)		9,358	35.95
<i>Attract</i>	924,005	277	1.06
<i>Castleton Technology</i>	411,359	358	1.38
<i>Cerillion</i>	300,618	430	1.65
CML Microsystems	79,851	447	1.72
<i>Crimson Tide</i>	13,033,328	378	1.45
<i>D4t4 Solutions</i>	79,427	101	0.39
<i>dotdigital</i>	306,204	266	1.02
<i>GRC International</i>	246,021	443	1.70
<i>Ide</i>	766,487	107	0.41
<i>Ideagen</i>	412,002	445	1.71
<i>IMImobile</i>	243,522	677	2.60
<i>Instem</i>	152,104	468	1.80
<i>K3 Business Technology</i>	223,453	380	1.46
<i>Nasstar</i>	6,153,389	677	2.60
<i>Netcall</i>	827,363	480	1.84
<i>Oxford Metrix</i>	1,001,939	751	2.89
<i>Pennant International</i>	408,592	339	1.30
<i>PROACTIS</i>	208,170	225	0.86
<i>Quartix</i>	102,857	381	1.46
<i>Quixant</i>	62,881	258	0.99
<i>Sanderson</i>	511,940	476	1.83
<i>Sopheon</i>	2,018	17	0.07
<i>Tracsis</i>	71,618	423	1.63
<i>Vianet</i>	465,872	554	2.13
IRELAND (4.65%*)		1,223	4.70
Money Market Funds (4.65%*)		1,223	4.70
SSgA Cash Management Fund**		1,223	4.70
Portfolio of investments		24,928	95.80
Net other assets		1,092	4.20
Total net assets		26,020	100.00

All securities are approved securities traded on eligible securities markets, as defined by the Collective Investment Scheme sourcebook, except those stocks in italics which are listed on the Alternative Investment Market.

* Comparative figures shown in brackets relate to 30 April 2017.

** In order to maintain appropriate levels of interest received on any large cash balances held by the Fund, cash balances are reviewed on a daily basis and any excess cash is transferred into the SSgA Cash Management Fund. The units in the SSgA Cash Management Fund are readily transferable back into cash at any time as required for the operation of the Fund.

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

LIONTRUST UK MICRO CAP FUND

Statement of Total Return

for the year ended 30 April 2018

	Notes	01/05/17 to 30/04/18		09/03/16 to 30/04/17	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	4		3,061		3,365
Revenue	5	389		230	
Expenses	6	(358)		(265)	
Interest payable and similar charges		-		-	
Net revenue/(expenses) before taxation		31		(35)	
Taxation	7	(1)		(1)	
Net revenue/(expenses) after taxation			30		(36)
Total return before distribution			3,091		3,329
Distribution	8		(30)		-
Change in net assets attributable to unitholders from investment activities			3,061		3,329

Statement of Change in Net Assets Attributable to Unitholders

for the year ended 30 April 2018

	01/05/17 to 30/04/18		09/03/16 to 30/04/17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		18,437		-
Amounts receivable on issue of units	7,690		15,614	
Amounts payable on cancellation of units	(3,198)		(506)	
		4,492		15,108
Change in net assets attributable to unitholders from investment activities		3,061		3,329
Retained distributions on Accumulation units		30		-
Closing net assets attributable to unitholders		26,020		18,437

LIONTRUST UK MICRO CAP FUND

Balance Sheet

as at 30 April 2018

	Notes	30/04/2018 £'000	30/04/2017 £'000
Assets			
Investments		24,928	17,713
Current assets			
Debtors	9	182	266
Cash and bank balances	10	<u>1,335</u>	<u>561</u>
Total assets		<u>26,445</u>	<u>18,540</u>
Liabilities			
Other creditors	11	<u>425</u>	<u>103</u>
Total liabilities		<u>425</u>	<u>103</u>
Net assets attributable to unitholders		<u><u>26,020</u></u>	<u><u>18,437</u></u>

LIONTRUST UK MICRO CAP 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) Nominal interest on interest-bearing securities is recognised on an accruals basis.
- (vi) Stock dividends received in lieu of cash dividends are recognised as income of the Fund and form part of the distribution. Any enhancement above the cash dividend is treated as capital and is not distributable.

(c) Expenses

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

(d) Distribution

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

(e) Basis of valuation of investments

All investments have been valued at 12 midday, on 30 April 2018. Listed investments have been valued at bid-market value, net of any accrued income.

(f) Taxation

Provision is made for taxation at current rates on the excess of investment income over expenses, with relief taken for overseas taxation where appropriate.

(g) Deferred taxation

Deferred tax is provided for in respect of all timing differences that have originated but not reversed by the Balance Sheet date. Deferred tax is not recognised on permanent differences.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

(h) Foreign exchange

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

(i) Equalisation

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

LIONTRUST UK MICRO CAP FUND

Notes to the Financial Statements

2. Risk management policies

In accordance with the investment objectives and policies the Fund can hold certain financial instruments. These comprise:

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

* No derivatives were held in the current year.

In accordance with the requirements of the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Fund is not permitted to trade in other financial instruments. The Fund's use of financial instruments during the year satisfies these regulatory requirements.

The main risks arising from the Fund's financial instruments are market price risk, interest rate risk, foreign currency risk, liquidity risk and credit and counterparty risk. The Manager's policies for managing these risks are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate and during the prior year.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Manager reviews the portfolio in order to consider the asset allocation implications and to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the Fund's investment objective. An individual fund manager has responsibility for monitoring the existing portfolio, in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk reward profile.

The Fund is exposed to market price risk as the assets and liabilities of the Fund are listed on stock exchanges and their prices are subject to movements both up or down that would result in an appreciation or depreciation in the fair value of that asset. As at 30 April 2018, had the prices increased by 1% the resulting change in the value of the Net Asset Value would have been an increase of 0.96%.

Interest rate risk

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate linked to LIBOR.

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

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

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

Foreign currency risk

The Manager has identified three principle areas where foreign currency risk could impact the Fund;

- Movements in exchange rates affect the value of investments;
- Movements in exchange rates affect short-term timing differences; and,
- Movements in exchange rates affect the income received.

The Fund may be subject to short-term exposure to exchange rate movements, for instance where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. When the Fund enters into such a transaction which will involve the buying or selling of foreign currency in order to complete, a foreign exchange contract is entered into as soon as possible after the initial transaction in order to minimise exchange rate risk.

The Fund may receive income in currencies other than sterling and the sterling values of this income can be affected by movements in exchange rates. The Fund converts all receipts of income into sterling on or near the date of receipt; it does not, however, hedge or otherwise seek to avoid exchange rate risk on income accrued but not received.

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.

LIONTRUST UK MICRO CAP FUND

Notes to the Financial Statements

Liquidity risk

The Fund's assets mainly comprise securities that can be readily sold. The main liability of the Fund is the redemption of any units that investors wish to sell.

In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

Credit and counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities.

The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. This list is reviewed annually.

3. Unit classes

The Trust has one unit class in issue.

The total net asset value, net asset value per unit and number of units in issue for the class are given in the Comparative Table on page 15.

Reconciliation of the unit movement in the year:

	30/04/17	01/05/17 to 30/04/18		30/04/18
	Opening units in issue	Creations	Cancellations	Units converted Closing units in issue
Institutional Accumulation	14,471,609	5,474,408	(2,365,834)	- 17,580,183
Total	14,471,609	5,474,408	(2,365,834)	- 17,580,183

4. Net capital gains

	01/05/17 to 30/04/18 £'000	09/03/16 to 30/04/17 £'000
Non-derivative securities	3,064	3,371
Transaction charges	(3)	(6)
Net capital gains	3,061	3,365

5. Revenue

	01/05/17 to 30/04/18 £'000	09/03/16 to 30/04/17 £'000
Overseas non-taxable revenue	6	12
UK dividends	380	217
Distributions from Regulated Collective Investment Schemes:		
Offshore investment revenue*	3	-
Bank interest	-	1
	389	230

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

LIONTRUST UK MICRO CAP FUND

Notes to the Financial Statements

6. Expenses

	01/05/17 to 30/04/18 £'000	09/03/16 to 30/04/17 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	286	189
Registration fees	11	11
	<u>297</u>	<u>200</u>
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Safe custody fees	1	1
Trustee's fees	5	4
Wire charges	-	1
	<u>6</u>	<u>6</u>
Other expenses		
Administration fee	34	32
Audit fee	11	12
Printing fee	6	7
Other expenses	4	8
	<u>55</u>	<u>59</u>
Total expenses	<u>358</u>	<u>265</u>

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

LIONTRUST UK MICRO CAP FUND

Notes to the Financial Statements

7. Taxation

	01/05/17 to 30/04/18 £'000	09/03/16 to 30/04/17 £'000
(i) Analysis of charge for the year:		
Irrecoverable overseas tax	1	1
(ii) Factors affecting current tax charge for the year:		
The tax assessed for the year is lower (2017: higher) 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/(expenses) before taxation	31	(35)
Corporation tax at 20%	6	(7)
Effects of:		
UK dividends*	(76)	(43)
Other non-taxable income*	(1)	(2)
Movement in excess management expenses	71	52
Irrecoverable overseas tax	1	1
	(5)	8
Total tax charge for the year (see note 7(i))	1	1

* 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 £123,576 (30/04/17: £52,486) 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 period.

8. Distributions

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

	01/05/17 to 30/04/18 £'000	09/03/16 to 30/04/17 £'000
Final	30	-
Amounts deducted on cancellation of units	4	-
Amounts received on issue of units	(4)	-
Net distribution for the year	30	-
Reconciliation of net revenue after taxation to:		
Net revenue after taxation	30	-
Fees paid from capital	1	-
Less: Income carried forward	(1)	-
Net distribution for the year	30	-

Details of the distribution per unit are set out in the table on page 28.

LIONTRUST UK MICRO CAP FUND

Notes to the Financial Statements

9. Debtors

	30/04/18	30/04/17
	£'000	£'000
Accrued revenue	67	26
Sales awaiting settlement	-	4
Amounts receivable on creation of units	115	236
	<u>182</u>	<u>266</u>

10. Cash and bank balances

	30/04/18	30/04/17
	£'000	£'000
Cash at bank	1,335	561

11. Other creditors

	30/04/18	30/04/17
	£'000	£'000
Accrued expenses	68	57
Purchases awaiting settlement	357	46
	<u>425</u>	<u>103</u>

12. Capital commitments and contingent liabilities

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

13. Related parties

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

By virtue of the Regulations governing authorised unit trusts, the Manager is party to every transaction in respect of units of the Fund, which are summarised in the Statement of Change in Net Assets Attributable to Unitholders.

The charges made by the Manager during the year are disclosed in note 6 on page 23. At 30 April 2018, £26,169 was due to the Manager (30/04/17: £17,027). This amount is included under 'Accrued expenses' in note 11.

During the year the Manager received creation monies of £7,693,095 (30/04/17: £15,614,214) and paid cancellation monies of £3,201,237 (30/04/17: £505,973). At 30 April 2018, there were creation monies due from the Manager of £114,521 (30/04/17: £235,466). There were no cancellation monies due to the Manager at 30 April 2018 (30/04/17: £nil).

14. Risk disclosures

The policies applied in the management of financial instruments are set out in note 2 on page 21.

Interest rate risk

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

Foreign currency risk

The Fund's financial assets and liabilities are all denominated in sterling. As a result, the Fund does not have any exposure to currency movements.

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 UK MICRO CAP FUND

Notes to the Financial Statements

15. Purchases, sales and transaction costs

	Purchases		Sales	
	01/05/17 to 30/04/18 £'000	09/03/16 to 30/04/17 £'000	01/05/17 to 30/04/18 £'000	09/03/16 to 30/04/17 £'000
Equities	9,540	15,322	5,773	1,857
Commissions				
Equities	9	17	(6)	(3)
Taxes				
Equities	3	7	-	-
Total transaction costs	12	24	(6)	(3)
Total net trades including transaction costs	9,552	15,346	5,767	1,854

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

	Purchases		Sales	
	01/05/17 to 30/04/18 %	09/03/16 to 30/04/17 %	01/05/17 to 30/04/18 %	09/03/16 to 30/04/17 %
Commissions				
Equities	0.09	0.11	0.10	0.16
Taxes				
Equities	0.03	0.05	-	-

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

	01/05/17 to 30/04/18 %	09/03/16 to 30/04/17 %
Commissions	0.07	0.15
Taxes	0.01	0.05
Total costs	0.08	0.20

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 4.17% (30/04/17: 3.59%).

16. Post balance sheet events

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

LIONTRUST UK MICRO CAP FUND

Notes to the Financial Statements

17. Fair value

Valuation technique	30/04/18		30/04/17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	24,928	-	17,713	-
Level 2	-	-	-	-
Level 3	-	-	-	-
Total fair value	<u>24,928</u>	<u>-</u>	<u>17,713</u>	<u>-</u>

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 UK MICRO CAP FUND

Distribution Table

for the year ended 30 April 2018:

Group 1: Units purchased prior to 1 May 2017

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

		Net revenue	Equalisation	Distributions payable 30/06/18	Distributions paid 30/06/17
Institutional Accumulation		Pence per unit	Pence per unit	Pence per unit	Pence per unit
Group 1:	Final	0.17	-	0.17	-
Group 2:	Final	0.10	0.07	0.17	-

LIONTRUST UK MICRO CAP FUND

Additional Information

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 9 March 2016.

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

Unit type: The Fund issues accumulation units only.

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

Dealing in all unit trusts operated by Liontrust Fund Partners LLP may be carried out between 09.00 and 17.00 hours on any business day. Professional investors and advisers may buy and sell units over the telephone; private investors are required to instruct the Manager in writing for initial purchases, but can deal over the telephone thereafter. Prices are quoted on a 'forward' basis. This means that all deals are based on a price that is calculated at the next valuation point (which is 12.00 hours on each business day) following receipt of instructions. Instructions received before 12.00 hours will be priced at 12.00 hours that day, whilst those deals taken later in the day will receive the next dealing price which is fixed at 12.00 hours on the following business day.

In the case of large deals of £15,000 and over, the Manager has the discretion to quote a special price within limits laid down under the Regulations.

The minimum initial lump sum investment in the Fund is £1,000, the minimum additional investment is £1,000 and the amount you may sell back to the Manager at any one time is £500, providing you maintain a balance of £2,500. At its absolute discretion, the Manager may accept a lower minimum amount for the purchase and sale of units.

A contract note in respect of any purchase will be issued the day following the dealing date. Unit certificates will not be issued. Instructions to sell your units may be required to be given by telephone and then confirmed in writing to Liontrust Customer Services Team, PO Box 11061, Chelmsford CM99 2YA. A contract note confirming the instruction to sell will be issued the day following the dealing day. Following receipt of a correctly completed Form of Renunciation, a cheque in settlement will be sent directly to you or your bank/building society, if proof of ownership of the account has been received by us, in four business days. Liontrust does not make or accept payments to or from third parties unauthorised by the Financial Conduct Authority.

Management charges, spreads and yields: The initial charge and annual management fees per unit class are detailed below. The difference between the bid and the offer prices is currently 6% which includes the initial charge.

Initial Charge*	%	Ongoing charges figure**	%	Included within the OCF is the Annual Management Charge***	%
Institutional Accumulation	nil	Institutional Accumulation	1.59	Institutional Accumulation	1.25

*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 Manager reserves the right to introduce a preliminary charge of up to 2% on the UK Micro Cap fund, currently the preliminary charge is 0%.

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

Yield	%
Institutional Accumulation	0.00

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

Commission: Commission is payable to authorised intermediaries on purchases of units in the Fund at a rate of up to 3%. A discount is available when switching between Liontrust's range of unit trusts.

Publication of prices: The price of units in the Fund is quoted on our website, www.liontrust.co.uk, other industry websites such as www.trustnet.com, and the website of the Investment Association (the industry trade body), www.investmentassociation.org. Daily and historic Fund prices are available from our Dealing and Administration team on 0330 123 3822.

LIONTRUST UK MICRO CAP FUND

Additional Information

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

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

UK resident individuals who are not liable to tax are not able to reclaim the tax credits from the HM Revenue and Customs. In the case of UK resident individuals who are liable to starting or basic rate tax only, the tax credit will match his or her liability on the distribution and there will be no further tax to pay and no right to claim repayments from the HM Revenue and Customs. In the case of a higher rate tax payer, the tax credit will be set against, but not fully match, his or her tax liability on the distribution. Such people will have an additional tax liability to pay.

Corporate Unitholders: Ordinary dividends distributed by the Fund to corporate unitholders will be treated as part-franked investment income and part unfranked investment income, in the corporate unitholders' hands. The precise split will be calculated by the Manager and will be detailed on the distribution vouchers accompanying the distribution.

For unitholders chargeable to UK corporation tax, income allocations representing the UK dividends received by the Fund will not be subject to corporation tax in the unitholders' hands. Income allocations representing other types of income received by the Fund will be taxable as if they were annual payments received after the deduction of tax at the rate of 20 per cent of the gross distribution.

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

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

	Headcount	Total Remuneration £000
Manager UK Staff ¹	41	7,967
of which		
Fixed remuneration	41	3,915
Variable remuneration	41	4,052
UCITS Aggregate Remuneration Code Staff ²	8	2,872
of which		
Senior Management	2	1,901
Other control functions:		
Other code staff/risk takers	6	971

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

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

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

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

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

LIONTRUST UK MICRO CAP FUND

Additional Information

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

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

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

Important information: It is important to remember that the price of units, and the income from them, can fall as well as rise and is not guaranteed and that investors may not get back the amount originally invested. Past performance is not a guide to future performance. The issue of units may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard unit trust investment as long term.



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