

Embargoed until 7am on 7 April 2016

Stock Exchange Announcement
LIONTRUST ASSET MANAGEMENT PLC
Liontrust agrees to buy the European Income fund management business of
Argonaut Capital Partners LLP

Introduction

Liontrust Asset Management Plc (“Liontrust” or the “Company”), the specialist independent fund management group, today announces that the Company (together with its indirect subsidiaries, Liontrust Investment Partners LLP and Liontrust Fund Partners LLP (together the “Liontrust Purchasers”)) has entered into a conditional agreement to purchase (the “Acquisition”) the European income fund management business (the “European Income Business”) of Argonaut Capital Partners LLP (“Argonaut”). The European Income Business includes the right to manage the FP Argonaut European Income Fund and the FP Argonaut European Enhanced Income Fund (the “Funds”). Olly Russ, the investment manager of the Funds, will join Liontrust as Head of European Income on completion of the Acquisition (“Completion”).

Highlights of the Acquisition include:

- Highly complementary acquisition enhancing Liontrust’s fund management capability and expanding our equity income offering at a time of growing demand through increased longevity and pension freedoms.
- The European Income Business provides Liontrust with a fast growing asset class, a distinct approach to investing in equity income in Continental Europe and an experienced and highly respected fund manager, Olly Russ.
- The Acquisition is expected to increase Liontrust’s assets under management by approximately £298 million.

Information on European Income Business

The European Income Business’s AuM as at close of business on 1 April 2016 (being the latest practicable date prior to the date of this announcement) was £298 million, broken down as follows:

	<u>UK Retail</u>
	(£m)
European Income	168
Enhanced European Income	130
Total	298

Source: Argonaut.

At Completion, the Liontrust Purchasers will acquire the right to manage the assets currently managed by the European Income Business

The Funds’ historic performance is as follows:

	% Return/ Quartile ranking – Since Launch	% Return/ Quartile ranking - 5 year	% Return/ Quartile ranking - 3 year	% Return/ Quartile ranking - 1 year	Launch Date
European Income	77.2% / 3	30.2% / 3	23.1% / 2	(1.1%) / 2	15/12/2005
European Enhanced Income	48.8% / 2	40.0% / 2	30.4% / 1	(6.9%) / 4	30/04/2010

Source: Financial Express, to 31 March 2016 unless otherwise stated. The above funds are all UK authorised open-ended investment companies (A Acc share class). Past performance is not a guide to the future; the value of investments and the income from them can fall as well as rise. Investors may not get back the amount originally subscribed.

Background to and reasons for the Acquisition

We have stated publicly that we have been seeking to extend our fund management capability into new asset classes and to add talented fund managers to develop Liontrust further. The acquisition of the European Income Business achieves these goals through bringing us Olly Russ, who is an experienced and high respected fund manager, and the right to manage the two funds he currently runs. The European Income Business has scale and expands our equity income capability, which currently comprises the Liontrust Macro Equity Income, Asia Income and Global Income funds.

We will launch the Liontrust European Income and Liontrust European Enhanced Income Funds and merge the FP Argonaut European Income and FP Argonaut European Enhanced Income Funds into these two funds on completion of the purchase. Olly Russ will manage the two new funds using the same investment process as he does in managing the FP Argonaut European Income and FP Argonaut European Enhanced Income Funds. We anticipate that there will be little, if any, disruption to investors.

Olly Russ has an excellent long-term track record in managing European income funds and is well regarded by fund buyers. Before joining Argonaut in 2005, he was a fund manager at Neptune Investment Management.

John Ions, Chief Executive of Liontrust, said: “Olly Russ will be an excellent addition to our existing six fund management teams and we look forward to promoting him to our client base across the UK. Olly will extend our equity income capability at a time when demand for income investing is only going to rise with increased longevity and the pension freedoms.

“With Olly on board, we will have four fund management teams investing for income in the UK, Asia, Continental Europe and globally. European income provides UK-based investors with diversification and the opportunity to benefit from a broader spread of companies with a yield above 3%. The European Enhanced Income Fund offers a distinct approach among funds that invest in this asset class.”

Olly Russ said: “I am attracted to Liontrust because of the environment the Company offers which will enable me to continue to focus on running money according to my own investment process and investment views. I have also been impressed by Liontrust’s brand profile and the strength of its distribution capability.

“I believe it is a good time to make the move to Liontrust because of the opportunities Continental Europe offers income investors. The economy is improving and it is possible to find companies generating strong cash flows that are minded to return these to shareholders. I designed and managed the two income funds at Argonaut from launch and look forward to expanding them further at Liontrust. I enjoyed my 11 years at Argonaut and wish them all the very best for the future.”

Details of the Acquisition

Subject to Completion, Olly Russ will leave Argonaut and join the Liontrust group. The total consideration for the acquisition will be an amount in cash equal to 1.5 per cent. of the European Income Business's AuM transferred (to be determined following Completion) (the "Consideration"). For illustrative purposes, based on the European Income Business's AuM as at close of business on 1 April 2016 (being the last practicable date prior to the date of this announcement) of £298 million, the Consideration would be £4.47 million in cash. The Consideration is capped such that the total Consideration payable may not exceed 24.99 per cent. of Liontrust's market capitalisation as at the date of Completion.

The value of the gross assets being acquired by the Liontrust Purchasers is equal to the Consideration payable for the European Income Business. The profits attributable to the European Income Business for the year to 30 June 2015 were £325,000 and we expect the Acquisition to be earnings enhancing.

Completion is conditional upon, amongst other things, obtaining applicable regulatory approvals, the implementation of a scheme of arrangement transferring the Funds to funds managed by the Liontrust Purchasers and to the business purchase agreement in respect of the Acquisition (the "Business Purchase Agreement") having becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Completion. Completion is expected to take place in June 2016.

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Forward Looking Statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses and plans of Liontrust and its subsidiaries (the "Group"). These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that have not yet occurred. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. As a result, the Group's actual future financial condition, results of operations and business and plans may differ materially from the plans, goals and expectations expressed or implied by these forward-looking statements. Liontrust undertakes no obligation publicly to update or revise forward-looking statements, except as may be required by applicable law and regulation (including the Listing Rules of the Financial Services Authority). Nothing in this announcement should be construed as a profit forecast or be relied upon as a guide to future performance.

Other information

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