

Embargoed until 7am on 31 July 2019

This Announcement contains inside information for the purposes of the Market Abuse Regulation (EU) 596/2014 ("MAR").

**Stock Exchange Announcement
LIONTRUST ASSET MANAGEMENT PLC**

Proposed Acquisition of Neptune Investment Management Limited

Introduction

Liontrust Asset Management Plc ("**Liontrust**" or the "**Company**"), the specialist independent fund management group, today announces that it has entered into a conditional share purchase agreement (the "**SPA**") with the significant shareholders of Neptune Investment Management Limited (the "**NIM Shareholders**") to purchase (the "**Proposed Acquisition**") the entire issued share capital of Neptune Investment Management Limited ("**Neptune**") for a total consideration of up to £40 million (inclusive of the expected net asset value of Neptune) (the "**Consideration**").

The Proposed Acquisition includes the highly rated fund management team at Neptune (the "**Neptune Investment Team**") headed by Robin Geffen, who on completion of the Proposed Acquisition ("**Completion**") will step down as Chief Executive Officer of Neptune to solely lead the Neptune Investment Team. The team has vast experience of and a long-term pedigree in Global Equity and Emerging Markets investment management.

On completion of the Proposed Acquisition ("**Completion**"), the Neptune Investment Team will continue to manage the:

- Neptune Balanced Fund (a UK Authorised Unit Trust);
- Sub-funds of the Neptune Investment Funds ICVC (Neptune China Fund, Neptune European Opportunities Fund, Neptune Global Alpha Fund, Neptune Global Equity Fund, Neptune Global Income Fund, Neptune Income Fund, Neptune India Fund, Neptune Japan Opportunities Fund, Neptune Latin America Fund, Neptune Russia and Greater Russia Fund, Neptune UK Mid Cap Fund, Neptune UK Opportunities Fund, Neptune US Income Fund and Neptune US Opportunities Fund);
- Sub-funds of the Neptune Investment Funds II ICVC (Neptune Emerging Markets Fund and Neptune Global Smaller Companies Fund);
- Sub-funds of the Neptune Investment Funds IV ICVC (Neptune Japan Equity Fund and Neptune Global Technology Fund)

(these are all collectively the "**Funds**") and one segregated account.

Highlights of the Proposed Acquisition include:

- Liontrust's assets under management ("**AuM**") will increase by £2.8 billion to £17 billion;
- All of the Neptune Investment Team, headed by and including Robin Geffen, will join Liontrust at our London offices;
- Robin Geffen will be able to focus on managing funds and his investment team at Liontrust and not have to run an asset management business;
- The Neptune Investment Team has a strong record of performance. Over three years to 30 June 2019, 13 of the 19 Neptune funds were in the 1st quartile of their respective IA sectors¹;

- The acquisition will broaden Liontrust’s fund range and investment skills predominantly in areas not covered by our current eight fund management teams;
- Neptune has a distinct investment process that will complement Liontrust’s existing teams;
- The acquisition will enable Liontrust to further broaden our distribution and client base in the UK and internationally; and
- The Consideration will be satisfied by the issue of up to £35 million in new ordinary shares (“**Ordinary Shares**”) of 1 pence each in the capital of the Company (the “**Initial Consideration Shares**”), and up to £5 million in Ordinary Shares dependent on the future level of AuM managed by the Neptune Investment Team (the “**Conditional Consideration Shares**”). Further particulars of the Consideration are set out in the paragraph headed “Details of the Proposed Acquisition” below. Shares issued to NIM Shareholders will be subject to a 50 per cent lock up of between 12 and 24 months commencing from the date of issue.

Notes:

¹ Source: FE Analytics, to 30 June 2019. Net income reinvested and net of fees

Information on Neptune

Neptune’s AuM relating to the Funds and the segregated account as at close of business on 30 June 2019 (being the latest practicable date prior to the date of this announcement) was £2,814 million, broken down as follows:

Fund name	AuM (£m)
Global Funds	
Neptune Balanced Fund	380
Neptune Global Alpha Fund	94
Neptune Global Equity Fund	155
Neptune Global Income Fund	6
Neptune Global Smaller Companies Fund	4
Neptune Global Technology Fund	63
Emerging Markets Funds	
Neptune China Fund	23
Neptune Emerging Markets Fund	41
Neptune Latin America Fund	39
Neptune Russia and Greater Russia Fund	214
Neptune India Fund	65
UK Funds	
Neptune Income Fund	272
Neptune UK Mid Cap Fund	204
Neptune UK Opportunities Fund	13
Regional Funds	

Neptune Japan Equity Fund	309
Neptune Japan Opportunities Fund	130
Neptune European Opportunities Fund	173
Neptune US Income Fund	37
Neptune US Opportunities Fund	249
Segregated account	
Institutional account	343
Total	2,814

Source: Neptune.

The Funds' historic performance is as follows:

	1 Year Quartile Ranking	3 Years Quartile ranking	5 Years Quartile ranking	Inception Quartile ranking	Launch date
Global Funds					
Neptune Balanced Fund	2	1	1	1	31/12/1998
Neptune Global Alpha Fund	2	1	1	1	31/12/2001
Neptune Global Equity Fund	4	1	3	1	31/12/2001
Neptune Global Income Fund	1	1	3	3	20/12/2012
Neptune Global Smaller Companies Fund	3	1	-	1	01/07/2016
Neptune Global Technology Fund	2	1	-	1	15/12/2015
Emerging Markets Funds					
Neptune China Fund	4	4	4	4	31/12/2004
Neptune Emerging Markets Fund	3	1	1	2	30/09/2008
Neptune Latin America Fund	1	1	2	2	03/12/2007
Neptune Russia and Greater Russia Fund	1	1	1	1	31/12/2004
Neptune India Fund	4	3	2	2	29/12/2006
UK Funds					
Neptune Income Fund	1	1	1	1	31/12/2002
Neptune UK Mid Cap Fund	4	4	4	1	15/12/2008
Neptune UK Opportunities Fund	4	4	4	2	29/12/2006
Regional Funds					
Neptune Japan Equity Fund	3	1	-	3	22/06/2015
Neptune Japan Opportunities Fund	4	3	4	1	30/09/2002
Neptune European Opportunities Fund	4	1	4	1	29/11/2002
Neptune US Income Fund	3	3	2	3	30/09/2010
Neptune US Opportunities Fund	2	1	3	1	31/12/2002

Source: FE Analytics, to 30 June 2019 unless otherwise stated. Net income reinvested and net of fees. The above funds are all sub-funds of three UK-authorized open-ended investment companies with the exception of the Neptune Balanced Fund which is a UK authorised Unit Trust. 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 Proposed Acquisition

Liontrust is buying Neptune as part of our stated goal of using strategic acquisitions to diversify our product range and accelerate our growth strategy.

This acquisition bolsters Liontrust's development of a high-quality investment proposition across multiple teams and asset classes by adding expertise in many equity sectors not currently provided by our fund management teams.

Neptune brings excellent long-term performance through its Global, Income, Regional and Emerging Markets funds. The Neptune Income Fund, for example, is the best performing fund in the IA UK Equity Income sector over one year to 30 June 2019, the 3rd best over three years and the 2nd best over five years².

The breadth of performance is shown by the fact that seven of Neptune's funds were given the maximum Five Crown Ratings from FE on 29 July 2019: Neptune Income, Balanced, Global Alpha, Global Smaller Companies, Global Technology, Latin America and Russia & Greater Russia.

The strength of the combined investment capability of the two companies is demonstrated by the fact that Liontrust has 11 funds with FE Five Crown ratings, which is the joint second highest of all asset managers, just behind BlackRock with 12 funds.

The Neptune Investment Team, which will be renamed the Liontrust Global Equity Team once the acquisition is completed, has a distinct, high conviction investment process, making it an ideal fit with Liontrust's other investment teams.

They will benefit from Liontrust's strong brand, proven sales and marketing capability in the UK and continental Europe and the enhancements we have made to the infrastructure of the business over the past two years. This will provide a great platform to raise assets for the Neptune funds.

John Ions, Chief Executive of Liontrust, said: "Neptune is a great acquisition for Liontrust and will enhance our already excellent investment proposition in areas where there is strong demand such as Global equities, Equity Income and Emerging Markets equities.

"We have created an environment to give fund management talent with robust and repeatable investment processes the best possible opportunity to deliver good, long-term returns for our clients. Robin and the rest of the team at Neptune will be able to focus on managing their funds and not be distracted by other day-to-day aspects of running a business.

"The continued success of Liontrust has shown the value that clients and their investors place on our approach to managing portfolios on their behalf.

"In acquiring Neptune, we are adhering to our core beliefs and are strengthening the Liontrust proposition for both our clients and shareholders."

Robin Geffen said: "It has been an easy decision to agree to sell Neptune to Liontrust. We have been hugely impressed by the excellent leadership and entrepreneurial attitude of the Executive Management team at Liontrust, the Company's brand profile and by its sales and marketing capability.

"Neptune has great fund performance and an attractive investment proposition and will benefit hugely from the sales and marketing teams at Liontrust.

"The deal will also enable me to step away from managing the business and focus solely on managing funds and leading my investment team, which is my real passion.

“We believe the environment and culture at Liontrust will enable us to deliver performance for our investors and attract inflows into our funds over the next few years.”

² Source: FE Analytics, to 30 June 2019 unless otherwise stated. Net income reinvested and net of fees.

Details of the Acquisition

The Company has conditionally agreed to acquire the entire issued share capital of Neptune for the following Consideration:

- Up to £35 million being 4,632,694 new Ordinary Shares³ (being the Initial Consideration Shares), with £29 million being 3,838,518 new Ordinary Shares³ to be issued to NIM Shareholders at Completion and up to £6 million being 794,176 new Ordinary Shares³ to be issued when the net asset value of Neptune is agreed; and
- Up to £5 million being 661,813 new Ordinary Shares³ (being the Conditional Consideration Shares), to be allotted and issued to NIM Shareholders within thirty business days of the third anniversary of Completion, subject to the average AuM managed by the Neptune Investment team for the three month-ends prior to the third anniversary of Completion being at least £4 billion.

50 per cent. of the New Ordinary Shares issued to NIM Shareholders will be subject to a lock up of between 12 and 24 months commencing from the date of issue, subject to certain customary exemptions. The aggregate of the Initial Consideration Shares and Conditional Consideration Shares represent approximately 9.45 per cent. of the issued share capital of Liontrust following the issue of such Initial Consideration Shares and Conditional Consideration Shares, and ignoring any dilutive effect of subsequent issues (e.g. pursuant to the exercise of share options).

Completion is conditional upon, amongst other things, obtaining applicable regulatory approvals and to the SPA in respect of the Proposed Acquisition 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 October 2019.

Notes:

³ being the average closing price of Ordinary Shares over the 30 trading days up to (but excluding) the date falling three Business Days prior to the date of the SPA.

Liontrust was supported in its due diligence by Alpha Financial Markets Consulting UK Limited, the audit, tax and consultancy firm RSM, and Simmons & Simmons LLP.

Financial effects

The value of the gross assets being acquired by Liontrust is £10.8 million (as at 31 December 2018). The profit before tax for Neptune for the year ended 31 December 2018 was £0.121 million. Currently Neptune is loss making on a run-rate basis (before exceptional items).

The integration of Neptune will require the Company to incur transaction costs of approximately £2.0 million and re-organisation costs of approximately £16 million which will be treated as exceptional items to be incurred in the financial years ending 31 March 2020 and 31 March 2021. Following completion of the integration process we would anticipate Neptune will, before transaction and re-organisation costs, achieve operating margins broadly in line with the existing Liontrust business. Accordingly, we expect the Proposed Acquisition to be earnings enhancing with regards to our adjusted diluted earnings per share with effect from the financial year ending 31 March 2020.

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Important Notices

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 Conduct 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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