LIONTRUST SPECIAL SITUATIONS FUND

Annual Report & Financial Statements

For the year:
1 June 2023
to
31 May 2024

Managed in accordance with
The Liontrust Economic Advantage

LIONTRUST FUND PARTNERS LLP

LIONTRUST

Contents

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

Management and Administration

Authorised Fund Manager ("Manager")

Liontrust Fund Partners LLP
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London WC2R 0EZ

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Website www.liontrust.co.uk

The Manager of Liontrust Special Situations Fund (the "Fund") is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the Investment Association. The ultimate holding company of the Manager is Liontrust Asset Management PLC ("LAM", "Liontrust" or the "Group") which is incorporated in England.

Investment Adviser

Liontrust Investment Partners LLP
2 Savoy Court
London WC2R 0EZ

Authorised and regulated by the FCA.

Trustee

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

Authorised by Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA.

Independent Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Administrator and Registrar

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London
EC4V 4LA

Authorised by PRA and regulated by the FCA and the PRA.

Liontrust Special Situations Fund

Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist fund management company with £27.0 billion in assets under management as at 30 June 2024 and that takes pride in having a distinct culture and approach to managing money. What makes Liontrust distinct?

- 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 Edinburgh and Luxembourg.
- 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 investing in Global Equities, Global Fixed Income, Sustainable Investment and Multi-Asset portfolios and funds.
- 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 investing in companies and funds 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 Consumer Duty outcomes and rules as well as 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 Portfolio Management Limited which are authorised and regulated by the Financial Conduct Authority. Liontrust Asset Management PLC is also the parent company of Liontrust Europe S.A. which is regulated by the Commission de Surveillance du Secteur Financier in Luxembourg. All members of the Liontrust Group sell only Liontrust Group products.

Conflict in Ukraine

The ongoing war in Ukraine and the resultant geopolitical tensions including sanctions imposed on Russia and retaliatory action taken by Russia against foreign investors, continue to impact global financial markets (including stock, currency and commodities markets). Economic sanctions and the fallout from the conflict are affecting companies operating in a wide variety of sectors worldwide, including energy, financial services and defence, amongst others. As a result, the performance of the Fund may be negatively impacted even if they have no direct exposure to the regions involved in the conflict.

Manager's Investment Report

Investment Objective

The Fund aims to deliver capital growth over the long-term (5 years or more).

Investment Policy

The Fund will invest at least 90% in companies which are incorporated, domiciled or conduct significant business in the United Kingdom (UK).

The Fund will typically invest 90% (minimum 80%) in equities or equity related derivatives but may also invest in collective investment schemes (up to 10% of Fund assets), corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits.

The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes. Please refer to the Derivatives sections of the Prospectus for further details.

The Team

The award-winning Economic Advantage team have an average industry experience of 21 years. Anthony Cross joined Liontrust from Schroders in 1997 and was joined by Julian Fosh in 2008. Julian had previously managed funds at Scottish Amicable Investment Managers, Britannic Investment Managers, Scottish Friendly Assurance Society and Saracen Fund Managers. Victoria Stevens and Matt Tonge joined the team in 2015. Victoria was previously Deputy Head of Corporate Broking at FinnCap, while Matt had spent nine years on the Liontrust dealing desk, latterly winning an industry award for his work in mid and small cap stocks. Alex Wedge joined the team in March 2020 from N+1 Singer, where he had spent over seven years, latterly as a senior member of the equity sales team. Natalie Bell joined the team in August 2022, having previously been a member of the Liontrust Responsible Capitalism team where she led engagement with investee companies. Alex Game joined the team in May 2024 from Unicorn Asset Management, where he had spent nearly 10 years and where he co-managed a range of funds including two UK equity funds and an AIM portfolio service.

The Process

The process seeks to identify companies that possess intangible assets which produce barriers to competition and provide a durable advantage that allows the companies to defy industry competition and sustain a higher than average level of profitability for longer than expected.

In the fund managers' experience, the hardest characteristics for competitors to replicate are three classes of intangible asset: intellectual property, strong distribution channels and significant recurring business.

Other less powerful but nonetheless important intangible strengths include franchises and licenses; good customer databases and relationships; effective procedures and formats; strong brands and company culture.

These intangible assets produce barriers to competition, protect margins and are capable, in the opinion of the fund managers, of reaping a financial advantage in the form of cash flow returns in excess of the cost of capital. A company that consistently generates excess cash flow returns will benefit from compounding as it reinvests this excess return into the business.

Every smaller company held in the Economic Advantage funds has at least 3% of its equity held by senior management and main board directors. Companies are also assessed for employee ownership below the senior management and board and changes in equity ownership are monitored.

Manager's Investment Report (continued)

Performance of the Fund

In the year to 31 May 2024 an investment in the Fund returned 12.3% (retail class) and 13.4% (institutional income class). This compares with an average return of 15.4% from the FTSE All-Share Index comparator benchmark, and a 13.4% return from the IA UK All Companies sector, also a comparator benchmark.

From the Fund's launch on 10 November 2005 to 31 May 2024, an investment in the Fund rose by 500% (retail class) and 588% (institutional income class), compared to a rise of 222% in the FTSE All-Share Index, and 197% from the IA UK All Companies sector comparator benchmarks.

Source: Financial Express, bid to bid basis, total return (net of fees, income reinvested), figures show performance up to 31.05.2024. The primary class post-Retail Distribution Review is the institutional class, whereas pre-Retail Distribution Review the bundled Retail class performance history is used, unadjusted for the lower fees of the post Retail Distribution Review classes. Please note that total return has been calculated at midday whereas the financial statements are at close of business.

A dividend of 5.55 pence per unit will be paid to Retail unitholders, 9.09 pence per unit to Advised unitholders, 2.57 pence per unit to Mandate unitholders, 1.77 pence per unit to B unitholders, 2.67 pence per unit (accumulation units) and 10.32 pence per unit (income units) to Institutional unitholders on 31 July 2024.

Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

Manager's Investment Report (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the risk and reward indicator.

Typically lower rewards, lower risk — Typically higher rewards, higher risk

1	2	3	4	5	6	7

- The Synthetic Risk and Reward Indicator ("SRRI") is based upon 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 adopted by the Financial Conduct Authority. 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 invests in UK & Irish equities. The Fund may also invest in other eligible asset classes as detailed within the Prospectus.
- The Fund is categorised 6 primarily for its exposure to UK equities.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Fund;
  - any overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Fund.
- The Fund may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.
- Outside of normal conditions, the Fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.
- The Fund is expected to invest in companies predominantly in a single country which may be subject to greater political, social and economic risks which could result in greater volatility than investments in more broadly diversified funds.
- The Fund may encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.
- The Fund will invest in smaller companies and may invest a small proportion (less than 10%) of the Fund in unlisted securities. There

Manager's Investment Report (continued)

Risk and Reward profile (continued)

may be liquidity constraints in these securities from time to time, i.e. in certain circumstances, the Fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the Fund to defer or suspend redemptions of its shares.

- 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's investment objective is to target capital growth for investors. Growth stocks tend to pay out lower levels of dividend resulting in lower income yields and may produce more volatile returns than the market as a whole.
- Counterparty risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- Environmental, Social and Governance (ESG) Risk: there may be limitations to the availability, completeness or accuracy of ESG information from third-party providers, or inconsistencies in the consideration of ESG factors across different third party data providers, given the evolving nature of ESG.

For full details of the Fund’s risks, please see the prospectus which may be obtained from Liontrust (address on page 1) or online at www.liontrust.co.uk.

Manager's Investment Report (continued)

The Market

The FTSE All-Share Index returned 15.4% in the 12 months to 31 May 2024.

The initial months of the year saw further rises in UK, European and US interest rates as central banks attempted to tame the inflationary forces which have characterised the global economy's reopening after Covid lockdowns.

Following a string of 10 and 14 consecutive rises respectively, both the US Federal Reserve and Bank of England then held rates steady at their September 2023 meetings. Despite this, much of the period saw a steady adjustment in investor expectations towards 'higher for longer' interest rates, with a plateau being seen as likely rather than swift cuts.

However, the narrative then switched again at the end of 2023 to the eager anticipation of a 'pivot' towards lower rates. By the start of 2024, investors were expecting up to seven interest rate cuts from the Bank of England this year as it sought to minimise the economic damage from its attempts to bring inflation under control.

In a further reversal in expectations, by the end of May investors had scaled back their expectations of UK rate cuts in 2024 to only one or two. This shift came about because macroeconomic data was, on the whole, stronger than expected.

This economic resilience has been welcomed by investors who earlier in the year had been concerned over an economic 'hard landing' into recession. They now face the prospect of inflation returning to target, albeit more slowly than initially forecast, while economic growth is positive. This benign backdrop helped global equities rally, with many key regional indices hitting new all-time highs – including the FTSE All Share.

Company size continued to be an influence on stock returns. In the first few months of the review period, there was a repeat of the large-cap outperformance which has been so prevalent in recent years. Through to the end of October, the FTSE 100 large-cap index returned -0.2%, outperforming the mid-cap FTSE 250 Index return of -7.4%, while the 113-stock FTSE Small Cap ex-investment trust Index performed returned -2.8% and the 638-stock FTSE AIM All-Share Index of primarily small cap stocks suffered a -12.3% return.

As the year wore on, there were some signs of respite from small-cap underperformance. From 30 October 2023 to 31 May 2024, the FTSE 250 and FTSE Small Cap (ex-ITs) indices returned 23.8% and 24.3%, outstripping the 15.8% from the FTSE 100. Over the 12 months, the FTSE 250's 14.6% return was only marginally behind the FTSE 100's 15.6% while the FTSE Small Cap (ex-ITs) Index return was ahead at 20.9%. While the FTSE AIM All-Share performance improved significantly (to 19.8% between October and May), it still lagged significantly across the 12 months, returning 5.0%.

Fund Review

The Fund returned 13.4% (institutional income class) in the twelve months to 31 May 2024. The FTSE All-Share Index comparator benchmark returned 15.4% and the average return in the IA UK All Companies sector, also a comparator benchmark, was 13.4%.*

The Economic Advantage investment process intentionally adopts a bottom-up focus and avoids any attempt to position portfolios based on a macroeconomic view. As such, the team spends a lot of time gauging conditions through company-level news flow.

Trading updates coming through from many of the Fund's companies were solid, which is testament to the resilience these businesses display in the face of more challenging economic conditions. There is also a recognition from many companies that the outlook is more uncertain than normal – and contains headwinds and challenges in certain sectors.

For the first few months of the year, the Fund's overweight exposure to small and mid-caps, particularly those that are AIM-listed, left it vulnerable to a continuation of the de-rating which has been seen for much of the past several years. A number of these holdings slid despite trading proving relatively resilient.

We have consistently stressed that the Fund has looked, and will continue to look, to maintain the shape of the portfolio in terms of its size allocation. We are passionate believers in the long-term compounding potential of the entrepreneurial, high quality smaller companies in which we invest, and are committed to maintaining the 20-30% of the Fund's Net Asset Value (NAV) which is allocated to small caps, so that our investors will benefit when the segment recovers and the valuation gap closes.

This discipline was rewarded in the second half of the year as the performance of smaller companies improved.

Manager's Investment Report (continued)

Fund Review (continued)

However, despite this incremental improvement in the sentiment towards UK equities, valuations of UK listed companies – and in particular small caps – remain substantially lower than their long run average and their global peers.

As we have highlighted on several occasions, these low valuations mean many UK companies have proven susceptible to takeover approaches from private equity or corporate acquirers keen to exploit the opportunity.

Several of the Fund's holdings received takeover approaches. Perhaps the highest profile was **Hargreaves Lansdown**, which in May announced it had rejected two takeover proposals from a private equity consortium, most recently at 985p a share. The shares promptly soared in excess of the mooted takeover price, and Hargreaves Lansdown subsequently re-entered the FTSE100 index. In June 2024, shortly after the period addressed in this report, the company received another higher indicative offer from the consortium and has now granted access for due diligence.

Smart Metering Systems was also among the top performance contributors for the year after recommending a cash takeover offer of 955p from private equity group KKR at a 40% premium to the previous share price close.

An acquisition approach for **Keywords Studios** was more opportunistic. Shares in the provider of services to the video gaming sector had been under some pressure due to investor concerns over the threat of Artificial Intelligence (AI) – which we think are largely misplaced – and a broader backdrop of low appetite for new game launches from major developers. Swedish private equity group EQT took advantage of this weakness to make five successive offers for the business, the last of which – at 2550p a share – was a premium of 70% to the shares' prior to close, a level at which Keywords Studios' board of directors stated it would be "minded to recommend" an offer.

The fourth confirmed takeover target in the portfolio was engineer **Wood Group**. It disclosed that it had rejected three successive takeover proposals from Dubai-based group Sidara at 205p, 212p and 220p a share, before receiving a fourth and final offer at 230p which it has agreed to enter discussions over. In 2023, Wood Group received five takeover proposals from private equity group Apollo, rejecting the first four but agreeing to enter discussions following the final cash proposal of 240p before Apollo dropped its interest.

While **Smart Metering Systems left** the portfolio ahead of its takeover completing, the deals for **Hargreaves Lansdown, Keywords Studios** and **Wood Group** are still subject to ongoing discussions, with all three companies having granted access for due diligence to the respective bidders.

Away from takeover activity, the Fund's best performers over the year included **TP ICAP, RELX** and **GSK.**

TP ICAP experienced stronger-than-expected 2023 trading, achieving 9% growth in adjusted operating profit to £300 million. It has been benefitting from high interest rates as well as elevated macroeconomic and geopolitical uncertainty, which serve to drive volatility higher and boost the inter-dealer broker's volumes. Another significant share price driver was the company's confirmation that it is exploring ways to unlock the value of its data and analytics division, Parameta Solutions, including via a potential IPO (initial public offering) of a minority stake.

2023 full-year results for **GSK** showed 5% sales growth in 2023 in constant currency terms and a 10% increase in operating profit, but it was outlook comments which lifted investor spirits. For the 2021 to 2026 period, GSK upgraded its annual sales growth target from 5% to more than 7% and its adjusted operating profit forecast from over 10% to over 11%.

RELX shares rose strongly as financial results showed it to be reaping the rewards of its shift in recent years from publishing to information and analytics. The company has already moved to incorporate generative AI within its analytics tools, such as its Lexis+ AI product for the legal sector which has seen good initial traction.

Manager's Investment Report (continued)

Fund Review (continued)

Within the portfolio's AIM-listed holdings, **Gamma Communications** was a highlight. The business telecoms provider issued a robust set of 2023 results showing 8% growth in revenues to £522 million and a 10% rise in pre-tax profit to £71.5 million. While it saw some evidence of a softer economy last year, Gamma thinks there are signs of improvement so far this year with lower inflation reducing cost pressures. **Craneware** also continued to recover following its de-rating in the first half of 2023 which had been triggered by concerns that financial pressures on some US hospitals were impacting revenue growth from new orders. The company, which provides Information Technology (IT) solutions to the US healthcare market, commented that revenue growth accelerated in the second half of 2023 as the US demand backdrop improved.

Looking at the portfolio's poorer performers, **Reckitt Benckiser** shares lost a lot of ground in the second half of the year. It firstly suffered a setback as it reported a surprise decline in Q4 sales, partly due to the voluntary recall of its Nutramigen baby formula. Investors then looked to price in the litigation risks relating to its Mead Johnson Nutrition subsidiary after a court in Illinois awarded $60 million in damages to the mother of a premature baby that developed a fatal bowel condition following use of its baby formula. Reckitt plans to appeal the decision and has emphasised it believes there is no link between its products and necrotising enterocolitis.

Big Technologies shares also slid heavily. The provider of integrated hardware/software solutions for the electronic monitoring of criminal offenders issued guidance for 2024 which was below expectations, largely due to the expiry of a large Colombian contract which had previously seen a number of short-term renewals.

Diageo was another weak spot in the portfolio, as sentiment towards the spirits giant softened due to concerns over the resilience of demand in its key US market. Investment manager **Impax Asset Management** also fell as the higher interest rate environment provided a tough backdrop for the sustainable investment styles it specialises in.

Portfolio Changes

The position in **Reckitt Benckiser** was sold following the unexpected litigation blow. The company has made too many missteps in recent years and the acquisition of Mead Johnson, the infant milk business, has destroyed value. The litigation ruling was our catalyst to sell as the financial risks could potentially be quite meaningful but are unlikely to crystallise for some time. We have reallocated the capital to plenty of other Fund holdings which are at attractive valuations and do not suffer from such an uncertain outlook.

The position in **Smart Metering Systems** was sold shortly ahead of completion of its takeover by private equity group KKR.

Paypoint exited the portfolio after its senior management equity ownership level fell below the 3% threshold required of all smaller companies in the Economic Advantage investment process.

As mentioned earlier in the review, the Fund has actively targeted a consistent allocation to small, mid and large caps over the past few years. This has chiefly been achieved through deploying excess capital to top up existing smaller company holdings trading at depressed valuations, where we believe the medium-long term potential has been fundamentally overlooked by the market in the short term.

In addition, the Fund also initiated new positions in **Auction Technology Group** and **Alfa Financial Software.**

Auction Technology Group (ATG) is a leading operator of online auction marketplaces and services across two key sectors: Industrial & Commercial and Art & Antiques. It is a business which truly exploits the power of network effects, with an increasing audience of bidders participating in auctions driving higher prices for auctioneers and greater volumes of items listed on the company's marketplaces. While ATG, like its peers, has seen some softness in activity due to prevailing economic conditions, this has provided the Fund with the opportunity to take a small starting position, taking a longer-term view of the business' potential.

Alfa Financial Software is a provider of software to automate the core workflow and processes of organisations providing lease financing solutions. The company was selected for inclusion in the portfolio on the strength of the intellectual property in its software, and its strength in embedded distribution. The software – which is described as the "heart and lungs" of a customer's business – has significant functional breadth and depth. Founder Andrew Page, now the group's executive chairman, still owns over half of the equity.

Manager's Investment Report (continued)

Outlook

Encouragingly, sentiment towards UK equities appears to be on an improving trajectory. Economic growth, while muted, has turned positive. Combined with inflation at or around target and the prospect of political clarity after the July election, a more constructive outlook for UK equities has emerged.

There remains, however, an extreme valuation gap between UK listed stocks and those listed on other global markets. Data from Canaccord Genuity Quest, which applies a long-term discounted cash flow methodology, finds the UK market trading 17% below fair value. The opportunity is particularly pronounced amongst small caps, where the discount to fair value is 29%.

Merger and Acquisition (M&A) activity continues across the market, representing a double-edged sword: while money coming back into the hands of fund managers to reinvest in the market is a potential catalyst to highlight depressed valuations and latent value, this needs to be balanced against the opportunity cost of forgone long-term compounding when a company is taken off the market.

The team is working to encourage government initiatives to promote a more supportive backdrop for UK equities. Encouragingly, the Labour Party's manifesto suggests it will target increased investment by UK pension funds in the domestic stock market. Reform such as this could have a very significant impact on the capital flow dynamic to the UK market following 10 years of net outflows from the IA UK All Companies sector, creating a more attractive environment for companies looking to list on the UK market and potentially more fertile conditions for investors.

However as the situation evolves, we feel that the clear valuation gap presents a compelling opportunity.

** Source: Financial Express, bid to bid basis, total return, net of fees, income reinvested, 31.05.2024. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

Anthony Cross, Julian Fosh, Matt Tonge and Victoria Stevens

Fund Managers

June 2024

Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

Manager's Investment Report (continued)

Material portfolio changes by value

Purchases	Sales
Alfa Financial Software	Sage
Midwich	Smart Metering Systems
Keywords Studios	Reckitt Benckiser
Team17	Shell
Auction Technology	RELX
Focusrite	Pagegroup
Moonpig	Spectris
Gamma Communications	Rotork
Haleon	Domino's Pizza
Future	Compass

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

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") 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 Fund and of the net revenue and net capital gains or losses on the property of the Fund for the year.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations or have no realistic alternative but to do so;
- 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; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Fund's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Liontrust Special Situations Fund (the 'Fund') for the Year Ended 31 May 2024

The Trustee in its capacity as Trustee of Liontrust Special Situations Fund must ensure that the Fund 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 Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Fund and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Fund in accordance with the Regulations.

The Trustee must ensure that:

- the Fund's cash flows are properly monitored and that cash of the Fund is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Fund are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Fund's assets is remitted to the Fund within the usual time limits;
- the Fund'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 Trustee also has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Regulations and the Scheme documents of the Fund in relation to the investment and borrowing powers applicable to the Fund.

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

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Fund's units and the application of the Fund's income in accordance with the Regulations and the Scheme documents of the Fund; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Fund in accordance with the Regulations and the Scheme documents of the Fund.

For and on behalf of

The Bank of New York Mellon (International) Limited

160 Queen Victoria Street
London EC4V 4LA

22 August 2024

Certification of Financial Statements by Partners 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.

Martin Kearney
Partner, Chief Risk Officer

Antony Morrison
Partner, Head of Finance

Liontrust Fund Partners LLP
22 August 2024

Independent Auditor's Report to the Unitholders of Liontrust Special Situations Fund (the "Fund")

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Fund for the year ended 31 May 2024 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Table for the Fund and the accounting polices set out on pages 31 to 33.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Fund as at 31 May 2024 and of the net revenue and the net capital gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Fund will continue in operation.

Independent Auditor's Report to the Unitholders of Liontrust Special Situations Fund (the "Fund") (continued)

Report on the audit of the financial statements (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Fund's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Manager, the Trustee, the Administrator and the Investment Adviser; and
- Reading board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Fund is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection and bribery and corruption legislation recognising the Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Unitholders of Liontrust Special Situations Fund (the "Fund") (continued)

Report on the audit of the financial statements (continued)

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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

Manager's responsibilities

As explained more fully in their statement set out on page 12, the Manager is responsible for: the preparation of financial statements that give a true and fair view; 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; assessing the Fund'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 they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

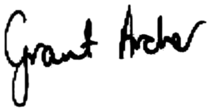
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Unitholders of Liontrust Special Situations Fund (the "Fund") (continued)

Report on the audit of the financial statements (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Archer

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

22 August 2024

Comparative Tables

for the year ended 31 May 2024

Advised Income Accounting year ended	31 May 2024 per unit (p)	31 May 2023 per unit (p)	31 May 2022 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	454.45	468.31	485.86
Return before operating charges	66.89	(1.13)	(6.02)
Operating charges	(4.92)	(4.88)	(5.28)
Return after operating charges	61.97	(6.01)	(11.30)
Distributions	(9.09)	(7.85)	(6.25)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**507.33**	**454.45**	**468.31**
After direct transaction costs of**	(0.15)	(0.08)	(0.20)
Performance			
Return after charges	13.64%	(1.28%)	(2.33%)
Other information			
Closing net asset value (£'000)	5,994	7,724	8,891
Closing number of units	1,181,450	1,699,583	1,898,615
Operating charges**	1.06%	1.06%	1.06%
Direct transaction costs*	0.03%	0.02%	0.04%
Prices			
Highest unit price	525.57	492.99	536.48
Lowest unit price	430.51	414.57	435.06

* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and unit class returns before operating charges.

** The Operating Charges figure represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year - it does not include initial charges or performance fees. The Operating Charges figure includes the Manager's charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

Comparative Tables (continued)

for the year ended 31 May 2024

B Income Accounting year ended	31 May 2024 per unit (p)	31 May 2023 per unit (p)	31 May 2022 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	100.12	103.20	107.11
Return before operating charges	14.81	(0.26)	(1.33)
Operating charges	(1.34)	(1.33)	(1.44)
Return after operating charges	13.47	(1.59)	(2.77)
Distributions	(1.77)	(1.49)	(1.14)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**111.82**	**100.12**	**103.20**
After direct transaction costs of**	(0.03)	(0.02)	(0.04)
Performance			
Return after charges	13.45%	(1.54%)	(2.59%)
Other information			
Closing net asset value (£'000)	9,030	10,883	11,497
Closing number of units	8,075,480	10,869,706	11,139,871
Operating charges**	1.31%	1.31%	1.31%
Direct transaction costs*	0.03%	0.02%	0.04%
Prices			
Highest unit price	115.67	108.52	118.22
Lowest unit price	94.75	91.24	95.69

* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and unit class returns before operating charges.

** The Operating Charges figure represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year - it does not include initial charges or performance fees. The Operating Charges figure includes the Manager's charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

Comparative Tables (continued)

for the year ended 31 May 2024

Institutional Accumulation Accounting year ended	31 May 2024 per unit (p)	31 May 2023 per unit (p)	31 May 2022 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	117.86	119.09	121.63
Return before operating charges	17.36	(0.28)	(1.53)
Operating charges	(0.98)	(0.95)	(1.01)
Return after operating charges	16.38	(1.23)	(2.54)
Distributions	(2.67)	(2.30)	(1.88)
Retained distributions on accumulation units	2.67	2.30	1.88
Closing net asset value per unit	**134.24**	**117.86**	**119.09**
After direct transaction costs of**	(0.04)	(0.02)	(0.05)
Performance			
Return after charges	13.90%	(1.03%)	(2.09%)
Other information			
Closing net asset value (£'000)	733,510	992,421	1,091,276
Closing number of units	546,405,672	842,035,468	916,348,610
Operating charges**	0.81%	0.81%	0.81%
Direct transaction costs*	0.03%	0.02%	0.04%
Prices			
Highest unit price	136.71	125.67	134.55
Lowest unit price	111.82	105.58	109.16

* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and unit class returns before operating charges.

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Comparative Tables (continued)

for the year ended 31 May 2024

Institutional Income Accounting year ended	31 May 2024 per unit (p)	31 May 2023 per unit (p)	31 May 2022 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	456.47	470.39	488.02
Return before operating charges	67.31	(1.11)	(6.04)
Operating charges	(3.78)	(3.75)	(4.06)
Return after operating charges	63.53	(4.86)	(10.10)
Distributions	(10.32)	(9.06)	(7.53)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**509.68**	**456.47**	**470.39**
After direct transaction costs of**	(0.16)	(0.08)	(0.20)
Performance			
Return after charges	13.92%	(1.03%)	(2.07%)
Other information			
Closing net asset value (£'000)	2,806,903	3,343,594	3,946,399
Closing number of units	550,720,221	732,495,463	838,967,440
Operating charges**	0.81%	0.81%	0.81%
Direct transaction costs*	0.03%	0.02%	0.04%
Prices			
Highest unit price	529.18	496.10	539.73
Lowest unit price	432.84	416.77	437.85

* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and unit class returns before operating charges.

** The Operating Charges figure represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year - it does not include initial charges or performance fees. The Operating Charges figure includes the Manager's charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

Comparative Tables (continued)

for the year ended 31 May 2024

Mandate Income Accounting year ended	31 May 2024 per unit (p)	31 May 2023 per unit (p)	31 May 2022 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	108.61	111.91	116.11
Return before operating charges	16.08	(0.25)	(1.44)
Operating charges	(0.79)	(0.78)	(0.85)
Return after operating charges	15.29	(1.03)	(2.29)
Distributions	(2.57)	(2.27)	(1.91)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**121.33**	**108.61**	**111.91**
After direct transaction costs of**	(0.04)	(0.02)	(0.05)
Performance			
Return after charges	14.08%	(0.92%)	(1.97%)
Other information			
Closing net asset value (£'000)	94,054	186,446	280,703
Closing number of units	77,517,789	171,660,794	250,819,357
Operating charges**	0.71%	0.71%	0.71%
Direct transaction costs*	0.03%	0.02%	0.04%
Prices			
Highest unit price	126.04	118.13	128.51
Lowest unit price	103.03	99.21	104.28

* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and unit class returns before operating charges.

** The Operating Charges figure represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year - it does not include initial charges or performance fees. The Operating Charges figure includes the Manager's charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

Comparative Tables (continued)

for the year ended 31 May 2024

Retail Income Accounting year ended	31 May 2024 per unit (p)	31 May 2023 per unit (p)	31 May 2022 per unit (p)
Change in net assets per unit			
Opening net asset value per unit	453.27	466.37	483.58
Return before operating charges	66.51	(0.50)	(5.82)
Operating charges	(8.34)	(8.27)	(8.93)
Return after operating charges	58.17	(8.77)	(14.75)
Distributions	(5.55)	(4.33)	(2.46)
Retained distributions on accumulation units	—	—	—
Closing net asset value per unit	**505.89**	**453.27**	**466.37**
After direct transaction costs of**	(0.15)	(0.08)	(0.19)
Performance			
Return after charges	12.83%	(1.88%)	(3.05%)
Other information			
Closing net asset value (£'000)	40,838	50,955	138,045
Closing number of units	8,072,501	11,241,464	29,599,816
Operating charges**	1.81%	1.81%	1.81%
Direct transaction costs*	0.03%	0.02%	0.04%
Prices			
Highest unit price	519.37	487.94	532.20
Lowest unit price	427.28	411.57	430.39

* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that additionally there are other transaction costs such as a dilution adjustment and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the Fund and unit class returns before operating charges.

** The Operating Charges figure represents the annual operating expenses of the Fund expressed as a percentage of average net assets for the year - it does not include initial charges or performance fees. The Operating Charges figure includes the Manager's charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

Portfolio Statement

as at 31 May 2024

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (97.01%)	**3,653,421**	**99.00**
	UNITED KINGDOM (94.27%)	**3,498,585**	**94.80**
	Advertising (1.33%)	**71,870**	**1.94**
6,103,637	Next Fifteen Communications+	62,501	1.69
15,110,732	Pebble+	9,369	0.25
	Auto Parts & Equipment (1.26%)	**57,162**	**1.55**
41,846,445	TI Fluid Systems	57,162	1.55
	Beverages (3.07%)	**89,356**	**2.42**
3,397,584	Diageo	89,356	2.42
	Commercial Services (13.75%)	**488,013**	**13.23**
1,358,387	Intertek	64,849	1.76
16,718,243	Pagegroup	76,503	2.07
3,793,676	RELX	129,592	3.51
6,431,032	Robert Walters	26,560	0.72
33,237,433	RWS+	57,767	1.57
6,997,413	Savills	79,771	2.16
5,405,235	YouGov+	52,971	1.44
	Computers (1.99%)	**78,929**	**2.13**
4,019,319	Kainos	46,303	1.25
8,817,816	Midwich+	32,626	0.88
	Cosmetics & Personal Care (3.94%)	**165,522**	**4.48**
12,755,675	Haleon	41,456	1.12
2,900,764	Unilever	124,066	3.36
	Distribution & Wholesale (1.50%)	**57,819**	**1.57**
1,969,308	Bunzl	57,819	1.57
	Diversified Financial Services (10.53%)	**487,380**	**13.21**
12,323,860	AJ Bell	47,447	1.29
2,943,932	Alpha+	68,005	1.84
1,423,426	Brooks Macdonald+	29,180	0.79
9,203,360	Hargreaves Lansdown	97,141	2.63
8,894,399	Impax Asset Management+	38,602	1.05

Portfolio Statement (continued)

as at 31 May 2024

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Diversified Financial Services (continued)		
16,889,617	IntegraFin	59,283	1.61
4,462,549	Mortgage Advice Bureau+	39,270	1.06
49,521,252	TP ICAP	108,452	2.94
	Electronics (10.02%)	**230,610**	**6.25**
1,942,172	Renishaw	77,590	2.10
24,158,587	Rotork	81,559	2.21
2,186,676	Spectris	71,461	1.94
	Engineering & Construction (1.95%)	**83,945**	**2.28**
4,527,797	IMI	83,945	2.28
	Food Services (3.63%)	**119,241**	**3.23**
5,442,324	Compass	119,241	3.23
	Home Furnishings (0.16%)	**16,785**	**0.46**
4,417,113	Focusrite	16,785	0.46
	Household Products (3.25%)		
	Internet (1.80%)	**105,676**	**2.86**
3,051,898	Auction Technology	15,931	0.43
4,577,559	iomart+	6,180	0.17
31,417,327	Moonpig	50,205	1.36
6,259,005	Rightmove	33,360	0.90
	Machinery Construction & Mining (2.39%)	**88,190**	**2.39**
4,152,087	Weir	88,190	2.39
	Machinery Diversified (2.30%)	**65,198**	**1.77**
731,744	Spirax-Sarco Engineering	65,198	1.77
	Media (0.68%)	**54,629**	**1.48**
5,153,646	Future	54,629	1.48

Portfolio Statement (continued)

as at 31 May 2024

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	UNITED KINGDOM (continued)		
	Oil & Gas Producers (6.62%)	**246,511**	**6.68**
24,652,053	BP	120,327	3.26
4,488,149	Shell	126,184	3.42
	Oil & Gas Services (1.42%)	**62,003**	**1.68**
35,069,327	John Wood	62,003	1.68
	Pharmaceuticals (6.16%)	**242,901**	**6.58**
1,085,506	AstraZeneca	132,280	3.58
6,263,933	GSK	110,621	3.00
	Retail (2.15%)	**72,206**	**1.96**
21,683,342	Domino's Pizza	72,206	1.96
	Software (7.89%)	**321,280**	**8.71**
14,116,949	Alfa Financial Software	26,088	0.71
22,386,249	Big Technologies+	36,937	1.00
2,833,550	Craneware+	68,572	1.86
29,285,045	dotdigital+	27,996	0.76
59,097,995	Learning Technologies+	50,174	1.36
7,695,976	Sage	78,691	2.13
11,126,031	Team17+	32,822	0.89
	Telecommunications (4.43%)	**209,126**	**5.66**
7,432,743	Gamma Communications+	107,923	2.92
46,001,428	GlobalData+	101,203	2.74
	Textiles (2.05%)	**84,233**	**2.28**
98,288,154	Coats	84,233	2.28
	IRELAND (1.26%)	**96,128**	**2.61**
	Computers (1.26%)	**96,128**	**2.61**
4,306,826	Keywords Studios+	96,128	2.61

Portfolio Statement (continued)

as at 31 May 2024

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (continued)		
	JERSEY (1.48%)	**58,708**	**1.59**
	Diversified Financial Services (1.48%)	**58,708**	**1.59**
6,523,081	JTC	58,708	1.59
	COLLECTIVE INVESTMENT SCHEMES (3.27%)	**0**	**0.00**
	IRELAND (1.64%)	**0**	**0.00**
	LUXEMBOURG (1.63%)	**0**	**0.00**
	Portfolio of investments	**3,653,421**	**99.00**
	Net other assets	**36,908**	**1.00**
	Total net assets	**3,690,329**	**100.00**

All securities are approved securities traded on eligible securities markets, as defined by the Collective Investment Scheme Sourcebook, unless otherwise stated.

All equity investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 May 2023.

\+ AIM listed.

Financial Statements

Statement of Total Return
for the year ended 31 May 2024

	Notes	(£'000)	1.6.2023 to 31.5.2024 (£'000)	(£'000)	1.6.2022 to 31.5.2023 (£'000)
Income					
Net capital gains/(losses)	2		391,554		(168,138)
Revenue	3	119,320		137,060	
Expenses	4	(33,216)		(41,597)	
Interest payable and similar charges	6	(1)		(4)	
Net revenue before taxation		86,103		95,459	
Taxation	5	–		–	
Net revenue after taxation			86,103		95,459
Total return before distributions			**477,657**		**(72,679)**
Distributions	7		(86,117)		(95,823)
Change in net assets attributable to unitholders from investment activities			**391,540**		**(168,502)**

Statement of Change in Net Assets Attributable to Unitholders
for the year ended 31 May 2024

	(£'000)	1.6.2023 to 31.5.2024 (£'000)	(£'000)	1.6.2022 to 31.5.2023 (£'000)
Opening net assets attributable to unitholders		**4,592,023**		**5,476,811**
Amounts received on issue of units	415,239		849,203	
Amounts paid on cancellation of units	(1,723,036)		(1,584,819)	
		(1,307,797)		(735,616)
Change in net assets attributable to unitholders from investment activities		391,540		(168,502)
Retained distributions on accumulation units		14,562		19,330
Unclaimed distributions		1		–
Closing net assets attributable to unitholders		**3,690,329**		**4,592,023**

Financial Statements (continued)

Balance Sheet

as at 31 May 2024

	Notes	31.5.2024 (£'000)	31.5.2023 (£'000)
Assets			
Fixed assets			
Investments		3,653,421	4,604,974
Current assets:			
Debtors	8	19,517	91,947
Cash and bank balances	9	126,327	1,761
Total assets		**3,799,265**	**4,698,682**
Liabilities			
Creditors:			
Distribution payable		(59,539)	(71,047)
Other creditors	10	(49,397)	(35,612)
Total liabilities		**(108,936)**	**(106,659)**
Net assets attributable to unitholders		**3,690,329**	**4,592,023**

Notes to the Financial Statements

for the year ended 31 May 2024

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared on a going concern basis in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and the Statement of Recommended Practice "Financial Statements of UK Authorised Funds" issued by the Investment Association in May 2014 (the "SORP") and updated in June 2017, the COLL and the Fund's Trust Deed. In applying UK GAAP, the financial statements have been prepared in compliance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102").

The Manager has made an assessment of the Fund's ability to continue as a going concern and is satisfied it has the resources to continue in business for at least the next twelve months after the financial statements are signed and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment considers liquidity, fluctuations in global capital markets, known redemption levels, expense projections and key service provider's operational resilience.

b) Basis of valuation of investments

The valuation of the listed investments is based on the bid-market prices, excluding any accrued interest in the case of debt securities, at close of business on the last day of the accounting year, in accordance with the provisions of the Trust Deed. Unquoted securities are valued by the Manager on a fair value basis taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

c) Revenue

Dividends on quoted ordinary shares and preference shares are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared.

Interest on bank balances and deposits is recognised on an accruals basis.

All revenue is recognised at a gross amount that includes any withholding taxes but excludes any other taxes, such as attributable tax credits.

Revenue from securities lending is accounted for net of associated costs and is recognised on an accruals basis.

d) Expenses

All expenses are recognised on an accruals basis and are charged against revenue except for costs associated with the purchase and sale of investments.

The operating expenses of the Fund are paid out of the General administration charges by the Manager.

e) Allocation of income and expenses to multiple unit classes

The allocation of income and expenses to each unit class is based on the proportion of the Fund's assets attributable to each unit class on the day the income is earned or the expense is incurred. The Manager's periodic charge is allocated at a fixed rate based on the net asset value of the respective unit class.

f) Taxation

Corporation tax is charged at 20% of the income liable to corporation tax, less expenses. Deferred tax is provided for at the rate at which taxation is likely to become payable in respect of all timing differences between the accounting and taxation treatment of items.

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.

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

1 Accounting policies (continued)

g) Deferred taxation (continued)

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 the transaction. Investments and other assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rates applicable at the end of the accounting period.

i) Financial instruments

Where appropriate, certain permitted financial instruments such as derivative contracts or forward exchange contracts are used for the purpose of efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "Revenue" or "Expenses" in the Statement of Total Return. Where such financial instruments are used to protect or enhance capital, the returns derived therefrom are included in "Net capital gains/(losses)" in the Statement of Total Return. Any positions in respect of such instruments open at the year end are reflected in the portfolio statement at their market value. Where positions generate total returns, such returns are apportioned between capital and revenue to properly reflect the nature of the transaction. The amounts held at futures clearing houses in respect of these financial instruments are included in the cash and bank balances and detailed in the Notes to the Financial Statements. Transaction costs associated with derivatives are charged to revenue when incurred. All forward contracts outstanding at financial reporting dates are marked-to-market. The Fund may enter into permitted transactions such as derivative contracts or forward currency transactions as outlined in the relevant Investment Objective and Policy of the Fund.

Derivative financial instruments are initially recorded at transaction value on the date on which the derivative contract is entered into. All contracts outstanding at the financial reporting date are carried at a value provided by independent pricing providers. Any positions on such financial instruments open at the year end are reflected in the Balance Sheet at their marked-to-market value at close of business which is not materially different from IA SORP defined fair value policy.

1.1 Distribution policies

j) Basis of distribution

The net revenue available for distribution at the end of each distribution period will be paid as a dividend distribution. Should the expenses of the Fund (including taxation) exceed the revenue of the Fund, there will be no distribution and the shortfall will be set against the capital of the Fund.

Any revenue attributable to accumulation unitholders is retained within the Fund at the end of the distribution period and represents a reinvestment of income on behalf of the accumulation Unitholders.

k) Equalisation

Equalisation on distributions from collective investment scheme is deducted from cost of investment and does not form part of the Fund's distribution.

l) Stock dividends

The ordinary element of a stock dividend is recognised as revenue to the extent that its market value is equivalent to the market value of the underlying shares on the date the shares are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash value of the dividend will be taken to the capital. The ordinary element of the stock dividend is treated as revenue and forms part of the distribution.

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

1.1 Distribution policies (continued)

m) Special dividends

The underlying circumstances behind special dividends are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue will form part of the distribution. Any tax treatment will follow the accounting treatment of the principal amount.

n) Functional currency

The base currency of the Fund is Sterling and is taken to be the 'functional currency' of the Fund.

2 Net capital gains/(losses)

	1.6.2023 to 31.5.2024 (£'000)	1.6.2022 to 31.5.2023 (£'000)
The net capital gains/(losses) comprise:		
Non-derivative securities	391,556	(168,136)
Foreign currency losses	(2)	(2)
Net capital gains/(losses)	**391,554**	**(168,138)**

3 Revenue

	1.6.2023 to 31.5.2024 (£'000)	1.6.2022 to 31.5.2023 (£'000)
Bank interest	5,036	6
Non-taxable overseas dividends	10,019	9,824
Stock lending income	49	71
Taxable overseas dividends	740	5,578
UK dividends	103,476	121,581
Total revenue	**119,320**	**137,060**

4 Expenses

	1.6.2023 to 31.5.2024 (£'000)	1.6.2022 to 31.5.2023 (£'000)
Payable to the Manager or associates of the Manager:		
Manager's charge	30,784	38,578
General administration charges*	2,432	3,019
Total expenses	**33,216**	**41,597**

* The audit fee for the year (borne out of the General administration charges), excluding VAT, was £10,300 (2023: £10,300). Where the total fees exceed the General administration charges, the shortfall will be met by the Manager.

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

5 Taxation

	1.6.2023 to 31.5.2024 (£'000)	1.6.2022 to 31.5.2023 (£'000)

a) Analysis of the tax charge for the year

There is no corporation tax charge for the current year or prior year [see note (b)].

b) Factors affecting the tax charge for the year

The taxation assessed for the year is lower (2023: lower) than the standard rate of corporation tax in the UK for authorised Unit Trusts of 20% (2023: 20%). The differences are explained below:

	1.6.2023 to 31.5.2024 (£'000)	1.6.2022 to 31.5.2023 (£'000)
Net revenue before taxation	86,103	95,459
Corporation tax at 20% (2023 - 20%)	17,221	19,092
Effects of:		
Movement in unrecognised tax losses	5,478	7,189
Revenue not subject to tax	(22,699)	(26,281)
Total tax charge [see note(a)]	**–**	**–**

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

c) Deferred tax

At the year end there is a potential deferred tax asset of £70,651,000 (2023: £65,173,000) due to tax losses of £353,257,000 (2023: £325,865,000). It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or the prior year.

6 Interest payable and similar charges

	1.6.2023 to 31.5.2024 (£'000)	1.6.2022 to 31.5.2023 (£'000)
Overdraft interest	1	4
Total interest payable and similar charges	**1**	**4**

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

7 Distributions

	1.6.2023 to 31.5.2024 (£'000)	1.6.2022 to 31.5.2023 (£'000)
Final distribution	74,102	90,377
Amounts deducted on cancellation of units	14,887	11,403
Amounts received on issue of units	(2,872)	(5,957)
Distributions	**86,117**	**95,823**

The distributable amount has been calculated as follows:		
Net revenue after taxation	86,103	95,459
Add: Equalisation on conversions	14	364
Distributions	**86,117**	**95,823**

The distribution per unit is set out in the table on page 46.

8 Debtors

	31.5.2024 (£'000)	31.5.2023 (£'000)
Accrued revenue	16,094	18,725
Amounts receivable for issue of units	3,423	9,131
Sales awaiting settlement	–	64,091
Total debtors	**19,517**	**91,947**

9 Cash and bank balances

	31.5.2024 (£'000)	31.5.2023 (£'000)
Cash and bank balances	126,327	1,761
Total cash and bank balances	**126,327**	**1,761**

10 Creditors

	31.5.2024 (£'000)	31.5.2023 (£'000)
Accrued expenses	187	249
Accrued Manager's charge	2,413	3,149
Amounts payable for cancellation of units	22,223	21,222
Purchases awaiting settlement	24,574	10,992
Total other creditors	**49,397**	**35,612**

11 Contingent liabilities

There were no contingent liabilities or outstanding commitments at the balance sheet date (2023: £Nil).

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

12 Related party transactions

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 paid to Liontrust Fund Partners LLP and its associates are shown in note 4. Details of units issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Unitholders and balances due to/from the Manager at the year end are included within Notes 8 and 10.

The total expenses due to Liontrust Fund Partners LLP and its associates for the year was £33,216,000 (2023: £41,597,000).

The balance due to Liontrust Fund Partners LLP and its associates in respect of expenses at the year end was £2,600,000 (2023: £3,398,000).

At the year end, certain Members or close family of Members of the Manager held: 267 units in the Institutional Accumulation class (2023: 267 units) with a value of £359 (2023: £315) and received distributions totalling £7 for the year (2023: £6);15,228 units in the Institutional Income class (2023: 9,406) with a value of £77,615 (2023: £42,935) and received distributions totalling £1,572 (2023: £852).

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

13 Securities lending

The Fund engages in security lending activities which expose the Fund to counterparty credit risk. The maximum exposure to the Fund is equal to the value of the securities loaned.

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Stock Lending Agent, The Bank of New York Mellon (London Branch), and separately between the Stock Lending Agent and the approved borrowing counterparty. Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of the Trustee on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee or the Stock Lending Agent. All operational costs are borne out of the Stock Lending Agent's share of income earned.

The total income earned from securities lending transactions is split between the relevant Fund and the Stock Lending Agent. The Fund receives 70% while the Stock Lending Agent receives 30% of such income, with all operational costs borne out of the Stock Lending Agent's share.

Return and cost

The table below shows the net income earned by the Fund from securities lending activity during the year to 31 May 2024.

	Collective Investment Undertaking (£'000)	Manager of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Securities lending				
Gross return	49	–	21	70
% of total	70%	0%	30%	100%
Cost	–	–	–	–

The table below shows the net income earned by the Fund from securities lending activity during the year to 31 May 2023.

	Collective Investment Undertaking (£'000)	Manager of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Securities lending				
Gross return	71	–	30	101
% of total	70%	0%	30%	100%
Cost	–	–	–	–

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

13 Securities lending (continued)

Securities on loan and collateral received

The following table details the value of securities on loan and associated collateral received, analysed by borrowing counterparty as at the Balance Sheet date.

Counterparty	Counterparty's country of establishment	31 May 2024 Securities on loan (£'000)	31 May 2024 Collateral received (£'000)	31 May 2023 Securities on loan (£'000)	31 May 2023 Collateral received (£'000)
Barclays Capital Securities Limited	UK	3,570	3,824	646	688
Citigroup Global Markets Limited	UK	4,182	4,602	871	958
Goldman, Sachs & Co. LLC	USA	–	–	131	138
HSBC Bank	UK	4,594	5,054	92	102
J.P. Morgan Securities Plc	UK	804	894	1,137	1,384
Merrill Lynch International	UK	10,074	10,993	722	772
Morgan Stanley International	UK	473	498	20	21
The Bank of Nova Scotia	Canada	36,335	39,969	12,999	14,305
UBS	Switzerland	987	1,054	85	90
Total		**61,019**	**66,888**	**16,703**	**18,458**

Collateral accepted is non-cash in the form of sovereign debt rated AA or better from approved governments only, supranational debt obligations rated AAA or better listed on a recognised exchange.

Management of counterparty credit risk related to securities lending

To mitigate this risk, the Fund receives either cash or securities as collateral equal to a certain percentage in excess of the fair value of the securities loaned. The Investment Manager monitors the fair value of the securities loaned and additional collateral is obtained, if necessary. At the year end all non-cash collateral received consists of securities admitted to or dealt on a recognised exchange.

The Fund also benefits from a borrower default indemnity provided by The Bank of New York Mellon (London Branch). The indemnity allows for full replacement of securities lent. The Bank of New York Mellon (London Branch) bears the cost of indemnification against borrower default.

14 Risk management policies

In accordance with the investment objectives and policies the Fund can hold certain financial instruments as detailed in the Fund's prospectus. These can comprise of:

- equity, equity related and non-equity shares;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- short-term borrowings used to finance operational cash flows;
- units and shares in collective investment schemes;
- unitholders' funds, which represent investors' monies which are invested on their behalf from overseas investments held;
- derivative transactions for investment purposes as well as efficient portfolio management in accordance with the Fund's investment policies.

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

14 Risk management policies (continued)

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 (including "emerging markets price risk"), currency, interest rate, liquidity and counterparty credit risk. The Manager's policies for managing these risks are summarised below. The Fund, alongside an independent risk function, has used a combination of risk measurements and limits to measure and monitor portfolio risk. This is in line with the Liontrust Group's Risk Management Process.

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 is the risk that the Fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. 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. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes and for investment purposes.

The Fund's investment portfolio is monitored by the Manager in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 May 2024 and 31 May 2023 the overall market exposure for the Fund was as shown in the Portfolio Statement, other than for derivatives where the exposure could be greater. 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 and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Fund to market price risk is estimated below which shows the expected change in the market value of the Fund when a representative market index changes by 10%. These percentage movements are based on the Manager's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Fund has previously changed when that corresponding market index has moved taking into account the Fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 May 2024, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 10.8%.

As at 31 May 2023, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 8.8%.

Some limitations of sensitivity analysis are;

- markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

14 Risk management policies (continued)

Market price risk (continued)

The Fund is required to calculate its exposure to derivatives on a daily basis using one of two alternate methods, the Commitment Approach or Value at Risk (VaR).

The calculation of conversion methods for the commitment approach for standard derivatives is taken from the conversion methodologies listed in the ESMA Guidelines on calculation of Global Exposure and Counterparty Risk. The commitment conversion methodology for standard derivatives is either the notional value or the market value of the equivalent position in the underlying asset. Please refer to the portfolio statement for the notional values of any forwards and futures contracts.

VaR is a method of estimating potential loss due to market risk, rather than a statement of leverage, using a given confidence level, or probability, over a specific time period and assuming normal market conditions. VaR is calculated using a Historical Simulation model carried out in accordance with regulatory guidelines.

The Fund uses a combination of other risk measurements and limits. This is in line with the Liontrust Group's Risk Management Process.

The Fund did not materially use derivatives in the current or prior year and the level of leverage employed by the Fund during the current or prior year is not considered to be significant.

Currency risk

Currency risk is the risk that the revenue and net asset value of the Fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Fund's investments may be significantly affected by currency risk movements as some of the assets and income are denominated in currencies other than Sterling, which is the Fund’s functional and reporting currency.

The Manager has identified three principal areas where foreign currency risk could impact the Fund:

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

Currency exposure is monitored closely and is considered to be part of the overall investment process. Currency hedges via forward exchange contracts will only be used in the event of a specific unwanted currency risk being identified.

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. The Manager believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

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.

The majority of the Fund's financial assets and liabilities are denominated in the Fund’s functional currency. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of currency exchange rates.
Therefore, no exchange rate sensitivity analysis has been prepared for these.

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

14 Risk management policies (continued)

Interest rate risk

Interest rate risk is the risk that the revenue cash flow or the fair value of investments may be adversely affected by movements in market interest rates.

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. 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.

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 in line with overnight bank rates.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund's assets comprise mainly of readily realisable securities which can be sold to meet liquidity requirements.

If a Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the Fund may not be able to sell a position for full value or at all in the short-term. This may affect performance and could cause the Fund to defer or suspend redemptions of its units. In addition, the spread between the price you buy and sell units will reflect the less liquid nature of the underlying holdings. Any unquoted investments held by a Fund are by their nature much less liquid than those listed on an exchange. A Fund may not be able to sell a position for full value or at all in the short term.

The main liquidity risk of the Fund is the redemption of any units that investors wish to sell, which are redeemable on demand under the Trust Deed. 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.

In accordance with the Manager's policy, the Manager monitors the Fund's liquidity on a daily basis.

Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Investments may be adversely affected if any of the institutions with which money is deposited or invested suffers insolvency or other financial difficulties or the credit rating of the bearers of the bonds held by the Fund are downgraded.

The Fund may enter into transactions in financial instruments (including derivatives) which exposes it to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

The Fund may enter into stock lending activities which exposes it to the risk that the counterparty will not deliver the stock or cash after the Fund has fulfilled its obligations. The Fund will only enter into stock lending activities with parties that have been approved as acceptable by the Manager and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

At the balance sheet date, there were no counterparties to open derivative contracts (2023: none). At the year end collateral of £Nil (2023: £Nil) was received; collateral pledged was £Nil (2023: £Nil) and none (2023: none) of the Fund's financial assets were past due or impaired.

The Trustee is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Trustee and Custodian, The Bank of New York Mellon Corporation, as at 31 May 2024 and at 31 May 2023 was A (Standard & Poor's rating).

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

14 Risk management policies (continued)

Counterparty credit risk (continued)

BNYMSA, in the discharge of its delegated Trustee duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of BNYMSA and (ii) all financial instruments that can be physically delivered to BNYMSA. BNYMSA ensures all financial instruments (held in a financial instruments account on the books of BNYMSA) are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the Fund on deposit. Such cash is held on the balance sheet of BNYMSA. In the event of insolvency of BNYMSA, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of BNYMSA in respect of any cash deposits.

Insolvency of BNYM and or one of its agents or affiliates may cause the Fund's rights with respect to its assets to be delayed or may result in the Fund not receiving the full value of its assets.

Maturity profile of financial liabilities

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

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.

Valuation of financial investments

31.5.2024	Assets (£'000)	Liabilities (£'000)
Level 1: Quoted prices	3,653,421	–
	3,653,421	**–**

31.5.2023	Assets (£'000)	Liabilities (£'000)
Level 1: Quoted prices	4,454,712	–
Level 2: Observable market data	150,262	–
	4,604,974	**–**

Level 1: Unadjusted quoted price in an active market for an identical instrument;
Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;
Level 3: Valuation techniques using unobservable inputs.

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

15 Portfolio transaction costs

for the year ending 31 May 2024

Purchases (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	176,162	148	0.08	371	0.21
Total purchases	**176,162**	**148**		**371**	
Total purchases including transaction costs	**176,681**				

Sales (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	1,370,361	832	0.06	1	–
Total sales	**1,370,361**	**832**		**1**	
Total sales net of transaction costs	**1,369,528**				

Total transaction costs		**980**		**372**	
Total transaction costs as a % of average net assets		**0.02%**		**0.01%**	

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

15 Portfolio transaction costs (continued)

for the year ending 31 May 2023

Purchases (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	184,288	130	0.07	323	0.18
Total purchases	**184,288**	**130**		**323**	
Total purchases including transaction costs	**184,741**				

Sales (excluding derivatives)	Transaction Value (£'000)	Commissions (£'000)	%	Taxes (£'000)	%
Equity instruments (direct)	845,087	459	0.05	–	–
Total sales	**845,087**	**459**		**–**	
Total sales net of transaction costs	**844,628**				
Total transaction costs		**589**		**323**	
Total transaction costs as a % of average net assets		**0.01%**		**0.01%**	

The above analysis covers any direct transaction costs suffered by the Fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instrument types.

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the Fund's purchase and sale of equity shares. Additionally, for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

Dealing spread costs suffered by the Fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.36% (2023: 0.31%).

Notes to the Financial Statements (continued)

for the year ended 31 May 2024

16 Unit classes

For the year ending 31 May 2024

	Opening units	Units issued	Units redeemed	Units converted	Closing units
Advised Income	1,699,583	98,471	(591,230)	(25,374)	1,181,450
B Income	10,869,706	508,104	(3,135,718)	(166,612)	8,075,480
Institutional Accumulation	842,035,468	115,576,313	(411,605,878)	399,769	546,405,672
Institutional Income	732,495,463	58,160,894	(240,410,373)	474,237	550,720,221
Mandate Income	171,660,794	413,002	(96,646,865)	2,090,858	77,517,789
Retail Income	11,241,464	1,261,552	(3,405,261)	(1,025,254)	8,072,501

17 Post balance sheet events

The Fund invests in a portfolio of assets, whose values have changed since the year-end, primarily due to market volatility. Since the year-end, the NAV per unit of the Institutional Income unit class has decreased by 1.28% to 15 August 2024. The other unit classes in the Fund have moved by a similar magnitude.

Distribution Table

for the year ended 31 May 2024

Final distribution

Group 1 - Units purchased prior to 1 June 2023

Group 2 - Units purchased 1 June 2023 to 31 May 2024

	Net Revenue Pence per unit	Equalisation* Pence per unit	Distribution paid 31.7.2024 Pence per unit	Distribution paid 31.7.2023 Pence per unit
Advised Income - Group 1	9.0931	–	9.0931	7.8512
Advised Income - Group 2	8.1842	0.9089	9.0931	7.8512
B Income - Group 1	1.7667	–	1.7667	1.4944
B Income - Group 2	1.2663	0.5004	1.7667	1.4944
Institutional Accumulation - Group 1	2.6651	–	2.6651	2.2956
Institutional Accumulation - Group 2	1.7901	0.8750	2.6651	2.2956
Institutional Income - Group 1	10.3229	–	10.3229	9.0611
Institutional Income - Group 2	7.0945	3.2284	10.3229	9.0611
Mandate Income - Group 1	2.5689	–	2.5689	2.2678
Mandate Income - Group 2	1.2434	1.3255	2.5689	2.2678
Retail Income - Group 1	5.5477	–	5.5477	4.3264
Retail Income - Group 2	4.2164	1.3313	5.5477	4.3264

* Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Securities Financing Transactions (unaudited)

as at 31 May 2024

Securities Lending

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the Fund and the Stock Lending Agent, The Bank of New York Mellon (London Branch), a related party to the Fund, and separately between the Stock Lending Agent and the approved borrowing counterparty. Collateral received in exchange for securities lent is transferred under a title transfer arrangement and is delivered to and held in an account with a tri-party collateral manager in the name of The Bank of New York Mellon (International) Limited ("the Trustee") on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee or the Stock Lending Agent.

The total income earned from securities lending transactions is split between the relevant Fund and the Stock Lending Agent. The Fund receives 70% while the Stock Lending Agent receives 30% of such income, with all operational costs borne out of the Stock Lending Agent's share.

The following table details the value of securities on loan as a proportion of the Fund's total lendable assets and Net Asset Value (NAV) as at 31 May 2024. The income earned from securities lending are also shown for the period ended 31 May 2024. Total lendable assets represents the aggregate value of assets forming part of the Fund's securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan		
% of lendable assets	% of NAV	Income earned (£'000)
1.68	1.65	49

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 31 May 2024.

		Securities Lending	
Counterparty	Counterparty's country of establishment	Amount on loan (£'000)	Collateral received (£'000)
Barclays Capital Securities Limited	UK	3,570	3,824
Citigroup Global Markets Limited	UK	4,182	4,602
HSBC Bank	UK	4,594	5,054
J.P. Morgan Securities Plc	UK	804	894
Merrill Lynch International	UK	10,074	10,993
Morgan Stanley International	UK	473	498
The Bank of Nova Scotia	Canada	36,335	39,969
UBS	Switzerland	987	1,054
Total		**61,019**	**66,888**

All securities on loan have an open maturity tenor as they are recallable or terminable on a daily basis.

Collateral

The Fund engages in activities which may require collateral to be provided to a counterparty ("collateral posted") or may hold collateral received ("collateral received") from a counterparty.

Securities Financing Transactions (unaudited)(continued)

as at 31 May 2024

Collateral (continued)

The following table provides an analysis by currency of the underlying cash and non-cash collateral received/posted by way of title transfer collateral arrangement by the Fund, in respect of securities lending transactions, as at 31 May 2024.

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Securities lending transactions				
AUD	-	-	270	-
CAD	-	-	3	-
CHF	-	-	995	-
DKK	-	-	27	-
EUR	-	-	8,559	-
GBP	-	-	25,608	-
HKD	-	-	11,419	-
JPY	-	-	907	-
NOK	-	-	151	-
NZD	-	-	3	-
SEK	-	-	11	-
USD	-	-	18,935	-
Total	**-**	**-**	**66,888**	**-**

Non-cash collateral received by way of title transfer collateral arrangement in relation to securities lending transactions cannot be sold, re-invested or pledged.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received/posted by the Fund by way of title transfer collateral arrangement in respect of securities lending transactions, as at 31 May 2024.

	Maturity Tenor						
Collateral type and quality	**1 - 7 days (£'000)**	**8 - 30 days (£'000)**	**31 - 90 days (£'000)**	**91 - 365 days (£'000)**	**More than 365 days (£'000)**	**Open transactions (£'000)**	**Total (£'000)**
Collateral received - securities lending							
Fixed income							
Investment grade	39	–	–	69	4,403	–	**4,511**
Equities							
Recognised equity index	–	–	–	–	–	62,377	**62,377**
Total	**39**	**–**	**–**	**69**	**4,403**	**62,377**	**66,888**

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency; Standard & Poor's, Moody's or Fitch.

A recognised equity index contains at least 20 equities where no single equity represents more than 20% of the total index and no five equities combined represent more than 60% of the total index.

Securities Financing Transactions (unaudited)(continued)

as at 31 May 2024

Collateral (continued)

The maturity tenor analysis for fixed income securities received as collateral is based on the respective contractual maturity date, while for equity securities and exchange traded funds (ETFs) received as collateral are presented as open transactions as they are not subject to a contractual maturity date.

As at 31 May 2024, all non-cash collateral received by the Fund in respect of securities lending transactions is held by the Fund's Trustee (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Fund by way of the title transfer collateral arrangement across securities lending transactions as at 31 May 2024.

Issuer	Value (£'000)	% of the Fund's NAV
The Bank of Nova Scotia	39,969	1.08
Merrill Lynch International	10,993	0.30
HSBC Bank	5,054	0.14
Citigroup Global Markets Limited	4,602	0.13
Barclays Capital Securities Limited	3,824	0.10
UBS	1,054	0.03
J.P.Morgan Securities Plc	894	0.02
Morgan Stanley International	498	0.01
Total	**66,888**	**1.81**

Additional Information (unaudited)

Trust Deed: The Fund was established by a Trust Deed made between the Manager and the Trustee dated 5 September 2005.

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

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

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

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

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. Please refer to the Prospectus for more details.

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 Fund Partners LLP at PO Box 373, Darlington, DL1 9RQ. 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 or other financial regulator.

Management charges and spreads: The initial charge and annual management fees per unit class are detailed below.

Initial charge	%	Ongoing charges figure*	%	Included within the OCF is the Annual Management Charge**	%
Advised Income	up to 2	Advised Income	1.06	Advised Income	1.00
B Income	up to 5	B Income	1.31	B Income	1.25
Institutional Accumulation	Nil	Institutional Accumulation	0.81	Institutional Accumulation	0.75
Institutional Income	Nil	Institutional Income	0.81	Institutional Income	0.75
Mandate Income	Nil	Mandate Income	0.71	Mandate Income	0.65
Retail Income	up to 5	Retail Income	1.81	Retail Income	1.75

* 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.

Publication of prices: The price of units in the Fund is quoted on our website, www.liontrust.co.uk and other industry websites such as www.trustnet.com. Daily and historic Fund prices are available from our Dealing and Administration team on 0344 892 0349.

Capital Gains Tax: As an authorised unit trust, any capital gains made within the Fund is exempt from UK Capital Gains Tax. An individual investor is subject to capital gains tax on gains made on their investment, however an individual's first £6,000 of net gains on disposals in the 2023-2024 tax year are exempt from tax (2022-2023: £12,300).

Additional Information (unaudited) (continued)

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 taxpayer, the tax credit will be set against, but not fully match, his or her tax liability on the distribution. Such people will have an additional tax liability to pay.

Remuneration: Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive (2014/91/EU), the Manager is required to disclose information relating to the remuneration paid to its staff for the financial year. The table below provides an overview of the following as at year ended 31 March 2024:

- Aggregate total remuneration paid by the Manager to its staff (employees and members)
- Aggregate total remuneration paid by the Manager to all relevant UCITS code staff

	Headcount	Total Remuneration (£'000)
Manager UK Staff[1]	94	11,664
of which		
Fixed remuneration	94	9,339
Variable remuneration	94	2,325
UCITS Remuneration Code Staff[1, 2]	9	370
of which		
Senior Management	2	269
Other control functions:		
Other code staff/risk takers	7	101

1 The Manager's UK staff costs have been incurred by another Group entity and allocated to the Manager. The most appropriate measure of staff costs are those staff who are members of Liontrust Investment Partners LLP or Group staff who are employed by LAM but have their costs apportioned to the LLP. The information has been disclosed on an annualised basis.

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 the 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 LAM 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 LAM 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.

Additional Information (unaudited) (continued)

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 the Company 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.

Assessment of Value: The regulator - the FCA - has asked every asset manager to assess the value of the funds they run. Assessing value goes beyond performance and costs and encompasses a minimum of seven criteria mandated by the FCA. The assessment of value of the Fund and other UK-domiciled funds managed by Liontrust will be conducted as at 30 June each year, with a publication deadline of end of October. The assessment of value report can be viewed on the Liontrust website www.liontrust.co.uk/learning/assessment-of-value.

Task Force on Climate-Related Disclosures (TCFD) Product Reports: Under the rules of the Financial Conduct Authority (FCA), Liontrust is required to publish information annually on product level (fund) TCFD disclosures so that investors may have a better understanding of the climate-related risks and opportunities associated with this Fund and its underlying holdings. This report is published in line with the requirements of the FCA and TCFD. The individual TCFD Product Reports can be viewed within the individual Fund pages on the Liontrust website (www.liontrust.co.uk/our-funds).

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

Liontrust Fund Partners LLP

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