

LIONTRUST INVESTMENT FUNDS II

Interim Report &
Financial Statements (unaudited)

For the period:
1 January 2023
to
30 June 2023

LIONTRUST FUND PARTNERS LLP

LIONTRUST 

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* Collectively these comprise the Authorised Corporate Director's Report (herein referred to as the ACD's Report) along with the Investment objective and policy, Investment review, Portfolio Statement and Material portfolio changes of each Sub-fund.

Management and Administration

Management and Administration

The Authorised Corporate Director ("ACD") of Liontrust Investment Funds II (the "Company") is:

Liontrust Fund Partners LLP

The registered office of the ACD and the Company is 2 Savoy Court, London, WC2R 0EZ.

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

Depository

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
11th Floor
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.

Management and Administration (continued)

Company Information

The Company is an investment company with variable capital under regulation 12 of the Open-Ended Investment Company Regulations 2001, incorporated in England and Wales under registered number IC 000591 and authorised by the Financial Conduct Authority on 24 December 2007. At the period end the Company offered two Sub-funds, the Liontrust Emerging Markets Fund and the Liontrust Global Smaller Companies Fund (the "Sub-funds").

The Company is a UCITS scheme which complies with the FCA's Collective Investment Schemes Sourcebook ("COLL") and is structured as an umbrella company so that different Sub-funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Each share class has the same rights on a winding up of the Company. Investment of the assets of each of the Sub-funds must comply with the FCA's COLL and the investment objective and policy of the relevant Sub-fund.

Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps are required on all reports & accounts published after 13 January 2017. See pages 29 - 32 for disclosures at 30 June 2023.

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. Please note we are changing the reference and publication date of our annual Assessment of Value. Previously, the reference date was the end of August, with a publication date of December. Going forward, from 30 June 2023, the reference date will be 30 June, 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.

Changes to the Funds during the Period

The Liontrust Global Equity team became part of the Liontrust Global Fundamental team on 8 February 2023. All Funds that followed the Global Equity process moved to the Global Fundamental Process at this time. Robin Geffen has left Liontrust and the team now report to Tom Record. The Management of the Liontrust Global Smaller Companies Fund has passed to Tom Record, Tom Hosking and Hong Yi Chen.

Holdings in Other Funds of the Company

As at 30 June 2023, there were no shares in any Sub-fund held by other Sub-funds of the Company.

Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist fund management company with £29.5 billion in assets under management as at 30 June 2023 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 seven fund management teams investing in Global Equities, Global Fixed Income, Sustainable Investment and Multi-Asset portfolios and funds.

Management and Administration (continued)

Liontrust Asset Management PLC (continued)

- 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 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 International (Luxembourg) 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.

Russia's invasion of Ukraine, the sanctions imposed on Russia as a result and retaliatory action taken by Russia against foreign investors has caused significant volatility in certain financial markets, currency markets and commodities markets worldwide. Economic sanctions and the fallout from the conflict will likely impact companies worldwide operating in a wide variety of sectors, including energy, financial services and defence, amongst others. As a result, the performance of the Sub-funds may also be negatively impacted even if they have no direct exposure to the regions involved in the conflict.

The Liontrust Emerging Markets Fund has a small exposure to Russia within its portfolio and these holdings are currently under restrictions due to the Russian invasion of Ukraine.

Member's Statement

In accordance with COLL 4.5.8BR, we hereby certify the Interim Report and the Financial Statements were approved by the management committee of members of the ACD and authorised for issue on 29 August 2023.



Antony Morrison

Member

29 August 2023

Notes applicable to the financial statements of all Sub-funds

for the period from 1 January 2023 to 30 June 2023

Accounting Policies

Basis of accounting

The financial statements of the Company comprise the financial statements of each of the Sub-funds and have been prepared on a going concern basis in accordance with UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Statements of UK Authorised Funds" issued by the IMA (now known as the Investment Association) in May 2014 (the "SORP"), updated in June 2017.

The accounting and distribution policies applied are consistent with those disclosed within the annual report & financial statements for the year ended 31 December 2022.

Liontrust Emerging Markets Fund

Report for the period from 1 January 2023 to 30 June 2023

Investment Objective

The investment objective of Liontrust Emerging Markets Fund is to generate long term (five years or more) capital growth.

Investment Policy

The Sub-fund invests at least 80% in shares of emerging market companies. These are companies in countries which, at the time of purchase, appear anywhere in the MSCI Emerging Markets Index.

The Sub-fund may also invest up to 20% in other companies outside of emerging markets, as well as in other eligible asset classes.

Other eligible assets classes are collective investment schemes (which may include Liontrust managed funds), other transferable securities, cash or near cash, deposits and money-market instruments.

Derivative instruments and forward transactions may be used for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-fund has the facility to take tactical positions in cash or near cash, and to use efficient portfolio management, should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-fund is at all times eligible to qualify for, and to be included in, an Individual Savings Account.

Investment Strategy

The Sub-fund invests in a mix of companies that may provide growth opportunities, attractive valuations, or special situations. Special situations can exist where companies are out of favour, misunderstood or where management changes or takeovers are expected.

Liontrust Emerging Markets Fund (continued)

Investment review

The Liontrust Emerging Markets Fund returned -0.3% (C Accumulation) over the first half, versus the IA Global Emerging Markets sector average and MSCI Emerging Markets Index's respective performances of 0.6% and -0.8%*.

The first half of 2023 saw global equity markets broadly rally – albeit with a high degree of volatility – in a continuance of the general up-trend established in the final quarter of 2022. A continued fall in global energy prices eased inflationary pressures and, despite uncertainty over the ultimate peak of US interest rates given the persistently resilient labour market, by the halfway point of the year inflation was clearly falling rapidly and markets rallying on the expectation that any US recession would be milder than expected, or might even be avoided altogether.

Ongoing reassuring economic data regarding the health of the world's largest economy tied together with optimism over the positive earnings impact of the coming wave of AI-led innovation to push markets higher. By this point fears over wider consequences of the collapse of Silicon Valley Bank in the US in the first quarter – thanks to the sharp upwards move in interest rates over the last three years – had largely dissipated.

Within emerging markets, the key dynamic was, once again China where the economy continued to rapidly open up following the abrupt relaxation of the zero-Covid policy that has so dramatically hampered its growth rate over the past two years. Having significantly underperformed emerging (and wider global) markets since late 2020 China enjoyed a significant rally from early November and this continued in the first weeks of the first quarter as investment flooded back into the country.

Indeed, in first quarter of the year the trend was very clearly in favour of North Asia, with Taiwan, South Korea and China among the best performing major markets as expectations of Asian growth picked up, supported by China's economic reacceleration. This shift in flows led to a natural rotation away from last year's more domestically driven winners such as India and Indonesia.

However as we moved into the second quarter, familiar concerns regarding China returned, with bullish expectations of the extent of the recovery met with a somewhat anaemic consumer and ongoing concerns over the property sector – where prices continued to fall – resurfacing. This in turn has put pressure on local government finances, which traditionally have been bolstered by land sales, which are now increasingly difficult to do without cutting prices aggressively (and thereby affecting collateral values for the system). Having outperformed during the first quarter, China then promptly significantly underperformed in the second.

In contrast India continued to prosper, notwithstanding a sharp correction in performance in January – a product of China's brief resurgence as well as the much publicised report from activist US research firm Hindenburg into the Adani empire – India has steadily continued its established trend of outperformance since February and this continued throughout the second quarter. In contrast to the economic woes in China and concerns of slowdown and potential recession in developed markets, India's economy has gone from strength to strength, relatively insulated as it is from global trade and more dependent on domestic policy. Real economic growth is in excess of 6%, while inflation – which remained relatively grounded throughout the last two years, in contrast to much of the developed world – has steadily fallen back from near 8% to the 4-5% range. The domestic investment cycle continues to recover strongly, with private sector capital expenditure picking up to join already-strong public sector outlays. Moreover, the residential property market has moved from strength to strength, comfortably weathering a period of elevated interest rates, with inventories of available properties remaining at low levels and prices beginning to move up strongly to incentivise new supply. The financial sector remains in excellent health, with system credit growth well above 15%, supported by a well-capitalised banking sector willing and able to lend to support property purchases and corporate investment alike. Elsewhere Brazil was the other key positive stand-out performer, recovering strongly in the second quarter, having seen a sharp improvement in its inflationary dynamics, paving the way for interest rate cuts and in term a domestic economic recovery.

On an industry basis, returns were initially heavily concentrated in the tech and telecoms sector, with every other sector falling during the first quarter. This in some part reflected the geographical dispersion of returns, given how heavily weighted North Asian markets are to these sectors, but also reflected the reality of a rolling over of inflation expectations and lower bond yield forecasts, in turn supporting longer-duration sectors such as technology. While the fundamentals in the semiconductor industry remained somewhat precarious, early signs of inventories starting to clear and production cuts at the major suppliers gave hope that a cyclical recovery in the sector beckoned.

Liontrust Emerging Markets Fund (continued)

Investment review (continued)

The early tech rally included China, which saw some incremental positive news from the eCommerce sector, which has in recent years found itself in the crosshairs of the regulators – several companies such as JD.com and Alibaba looked to unlock value through corporate reorganisations. Alibaba announced a plan to give more autonomy to individual business units, which would in turn be able to list themselves, with logistics arm Cainiao looking to be the first in line. That said, the sector rally somewhat fizzled out as the quarter progressed as corporate results failed to immediately validate investor expectations, with many corporates reporting still relatively sluggish growth in the early months of the year. In addition competitive pressures within the new economy sectors such as food delivery and short-form video led the market to worry about lower profitability as companies competed for market share.

Initially, the aggressive rotation towards the technology sector and North Asia, and away from Indonesia and India did not suit the Sub-fund's allocations in general. That said, good stock selection in South Korea, Philippines, Indonesia and India meant that these markets were all positive contributors to returns – pleasing especially in the case of India given the fact that the overall market underperformed so dramatically in the quarter. In South Korea, positions in automaker Kia Corp and autoparts manufacturer Hyundai Mobis performed well as the Korean auto export market held up well despite generally weaker outlook for the sector, with Kia and Hyundai Motor reporting their highest ever monthly sales in March. In the technology sector, the beginnings of the semiconductor turnaround were evident by the outperformance of Samsung Electronics and SK Hynix, which recovered in spite of the still negative headline news around global electronics demand. The Sub-fund's performance, however, improved through the second quarter as the year's early aggressive rotation moderated – the key positive contributors to performance again came from South Korea - where SK Hynix and Samsung Electronics continued to post a strong recovery as supply has been effectively curtailed and inventories reduced. The shares have begun to recover strongly in anticipation of the next price cycle, as well as benefiting from expectations of higher future chip demand thanks to the nascent AI boom. The Sub-fund's overweight position in India was profitable over the quarter thanks to robust returns from the healthcare sector, namely South-Indian hospital provider Krishna Institute of Medical Sciences and domestic pharmaceuticals manufacturer JB Chemicals & Pharma. The Sub-fund also benefited from a relatively light weighting to China, where the market was particularly weak.

We remain optimistic as to the prospects of a revival in the fortunes of emerging markets, especially outside of China. India continues to lead the way in terms of economic strength, but in general terms the weaker US dollar has provided a clear tailwind for the asset class, whilst emerging markets has tended to lead market recoveries following a US recession.

Moreover monetary policy in general has been managed in exemplary fashion over the current economic cycle in emerging markets, with early and prudent rate hikes in countries such as India and Brazil leaving policy makers ahead of the curve and now in a position to cut rates to stimulate domestic demand. In addition there are early signs of improvement in the technology hardware sector where inventories have been elevated and demand weak, but the second half of this year presents opportunities for early recovery, thus supporting another key sector within emerging markets, especially in South Korea.

**Source: FE Analytics as at 30.06.23, total return, net of fees, income reinvested. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

Ewan Thompson, Thomas Smith & Ruth Chambers

Fund Managers

July 2023

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

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.

Liontrust Emerging Markets Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases

Taiwan Semiconductor Manufacturing ADR
Ping An Insurance of China 'H'
Alibaba
3R Petroleum

Sales

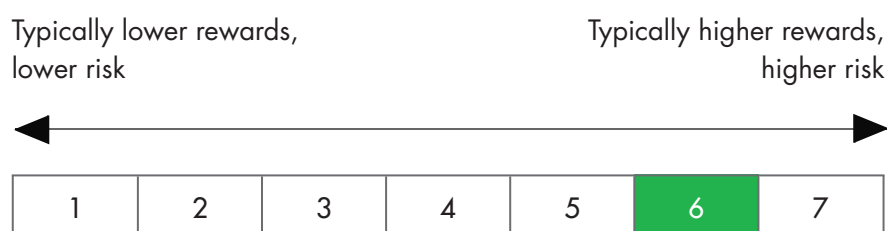
Larsen & Toubro
Li Ning
China Mengniu Dairy
Chemplast Sanmar
Ping An Insurance of China 'H'
JD.com
Finolex Industries
Nedbank
Bank Mandiri Persero
ICICI Bank

Liontrust Emerging Markets Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



- 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 Sub-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 Sub-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 Sub-fund or a representative fund or Index's value has moved up and down in the past.
- The Sub-fund is categorised 6 primarily for its exposure to Emerging Market equities.
- The SRRI may not fully take into account the following risks:
 - that a company may fail thus reducing its value within the Sub-fund;
 - 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 Sub-fund.
- This Sub-fund may have a concentrated portfolio, i.e. hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-fund's value than if it held a larger number of investments.
- The Sub-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. 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 Sub-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 Sub-fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Sub-fund volatility in both up and down markets by hedging against the general market.
- The Sub-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.
- Investments in emerging markets may involve a higher element of risk due to less well-regulated markets and political and economic instability. This may result in higher volatility and larger drops in the value of the Sub-fund over the short term.
- The Sub-fund may have both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Sub-fund.

Liontrust Emerging Markets Fund (continued)

Investment review (continued)

Risk and Reward profile (continued)

- Outside of normal conditions, the Sub-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.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- Environmental Social 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 Sub-fund's risks, please see the prospectus which may be obtained from Liontrust (address on page 1) or online at www.liontrust.co.uk.

Liontrust Emerging Markets Fund (continued)

Performance record (unaudited)

as at 30 June 2023

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
30 June 2023			
C Accumulation	6,273,416	9,694	154.53
31 December 2022			
C Accumulation	7,808,949	12,127	155.29
31 December 2021			
C Accumulation	9,358,564	17,239	184.21
31 December 2020			
C Accumulation	11,993,485	24,029	200.35

Liontrust Emerging Markets Fund (continued)

Portfolio Statement (unaudited)

as at 30 June 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (99.66%)	9,679	99.85
	BRAZIL (9.76%)	1,088	11.22
19,719	3R Petroleum	96	0.99
42,700	Intelbras Industria de Telecomunicacao Eletronica Brasileira	180	1.86
98,843	Itau Unibanco ADR	459	4.73
30,800	Petro Rio	186	1.92
15,800	Vale ADR	167	1.72
	CHINA (24.93%)	1,933	19.95
42,080	Alibaba ADR	343	3.54
371,000	China Construction Bank 'H'	189	1.95
41,000	China Merchants Bank 'H'	147	1.52
83,600	Haier Smart Home	206	2.12
435,000	Industrial & Commercial Bank of China 'H'	183	1.89
12,320	Meituan Dianping	151	1.56
30,028	Ping An Insurance of China 'H'	150	1.55
327,000	Postal Savings Bank of China	158	1.63
12,200	Tencent	406	4.19
	HONG KONG (3.73%)	145	1.50
4,905	Hong Kong Exchanges & Clearing	145	1.50
	INDIA (23.96%)	1,834	18.91
19,321	Axis Bank	183	1.89
114,402	Finolex Industries	192	1.98
24,906	Godrej Consumer Products	258	2.66
13,931	ICICI Bank	253	2.61
13,606	JB Chemicals & Pharmaceuticals	309	3.19
15,656	Krishna Institute of Medical Sciences	268	2.76
8,199	Reliance Industries (Partially Restricted)	201	2.07
31,064	State Bank of India	170	1.75
	INDONESIA (7.08%)	722	7.45
706,500	Astra International	251	2.59
809,800	Bank Mandiri Persero	221	2.28
879,700	Bank Rakyat Indonesia Persero	250	2.58

Liontrust Emerging Markets Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 30 June 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
EQUITIES (continued)			
MEXICO (3.61%)		472	4.87
55,000	Grupo Mexico	208	2.15
85,000	Wal-Mart de Mexico	264	2.72
PHILIPPINES (1.86%)		255	2.63
130,168	BDO Unibank	255	2.63
RUSSIA (0.01%)		1	0.01
1,697	Novatek GDR	1	0.01
SOUTH AFRICA (2.52%)		165	1.70
17,350	Nedbank	165	1.70
SOUTH KOREA (10.86%)		1,533	15.81
1,523	Hyundai Mobis	211	2.18
4,133	Kia	218	2.25
12,487	Samsung Electronics	538	5.55
2,129	Samsung Electronics Preference Shares	76	0.78
501	Samsung SDI	200	2.06
4,217	SK Hynix	290	2.99
TAIWAN (6.10%)		1,105	11.40
98,000	Hon Hai Precision Industry	278	2.87
10,425	Taiwan Semiconductor Manufacturing	827	8.53
THAILAND (2.36%)		150	1.55
52,300	Kasikornbank	150	1.55
UNITED STATES OF AMERICA (2.88%)		276	2.85
124,600	Samsonite International	276	2.85
Portfolio of investments		9,679	99.85
Net other assets		15	0.15
Total net assets		9,694	100.00

Liontrust Emerging Markets Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 30 June 2023

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 December 2022.

Stocks shown as ADRs represent American Depositary Receipts.

Stocks shown as GDRs represent Global Depositary Receipts.

Liontrust Emerging Markets Fund (continued)

Statement of Total Return (unaudited)

for the period ended 30 June 2023

	(£'000)	1.1.2023 to 30.6.2023 (£'000)	(£'000)	1.1.2022 to 30.6.2022 (£'000)
Income				
Net capital losses		(89)		(2,522)
Revenue	123		236	
Expenses	(49)		(69)	
Interest payable and similar charges	(1)		–	
Net revenue before taxation	73		167	
Taxation	(20)		(27)	
Net revenue after taxation		53		140
Total return before distributions		(36)		(2,382)
Distributions		(4)		(1)
Change in net assets attributable to shareholders from investment activities		(40)		(2,383)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 30 June 2023

	(£'000)	1.1.2023 to 30.6.2023 (£'000)	(£'000)	1.1.2022 to 30.6.2022 (£'000)
Opening net assets attributable to shareholders		12,127		17,239
Amounts received on issue of shares	37		258	
Amounts paid on cancellation of shares	(2,430)		(1,100)	
		(2,393)		(842)
Change in net assets attributable to shareholders from investment activities		(40)		(2,383)
Closing net assets attributable to shareholders		9,694		14,014

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Liontrust Emerging Markets Fund (continued)

Balance Sheet (unaudited)

as at 30 June 2023

	30.6.2023 (£'000)	31.12.2022 (£'000)
Assets		
Fixed assets		
Investments	9,679	12,086
Current assets:		
Debtors	138	67
Cash and bank balances	123	66
Total assets	9,940	12,219
Liabilities		
Creditors:		
Other creditors	(246)	(92)
Total liabilities	(246)	(92)
Net assets attributable to shareholders	9,694	12,127

Liontrust Global Smaller Companies Fund

Report for the period from 1 January 2023 to 30 June 2023

Investment Objective

The investment objective of Liontrust Global Smaller Companies Fund is to generate long term (five years or more) capital growth.

Investment Policy

The Sub-fund invests at least 80% in shares of small sized companies across the world. These are companies which, at the time of purchase, have a market capitalisation of under £10 billion.

The Sub-fund may also invest up to 20% in companies that are not small sized companies, as well as in other eligible asset classes.

Other eligible asset classes are collective investment schemes (which may include Liontrust managed funds), other transferable securities, cash or near cash, deposits and money market instruments.

Derivatives and forward transactions may be used by the ACD for efficient portfolio management.

It is the intention to be near-fully invested at all times, however, the Sub-fund has the facility to take tactical positions in cash or near cash, and to use efficient portfolio management, should the ACD feel it appropriate.

The portfolio will be managed to ensure that the Sub-fund is at all times eligible to qualify for, and to be included in, an Individual Savings Account.

Investment Strategy

The Sub-fund invests in securities using a combination of economic, industry and stock specific analysis.

Liontrust Global Smaller Companies Fund (continued)

Investment review

Over the six months to end-June 2023, the Liontrust Global Smaller Companies Fund returned 12.6% (C Accumulation) versus 2.2% for the MSCI ACWI Small Cap Index*.

Global equities mostly rose in H1 2023, led by the US, despite the fallout from its regional banking crisis. There were market jitters in May over the periodic political standoff regarding the US debt ceiling, but these subsided by the end of the month when the House of Representatives passed the required bill.

Data pointing to economic resilience in developed markets supported equities, but together with fixed income, they were put under pressure from monetary tightening that continued in the US and Europe to counter core inflation that remained stubbornly high. The US looks to be further ahead than other developed markets in terms of tackling inflation, especially the UK.

Liquidity in markets appears to be contracting and, in the US, M2 growth is at its lowest level in around 60 years. The restricted liquidity is raising fund costs for the regional banks, causing knock-on effects for the real estate sector. On the positive side, there are signs that the drivers of inflation are weakening, including a cooling in the US jobs market, while new developments in Generative AI should boost the economy in the medium to long term by increasing productivity and wages.

Elsewhere, there were hopes earlier this year that a resurgent China re-opening post-lockdown would stimulate the world economy. The recovery has faltered, which has global implications, but the Chinese government retains an increasingly pragmatic approach to stimulating the economy. The economic brakes of higher rates are likely to feed through into weaker demand with a 12 to 18-month lag. We are already experiencing negative producer prices (ex-construction) in Europe and in the US. It is highly likely that the market narrative will shift towards disinflation and lower rates over the next 18 months.

Among the Sub-fund's notable performers for the period was Evoqua Water Technologies, the global water technology provider that was the target of a successful takeover bid by Xylem, and Silicon Laboratories, the wireless technology company that has seen significant earnings per share growth over the last three years. Molson Coors is benefiting from branding problems that have alienated customers of Bud light. Vertiv, the supplier of cooling equipment to datacentres, was also strong as pricing improved (with a lag from inflation), supply chain woes diminished, and datacentre capex was strong.

On a sector level, the Sub-fund's allocation to consumer discretionary was the strongest contributor to relative performance. Our positions in consumer-exposed names such as Molson Coors Beverages, Installed Building Products, Shutterstock, and Copa Airlines were among the top 10 contributors for the period. Our underweight in financials also helped relative performance of the strategy.

The US, which is the main driver of the world economy, has an almost equal chance of slipping into recession or muddling through a weak patch of economic performance. Real estate seems to be a potential weak point, together with issues around the regional banks. The real estate sector is seeing some high vacancy and capitalisation rates, which could lead to some challenging impacts on some of the smaller banks' balance sheets. We believe that now is not a time to take major sectoral or positioning bets because there are also plenty of reasons to be optimistic. We are more balanced in our approach, having tempered the positivity that we had at the beginning of the year.

We are seeing opportunities in a broad range of stocks. We expect our idiosyncratic stock-specific opportunities (and risks) to be a bigger determinant of returns than any big positioning in the portfolio to growth or cyclicals, for example. We continue to move the portfolio away from late cyclicals and have been gently increasing our exposure to consumer and early cyclical stocks.

Monetary policies remain a key focus for investors. Conversely, our attention is increasingly drawn to more analysis of companies' fundamentals. Indeed, changes in our portfolios over the last half-year have been more stock- than macro-driven. Drawing themes from the companies that we are investing in – early-stage cyclicals are showing great promise, helped by falling energy prices and receding supply chain issues, and structural growth companies are looking more attractive against a more dovish outlook from central banks.

There are still uncertainties, but investors with a long-term view can capitalise on this uncertainty, selecting those stocks for which the risk-rewards are favourable. We own companies that should provide scarce growth in an economic headwind, which will benefit from lower rates, or they are exploiting changes that are untied to the economic cycle and so they should be relatively agnostic regarding economic growth.

Liontrust Global Smaller Companies Fund (continued)

Investment review (continued)

**Source: Financial Express, as at 30.06.23, total return, in Sterling, net of fees, income reinvested. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

Tom Record, Tom Hosking & Hong Yi Chen

Fund Managers

July 2023

Any opinions expressed are those of the Fund Manager. They should not be viewed as a guarantee of a return from an investment in the Sub-fund. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. The investments of the Sub-fund are subject to normal market fluctuations. Investments can go down as well as up. Investors' capital is at risk and they may get back less than they originally invested.

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.

Liontrust Global Smaller Companies Fund (continued)

Investment review (continued)

Material portfolio changes by value

Purchases

Copa
Performance Food
Calix
Installed Building Products
Molson Coors Beverage
Credicorp
Ionis Pharmaceuticals
Oxford Nanopore Technologies (Private Equity)
Envista
Advanced Drainage Systems

Sales

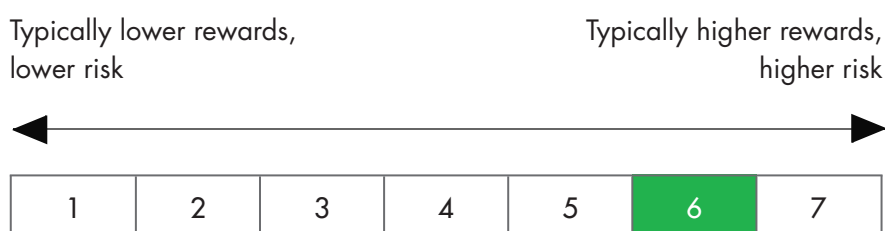
Evoqua Water Technologies
Silicon Laboratories
SPS Commerce
Workiva
Acadia Healthcare
New Relic
CyberArk Software
Box
Power Integrations
Jafco

Liontrust Global Smaller Companies Fund (continued)

Investment review (continued)

Risk and Reward profile

The Risk and Reward Indicator table demonstrates where the Sub-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 Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



- 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 Sub-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 Sub-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 Sub-fund or a representative fund or Index's value has moved up and down in the past.
- The Sub-fund is categorised 6 primarily for its exposure to Global small cap equities.
- The SRRI may not fully take into account the following risks:
 - that a company may fail thus reducing its value within the Sub-fund;
 - 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 Sub-fund.
- This Sub-fund may have a concentrated portfolio, i.e. hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-fund's value than if it held a larger number of investments across a more diversified portfolio.
- The Sub-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. 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 Sub-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 Sub-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.
- As the Sub-fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the Sub-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 Sub-fund to defer or suspend redemptions of its shares. In addition the spread between the price you buy and sell units will reflect the less liquid nature of the underlying holdings.
- The Sub-fund may have both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Sub-fund.

Liontrust Global Smaller Companies Fund (continued)

Investment review (continued)

Risk and Reward profile (continued)

- Outside of normal conditions, the Sub-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.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- Environmental Social 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 Sub-fund's risks, please see the prospectus which may be obtained from Liontrust (address on page 1) or online at www.liontrust.co.uk.

Liontrust Global Smaller Companies Fund (continued)

Performance record (unaudited)

as at 30 June 2023

Net asset value

Period end	Shares in Issue	Net Asset Value (£'000)	Net Asset Value per share (p)
30 June 2023			
C Accumulation	10,045,161	23,374	232.69
31 December 2022			
C Accumulation	23,474,668	48,345	205.94
31 December 2021			
C Accumulation	25,792,499	72,266	280.18
31 December 2020			
C Accumulation	11,081,351	28,941	261.17

Liontrust Global Smaller Companies Fund (continued)

Portfolio Statement (unaudited)

as at 30 June 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	EQUITIES (98.56%)	23,062	98.67
	CANADA (1.53%)	0	0.00
	DENMARK (0.00%)	565	2.42
43,845	Ambu	565	2.42
	HONG KONG (0.70%)	0	0.00
	INDIA (0.00%)	289	1.24
13,600	MakeMyTrip	289	1.24
	ISRAEL (3.79%)	0	0.00
	ITALY (0.00%)	490	2.10
54,872	Leonardo	490	2.10
	JAPAN (6.65%)	2,124	9.07
35,000	Amada	269	1.15
43,000	JTEKT	305	1.30
7,500	OKUMA	313	1.34
20,300	Subaru	298	1.27
21,900	SUMCO	241	1.03
11,800	TechnoPro	199	0.85
114,600	Toray Industries	499	2.13
	NETHERLANDS (2.16%)	0	0.00
	NORWAY (0.00%)	500	2.14
290,678	AutoStore	500	2.14
	PANAMA (0.00%)	939	4.02
10,800	Copa	939	4.02
	PERU (0.00%)	847	3.62
7,300	Credicorp	847	3.62
	SOUTH KOREA (0.00%)	215	0.92
12,546	Doosan Fuel Cell	215	0.92

Liontrust Global Smaller Companies Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 30 June 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
EQUITIES (continued)			
SWITZERLAND (0.00%)		518	2.22
14,447	Dufry	518	2.22
UNITED KINGDOM (5.77%)		2,642	11.31
5,308	4imprint	254	1.09
69,700	Clarivate	522	2.23
103,701	easyjet	501	2.14
41,317	Fevertree Drinks	504	2.16
7,800	LivaNova	315	1.35
256,168	Oxford Nanopore Technologies	546	2.34
UNITED STATES OF AMERICA (77.96%)		13,933	59.61
24,400	AdaptHealth	233	1.00
7,900	Advanced Drainage Systems	706	3.02
18,500	Aramark	626	2.68
7,100	Booz Allen Hamilton	623	2.67
8,600	Bright Horizons Family Solutions	626	2.68
10,000	Brink's	533	2.28
18,800	Calix	738	3.16
16,500	Envista	439	1.88
24,300	Frontdoor	610	2.61
3,100	Huntington Ingalls Industries	555	2.37
8,900	Installed Building Products	981	4.20
27,500	Ionis Pharmaceuticals	887	3.79
5,800	LGI Homes	615	2.63
23,600	Maravai LifeSciences	231	0.99
18,800	Molson Coors Beverage	973	4.16
16,500	Performance Food	782	3.35
81,500	Sabre	204	0.87
210,600	Samsonite International	467	2.00
7,000	Trex	361	1.54
10,400	Twilio 'A'	520	2.22
17,900	US Foods	619	2.65
38,600	Verra Mobility	598	2.56

Liontrust Global Smaller Companies Fund (continued)

Portfolio Statement (unaudited) (continued)

as at 30 June 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
EQUITIES (continued)			
UNITED STATES OF AMERICA (continued)			
23,500	Vertiv	458	1.96
14,600	WillScot Mobile Mini	548	2.34
Portfolio of investments		23,062	98.67
Net other assets		312	1.33
Total net assets		23,374	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 December 2022.

Liontrust Global Smaller Companies Fund (continued)

Statement of Total Return (unaudited)

for the period ended 30 June 2023

	(£'000)	1.1.2023 to 30.6.2023 (£'000)	(£'000)	1.1.2022 to 30.6.2022 (£'000)
Income				
Net capital gains/(losses)		4,232		(19,851)
Revenue	198		130	
Expenses	(149)		(252)	
Interest payable and similar charges	(1)		–	
Net revenue/(expense) before taxation	48		(122)	
Taxation	(14)		(9)	
Net revenue/(expense) after taxation		34		(131)
Total return before distributions		4,266		(19,982)
Distributions		–		–
Change in net assets attributable to shareholders from investment activities		4,266		(19,982)

Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the period ended 30 June 2023

	(£'000)	1.1.2023 to 30.6.2023 (£'000)	(£'000)	1.1.2022 to 30.6.2022 (£'000)
Opening net assets attributable to shareholders		48,345		72,266
Amounts received on issue of shares	2,126		2,152	
Amounts paid on cancellation of shares	(31,399)		(3,863)	
		(29,273)		(1,711)
Dilution adjustment		36		–
Change in net assets attributable to shareholders from investment activities		4,266		(19,982)
Closing net assets attributable to shareholders		23,374		50,573

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Liontrust Global Smaller Companies Fund (continued)

Balance Sheet (unaudited)

as at 30 June 2023

	30.6.2023 (£'000)	31.12.2022 (£'000)
Assets		
Fixed assets		
Investments	23,062	47,651
Current assets:		
Debtors	494	299
Cash and bank balances	168	606
Total assets	23,724	48,556
Liabilities		
Creditors:		
Other creditors	(350)	(211)
Total liabilities	(350)	(211)
Net assets attributable to shareholders	23,374	48,345

Securities Financing Transactions

as at 30 June 2023

Securities Lending

Securities lending transactions entered into by the Sub-funds are subject to a written legal agreement between the Sub-funds and the Stock Lending Agent, The Bank of New York Mellon (London Branch), a related party to the Sub-funds, 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 Depositary") on behalf of the Sub-funds. Collateral received is segregated from the assets belonging to the Sub-funds' Depositary or the Stock Lending Agent.

The total income earned from securities lending transactions is split between the relevant Sub-fund and the Stock Lending Agent. The Sub-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 tables below show the net income earned by the Sub-funds from securities lending activity during the period to 30 June 2023.

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Emerging Markets Fund				
Securities lending				
Gross return	–	–	–	–
% of total	70%	0%	30%	100%
Cost	–	–	–	–
	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
Liontrust Global Smaller Companies Fund				
Securities lending				
Gross return	1	–	–	1
% of total	70%	0%	30%	100%
Cost	–	–	–	–

Securities lending

The following table details the value of securities on loan as a proportion of the Sub-funds' total lendable assets and Net Asset Value (NAV) as at 30 June 2023. The income earned from securities lending are also shown for the period ended 30 June 2023. Total lendable assets represents the aggregate value of assets forming part of the Sub-funds' securities lending programme. This excludes any assets held by the Sub-funds that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan

Fund	% of lendable assets	% of NAV	Income earned (£'000)
Liontrust Emerging Markets Fund	1.50	0.91	–
Liontrust Global Smaller Companies Fund	7.63	7.10	1

Securities Financing Transactions (continued)

as at 30 June 2023

Securities lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 June 2023.

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Emerging Markets Fund			
UBS	Switzerland	88	99
Total		88	99

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
Liontrust Global Smaller Companies Fund			
BNP Paribas	France	110	121
Citigroup Global Markets Limited	UK	–	83
HSBC Bank	UK	552	608
Jeffries LLC	USA	89	98
Merrill Lynch International	UK	96	101
UBS	Switzerland	812	892
Total		1,659	1,903

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

Collateral

The Sub-funds engage in activities which may require collateral to be provided to a counterparty ("collateral posted") or may hold collateral received ("collateral received") from a counterparty.

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 Sub-funds, in respect of securities lending transactions, as at 30 June 2023.

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Emerging Markets Fund				
Securities lending transactions				
EUR	-	-	7	-
JPY	-	-	2	-
USD	-	-	90	-
Total	-	-	99	-

Securities Financing Transactions (continued)

as at 30 June 2023

Collateral (continued)

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
Liontrust Global Smaller Companies Fund				
Securities lending transactions				
CHF	-	-	15	-
EUR	-	-	196	-
GBP	-	-	214	-
JPY	-	-	23	-
USD	-	-	1,455	-
Total	-	-	1,903	-

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 Sub-funds by way of title transfer collateral arrangement in respect of securities lending transactions, as at 30 June 2023.

Collateral type and quality	Maturity Tenor					Open transactions (£'000)	Total (£'000)
	1 - 7 days (£'000)	8 - 30 days (£'000)	31 - 90 days (£'000)	91 - 365 days (£'000)	More than 365 days (£'000)		
Liontrust Emerging Markets Fund							
Collateral received - securities lending							
Equities							
Recognised equity index	—	—	—	—	—	99	99
Total	—	—	—	—	—	99	99

Collateral type and quality	Maturity Tenor					Open transactions (£'000)	Total (£'000)
	1 - 7 days (£'000)	8 - 30 days (£'000)	31 - 90 days (£'000)	91 - 365 days (£'000)	More than 365 days (£'000)		
Liontrust Global Smaller Companies Fund							
Collateral received - securities lending							
Fixed income							
Investment grade	—	—	5	85	1,121	—	1,211
Equities							
Recognised equity index	—	—	—	—	—	692	692
Total	—	—	5	85	1,121	692	1,903

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.

Securities Financing Transactions (continued)

as at 30 June 2023

Collateral (continued)

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.

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 30 June 2023, all non-cash collateral received by the Sub-funds in respect of securities lending transactions is held by the Sub-funds' Depositary (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 Sub-fund by way of the title transfer collateral arrangement across securities lending transactions as at 30 June 2023.

Issuer	Value (£'000)	% of the Sub-fund's NAV
Liontrust Emerging Markets Fund		
UBS	99	1.02
Total	99	1.02
Issuer	Value (£'000)	% of the Sub-fund's NAV
Liontrust Global Smaller Companies Fund		
UBS	892	3.82
HSBC Bank	608	2.60
BNP Paribas Arbitrage (Euroclear)	121	0.52
Merrill Lynch International	101	0.43
Jefferies LLC	98	0.42
Citigroup Global Markets Limited	83	0.35
Total	1,903	8.14

Additional Information

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 shares 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.



Liontrust Customer Services Team

PO Box 373, Darlington, DL1 9RQ



0344 892 0349



Facsimile 0207 964 2562



Liontrustadmin@bnymellon.com

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