



INVESTMENT FIRM PRUDENTIAL REGIME (IFPR) DISCLOSURE

As at 31st March 2023

LIONTRUST INVESTMENT PARTNERS LLP

LIONTRUST PORTFOLIO MANAGEMENT LIMITED



BACKGROUND

The Investment Firms Prudential Regime (“IFPR”) is the FCA’s prudential regime for MiFID investment firms. The regime came into force on 1 January 2022. The FCA’s stated aim of IFPR is to “streamline and simplify the prudential requirements for MiFID investment firms.” IFPR applies to; MiFID investment

firms authorised and regulated by the FCA, Collective Portfolio Management Investment Firms (“CPMIs”) and regulated and unregulated holding companies of groups that contain either of the above. The public disclosure requirements of IFPR are set out in MIFIDPRU 8.

BASIS OF DISCLOSURE

This document sets out the public disclosures required for MIFIDPRU Investment Firms within the Liontrust Group (the “Group”) being Liontrust Asset Management Plc (“Liontrust”) and its subsidiaries at 31st March 2023. Liontrust Asset

Management PLC is the parent company whose shares are quoted on the Official List of the London Stock Exchange and is domiciled and incorporated in the UK. It has four operating subsidiaries as follows:

Subsidiary name	% owned by the Company	Subsidiary principal activities
Liontrust Fund Partners LLP	100%	A financial services organisation managing unit trusts and OEICS and is the Authorised Corporate Director for Liontrust’s UK domiciled funds. It is authorised and regulated by the Financial Conduct Authority.
Liontrust Investment Partners LLP	100%	A financial services organisation offering investment management services to professional investors directly, through investment consultants and through other professional advisers, which is authorised and regulated by the Financial Conduct Authority. Liontrust Investment Partners LLP is also approved as an Investment Manager by the Central Bank of Ireland and is an SEC registered adviser.
Liontrust International (Luxembourg) S.A.	100%	A distribution business authorised and regulated by the CSSF in Luxembourg.
Liontrust Portfolio Management Limited	100%	A financial services organisation offering investment management services to professional investors directly, through investment consultants and through other professional advisers. It is authorised and regulated by the Financial Conduct Authority. Formerly Majedie Asset Management, it was acquired by Liontrust on 1 April 2022, and transferred its activities to other Group entities with effect from 1 October 2022.

Of the four subsidiaries listed above, two, Liontrust Investment Partners LLP (“LIP”) and Liontrust Portfolio Management Limited (“LPML”), are authorised Markets in Financial Instruments Directive (“MiFID”) firms and are subject to rules set out in the FCA’s Prudential sourcebook for MiFID Investment Firms (“MIFIDPRU”), including MIFIDPRU 8 rules on disclosures. LIP and LPML are Non-Small and Non Interconnected (“non-

SNI”) MIFIDPRU investment firms as they do not meet the basic conditions for classification as an SNI MIFIDPRU investment firm as set out in MIFIDPRU 1.2.1 R. At present Liontrust’s MIFIDPRU investment firms are not subject to the extended remuneration requirements under SYSC19G.1.1 R(2). It is anticipated that LPML will cease its regulatory activities within the next year.



MIFIDPRU 8.2 – RISK MANAGEMENT OBJECTIVES AND POLICIES

PROPORTIONALITY

In accordance with MIFIDPRU 8.1.8 R, “a MIFIDPRU investment firm must provide a level of detail in its qualitative disclosures that is appropriate to its size and internal organisation, and to the nature, scope, and complexity of its activities.” Liontrust performs risk management at a Group level to help ensure a consistent approach and understanding of risk across the different subsidiaries. Therefore, the qualitative disclosures provided in this document are for the Group, and are consistent for all Liontrust entities including LLP and LPML (the MIFIDPRU Investment Firms) in respect of: risk management objectives and policies, governance arrangements, the approach to assessing adequacy of own funds, liquidity adequacy, concentration risk, and remuneration policies and practices. The aforementioned MIFIDPRU entities are given specific, appropriate and adequate oversight within the group structure. The quantitative disclosures are provided for the two Liontrust MIFIDPRU Investment Firms on a solo basis as required in MIFIDPRU 8.1.7 R, in addition to the quantitative disclosures for the Group.

FREQUENCY AND LOCATION OF DISCLOSURE

Liontrust has an accounting date of 31st March and the disclosures are published annually (or more frequently if there is a material change in circumstances), as a standalone

document, alongside the financial statements. The disclosures are as at 31st March 2023. The disclosures are located on the Liontrust website: www.liontrust.co.uk/regulatory

VERIFICATION OF DISCLOSURE

The information contained in this document has not been audited by the Group’s external auditors and does not constitute any form of financial statement and must not be relied upon in

making any judgement on the individual regulated firms or the Group.

Liontrust takes a cautious and pro-active approach to risk management, recognising the importance of understanding risks to the business, setting and monitoring risk appetite and implementing the systems and controls required to mitigate them. Liontrust has defined a Risk Universe and uses a Risk Appetite Statement as well as an Enterprise Risk Framework to capture the core risks inherent in our business and assess how they are managed and mitigated, the key indicators that would suggest if the risk is likely to materialise together with an assessment that each risk may have on our regulatory capital.

The Risk Department is a business function set up to manage the risk management processes on a day-to-day basis and is responsible for the Group’s Risk Management Framework and how it is integrated into the Group’s internal control system. It is an essential part of the Group’s corporate governance and management arrangements. It provides challenge, an objective review and an assessment of the risks Liontrust faces in seeking to achieve its objectives.

The Risk Management Framework is designed to ensure that the unique risks posed to the individual subsidiaries within the Group (including LLP and LPML) are appropriately identified and mitigated to the greatest extent possible. The Group has identified eight Risk Areas across the business; credit risk, market risk, operational risk, business risk, client management, portfolio management, investment and liquidity risk, people/talent management and regulatory, compliance, conduct and financial crime risk. These risks are managed at Group level and are primarily applicable to the MIFIDPRU entities and all other Liontrust entities.

Liontrust’s Risk Charter defines the mission, scope of work, organisation, accountability, authority and responsibilities of the Risk Department. It governs how the Chief Risk Officer and other staff of the department discharge their duties and conduct risk management activities within the overall Risk Management Framework of the Group.

Further information on Liontrust’s risk management objectives and policies can be found in the “Principal Risks and Mitigations” section (page 46) of the Annual Report and Financial Statements, located here: [Annual Report | Liontrust Asset Management PLC](#).

Own Funds Requirement

The Group’s objective when managing capital is to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders whilst maintaining an optimal company structure to reduce the cost of capital and meet working capital requirements.

The Group’s policy is that it and its subsidiaries should have sufficient capital to meet regulatory requirements, keep an appropriate standing with counterparties and meet working capital requirements at both a Group and subsidiary level. Management reviews the Group’s assets on a monthly basis and will ensure that operating capital is maintained at the levels required. In order to maintain or adjust the capital structure the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares or sell financial assets which will increase cash and reduce capital requirements.

Concentration Risk

According to MIFIDPRU 5.2.2G, the Group is required to monitor and control all sources of concentration risk. In accordance with the FCA guidance, the Firm has identified the following two concentration risks and has put in place the control strategies discussed below.

- 1. Client Money:** the Group holds segregated client money accounts with one UK bank. The Group has a strong and well-established relationship with the institution and monitors the institution on an ongoing basis through Moody’s, Fitch and/or S&P credit ratings checks, credit default swap spreads, and periodic due diligence reviews. The Liontrust Client Money & Assets Committee has oversight of the Group’s ongoing CASS compliance (including client money arrangements), whereby any pertinent developments and/or concerns are discussed on a monthly basis. The Group also has implemented controls & procedures and business contingency/operational resilience plans to manage its risk exposures to the institution. Given the monitoring, controls and business contingency/operational resilience planning, client money does not present a material risk to the Group, our clients, nor the market.
- 2. Custody Assets:** the location of the Group’s client custody assets are held primarily with one US custodian banking institution. The Group has a strong and well-established relationship with the institution and monitors the custodian on an ongoing basis through metrics such as Moody’s, Fitch or S&P credit ratings checks, credit default swap spreads, and periodic due diligence reviews. The Group also has implemented controls & procedures and business contingency/operational resilience plans to manage its risk exposures to the institution. This is formally managed through oversight and governance committees that have oversight of our key service providers. Given the monitoring, controls and business contingency/operational resilience planning in-place, the location of custody assets does not present a material risk to the Group, our clients, nor the market.

Other forms of concentration risk such as the Group's own cash deposits held at banking institutions and earnings generated from clients are not significant to Liontrust and also does not present a material risk to the Group, our clients, nor the market.

Liquidity Risk

This is the risk of the Group and subsidiaries not having sufficient cash and financial resources to meet its payments and other financial obligations as they become due. The Group has identified the following liquidity risks that may affect any area of the business:

- Failure of banks/credit institution;
- Failure of a client to pay fees;
- Failure of a client to pay funds for an investment;
- Failure of a fund to pay redemption monies;
- Dealing error;
- Failure of FX currency deals to settle; and
- Fraud.

The Group also considers the Group's ability to transfer capital resources between the different entities within the Group. Currently there are no restrictions that might impact the ability of the Group to transfer capital as required.

The Group is subject to a number of fairly specific liquidity risks owing to its business. Though operating in a regulated environment means that the Group along with its entities has the inherent risk monitoring and control systems to minimise these liquidity risks. With these control system in place, the Group's relatively strong balance sheet, and having identified contingency options, the Group is satisfied that it could meet any liquidity issues that would arise.

MIFIDPRU 8.3 GOVERNANCE ARRANGEMENTS

The Board of Liontrust (the "Board") is responsible for organising and directing the affairs of the Group in a manner that is in the best interests of the shareholders, meets legal and regulatory requirements and is consistent with good corporate governance practices. There is a formal document, Schedule of Matters Reserved for the Board, setting out the way in which the Board operates and matters reserved for the board.

The division of responsibilities between Alastair Barbour, Non-Executive Chairman, and John Ions, Chief Executive, has been clearly established by way of written role statements, which have been approved by the Board. The Non-Executive Chairman's main responsibilities are to lead the Board, ensure that shareholders are adequately informed with respect to the Group's affairs and that there are efficient relations and communication channels between management, the Board and shareholders, liaising as necessary with the Chief Executive on developments, and to ensure that the Chief Executive and his executive management team have appropriate objectives and that their performance against those objectives is reviewed.

The Chief Executive's main responsibilities are the executive management of the Group, liaison with Board and shareholders (as required by the Non-Executive Chairman), to manage the strategy of the Group, to manage the senior management team, oversee and manage the sales and marketing teams, and to be an innovator and facilitator of change. The Executive team is completed by Vinay Abrol, the Chief Operating/Chief Financial Officer.

Non-Executive Directors

The Board currently has three Non-Executive Directors, one of whom acts as a Senior Independent Director, whose responsibilities include scrutinising the performance of management in meeting agreed goals and objectives and

monitoring the reporting of performance. They should also satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. They are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

Sub-Committees of the Board

The Board has, in turn, delegated a number of powers to three sub committees; the Remuneration Committee ("RemCom"), the Nomination Committee ("NomCom") and the Audit and Risk Committee ("ARCom"). MIFIDPRU 8.3.1 (5) & (6) require that "A non-SNI MIFIDPRU investment firm must disclose the following information regarding internal governance arrangements: whether the firm has a risk committee, and whether the firm is required by MIFIDPRU 7.3.1R to establish a risk committee, or if that obligation has been removed as a result of a waiver or modification granted by the FCA. LIP and LPML are not required by MIFIDPRU 7.3.1R to establish a risk committee as they do not meet the criteria for non-SNI MIFIDPRU investment firms as set out in MIFIDPRU 7.1.4 R to do so."

RemCom – The Committee is responsible for establishing, monitoring and overseeing a transparent procedure for developing the Remuneration Policy & Directors' Remuneration Policy (the "Policies") of the Group to determine director, senior management team (including LLP Partners) and the wider Groups workforce's remuneration.

NomCom – The Committee is responsible for reviewing the structure, size and composition of the Board including that of the Board's sub-committees, identifying new candidates for the Board and succession planning.

The **ARCom** – The Committee is responsible for establishing transparent policies and procedures to ensure the independence and effectiveness of the Group's internal audit processes, external auditors and ensure the integrity of the Group's financial reporting and statements.

There are formal documents, Terms of Reference, for all the Board's sub-committees, setting out the way in which the committees operate. The Terms of Reference have been adopted by the Board and by the committees and are reviewed annually.

Management Committees

The Board has delegated the authority for the executive management of the Group to the Chief Executive except where any decision or action requires approval as a Reserved Matter in accordance with the Schedule of Matters Reserved for the Board. The Group has set up two management committees to assist the Chief Executive, namely the:

Liontrust Investment Partners LLP Partnership Management Committee ("LIPPM") for dealing, trading systems, research tools (including fund management data services and research tools), for investment operations, risk management (including portfolio risk), and investment processes (including performance of the process, outlook, amendments or enhancements to the investment processes and new instruments within funds).

Liontrust Fund Partners LLP Partnership Management Committee ("LFPPM") for retail and institutional sales and marketing, advertising, promotion of Liontrust Funds, Transfer Agency, Information Technology (including business continuity), Treating Customers Fairly, Compliance & Financial Crime, Human Resources, Finance, product development and other asset gathering related powers.

There are Terms of Reference for all the committees, setting out the way in which the meetings operate. The Terms of Reference have been formally adopted by the respective Partnerships and are reviewed annually.

Equal Opportunities, Diversity and Inclusion

Liontrust believes in the benefit that diversity brings in terms of broader perspectives, beneficial insight and challenge to the Board and throughout the Group and is actively seeking to develop and maintain a diverse business in terms of gender, ethnicity and educational background, including at Board level. The Group operates a policy of equal opportunity.

It remains an overriding prerequisite that each Director or proposed Director must have the skills, experience and character to contribute individually and collectively to the effectiveness of the Board and the success of the Group. Subject to this principle, managed through the continued maintenance and development of a Board Skills Matrix, the Board believes that diversity amongst its members is of great value. It is thus the Group's policy to give careful consideration to issues of overall Board balance and diversity in making new appointments to the Board. The Committee considers diversity, including gender and ethnic diversity, when looking to appoint additional Directors and encourages all the Directors to create an inclusive culture within the Group in which difference is recognised and valued. This approach is set out in the Board Diversity Policy.

The Hampton-Alexander Review recommends that women should represent at least 33% of Board members whilst the Parker Review recommends that at least one Board member should be from an ethnic minority background. Liontrust continues to meet both targets, with 33.3% of Board Directors being women (2022: 37.5%) and one Director being Asian British (2022: one).

The Nomination Committee notes the three targets set out in the FCA's April 2022 Policy Statement 22/03, that at least:



40% of the board are women;



one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) is a woman; and



one member of the board is from a minority ethnic background.

Liontrust currently meets two of these three targets with Rebecca Shelley serving as Senior Independent Director and Vinay Abrol serving as Chief Financial Officer & Chief Operating Officer. As noted above, with two of six Directors, women represent 33.3% of the Board rather than 40% as targeted by the FCA.

	Number of board members	Percentage of the board	Number of senior positions on the board (Chair, CEO, CFO, SID)
Men	4	66.7%	3
Women	2	33.3%	1
Other categories	-	-	-
Not specified/ prefer not to say	-	-	-
White British or other White (including minority white groups)	5	83.3%	3
Mixed/ Multiple Ethnic Groups	-	-	-
Asian/ Asian British	1	16.7%	1
Black/ African/ Caribbean/Black British	-	-	-
Other ethnic group, including Arab	-	-	-
Not specified/ prefer not to say	-	-	-

Further detail on the Group's approach to diversity and inclusion can be found in the Our People section (page 64) of the Annual Report & Financial Statements: www.liontrust.co.uk/investor-relations/annual-report

BOARD MEMBERSHIP AS AT 31 MARCH 2023

Under MIFIDPRU 8.3.1 (2) Liontrust is required to disclose the number of directorships held by each member of the management body. In accordance with MIFIDPRU 8.3.2 R the table below excludes, where applicable, any directorships held in organisations which do not pursue predominantly commercial objectives and directorships within the same Group.

Liontrust Investment Partners LLP

Management Committee Member	Number of External Directorships
John Ions (Chief Executive Office)	0
Vinay Abrol (Chief Operating Office & Chief Finance Officer)	0
Edward Catton (Chief Risk Officer)	0
Neale Soffe (Head of Operations)	0
Matthew McLoughlin (Head of Trading and Chief Commercial Officer)	0
Sally Buckmaster (Group Company Secretary)	0

Liontrust Portfolio Management Limited

Management Committee Member	Number of External Directorships
Edward Catton (Chief Risk Officer)	0
Martin Kearney (Chief Compliance Officer)	1
Sally Buckmaster (Group Company Secretary)	0

MIFIDPRU 8.4 OWN FUNDS

Liontrust Investment Partners LLP

Composition of own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	37,579	
2	TIER 1 CAPITAL	37,579	
3	COMMON EQUITY TIER 1 CAPITAL	37,579	
4	Fully paid up capital instruments	5,300	Members' capital classed as equity
5	Share premium	-	
6	Retained earnings	32,279	Retained earnings
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	TIER 2 CAPITAL	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Liontrust Portfolio Management Limited

Composition of own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	12,862	
2	TIER 1 CAPITAL	12,862	
3	COMMON EQUITY TIER 1 CAPITAL	12,862	
4	Fully paid up capital instruments	4	Called up share capital
5	Share premium	3,095	Share premium
6	Retained earnings	9,762	Retained earnings
7	Accumulated other comprehensive income	-	
8	Other reserves	1	Capital redemption reserve
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	TIER 2 CAPITAL	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Consolidated Group

Composition of own funds

	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	113,258	
2	TIER 1 CAPITAL	113,258	
3	COMMON EQUITY TIER 1 CAPITAL	234,518	
4	Fully paid up capital instruments	648	Ordinary shares
5	Share premium	112,510	Share premium
6	Retained earnings	121,341	Retained earnings
7	Accumulated other comprehensive income	-	
8	Other reserves	19	Capital redemption reserve
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	121,260	Intangible assets, Goodwill, Own shares held, and Deferred tax liabilities
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	TIER 2 CAPITAL	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

Liontrust Investment Partners LLP

Own Funds: reconciliation of own funds to the audited balance sheet.

	Balance sheet as in published/audited financial statements (GBP thousands) £'000 31-Mar-23	Cross-reference to template OF1
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Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements.

1	Intangible assets	–	
2	Goodwill	–	
3	Property, plant and equipment	52,714	
4	Trade and other receivables	–	
5	Financial assets	–	
6	Cash and cash equivalents	8,206	
	Total Assets	60,920	

Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements.

1	Deferred tax liabilities	–	
2	Lease liabilities	–	
3	Trade and other payables	-23,341	
4	Corporation tax payable	–	
	Total Liabilities	-23,341	

Shareholders' Equity – Breakdown by shareholders' equity classes according to the balance sheet in the audited financial statements.

1	Members' capital classed as equity	5,300	Line 4
2	Share premium	–	
3	Retained earnings	32,279	Line 6
4	Other reserves	–	
5	Own shares held	–	
	Total Shareholders' Equity	37,579	

Liontrust Portfolio Management Limited

Own Funds: reconciliation of own funds to the audited balance sheet.

	Balance sheet as in published/audited financial statements (GBP thousands) £'000 31-Mar-23	Cross-reference to template OF1
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Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements.

1	Intangible assets	–	
2	Goodwill	–	
3	Property, plant and equipment	36	
4	Trade and other receivables	1,864	
5	Financial assets	119	
6	Cash and cash equivalents	12,276	
	Total Assets	14,295	

Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements.

1	Deferred tax liabilities	–	
2	Lease liabilities	–	
3	Trade and other payables	-1,039	
4	Corporation tax payable	-394	
	Total Liabilities	-1,433	

Shareholders' Equity – Breakdown by shareholders' equity classes according to the balance sheet in the audited financial statements.

1	Members' capital classed as equity	4	Line 4
2	Share premium	3,095	Line 5
3	Retained earnings	9,762	Line 6
4	Other reserves	1	Line 8
5	Own shares held	–	
	Total Shareholders' Equity	12,862	

Consolidated Group

Own Funds: reconciliation of own funds to the audited balance sheet.

	Balance sheet as in published/audited financial statements (GBP thousands) £'000	Cross-reference to template OF1
	31-Mar-23	
Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements.		
1	Intangible assets	90,629 Line 11
2	Goodwill	38,586 Line 11
3	Property, plant and equipment	3,378
4	Trade and other receivables	241,682
5	Financial assets	9,921
6	Cash and cash equivalents	121,037
	Total Assets	505,233
Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements.		
1	Deferred tax liability	-21,493 Line 11
2	Lease liability	-2,168
3	Trade and other payables	-255,460
4	Corporation tax payable	-5,131
	Total Liabilities	-284,252
Shareholders' Equity – Breakdown by shareholders' equity classes according to the balance sheet in the audited financial statements.		
1	Members' capital classed as equity	648 Line 4
2	Share premium	112,510 Line 5
3	Retained earnings	121,341 Line 6
4	Other reserves	19 Line 8
5	Own shares held	-13,537 Line 11
	Total Shareholders' Equity	220,981

Own funds: main features of own instruments issued by the firm. Liontrust Investment Partners LLP own funds is comprised of members' capital classed as equity and retained earnings which are both considered common equity tier 1 capital (CET1).

The Consolidated Group's own funds is primarily comprised of issued ordinary shares, share premium and retained earnings which are all considered common equity tier 1 capital (CET1).

Liontrust Portfolio Management Limited is primarily comprised of called up share capital, share premium and retained earnings which are all considered common equity tier 1 capital (CET1).

MIFIDPRU 8.5 OWN FUNDS REQUIREMENTS

Recognised regulatory bodies, such as the FCA in the UK, oversee the activities of a number of the Group's operating subsidiaries and impose capital requirements on the subsidiaries. The Group is regulated by the FCA as a UK consolidation Group. The FCA issued new rules on capital adequacy following the implementation of the Investment Firm Prudential Regulation ("IFPR") which came into force on 1 January 2022. Liontrust as a Group and its MIFIDPRU entities, LIP and LPML, are subject to the MIFIDPRU regulations.

In compliance with Overall Financial Adequacy Rule ("OFAR"), the FCA requires the MIFIDPRU Firms to hold more regulatory capital resources than the Own Funds Threshold Requirement ("OFTR") which is the total capital requirement as defined in the IFPR. The OFTR for the Group is made of the Own

Funds Requirement ("OFR"), the regulatory minimum, and any Additional Own Funds Requirement identified during the Internal Capital Adequacy and Risk Assessment (ICARA) process.

The Own Funds Requirement for MIFIDPRU Firms is the higher of:

- A) Permanent Minimum Requirement;
- B) the K-Factor Requirement; or
- C) the Fixed Overhead Ratio (FOR) Requirement

A summary of the Own Funds Requirement for LIP, LPML, and the Group is shown in the table below:

Liontrust Investment Partners LLP

Own Funds Requirement	£000's
(A) Permanent Minimum Requirement	75
(B) K-Factor Requirement	1,217
- Risk-to-Client (sum of K-AUM, K-CMH and K-ASA)	985
- Risk-to-Market (Sum of K-NPR, K-CMG, K-TCD, and K-CON)	0
- Risk-to-Firm (sum of K-COH and K-DTF)	232
(B) Fixed Overhead Requirement (FOR)	7,514
Own Funds Requirement – Higher of (A), (B) or (C)	7,514

Liontrust Asset Management Plc

Own Funds Requirement	£000's
(A) Permanent Minimum Requirement	335
(B) K-Factor Requirement	7,069
- Risk-to-Client (sum of K-AUM, K-CMH and K-ASA)	6,837
- Risk-to-Market (Sum of K-NPR, K-CMG, K-TCD, and K-CON)	0
- Risk-to-Firm (sum of K-COH and K-DTF)	232
(B) Fixed Overhead Requirement (FOR)	25,906
Own Funds Requirement – Higher of (A), (B) or (C)	25,906

Liontrust Portfolio Management Limited

Own Funds Requirement	£000's
(A) Permanent Minimum Requirement	75
(B) K-Factor Requirement	758
- Risk-to-Client (sum of K-AUM, K-CMH and K-ASA)	758
- Risk-to-Market (Sum of K-NPR, K-CMG, K-TCD, and K-CON)	0
- Risk-to-Firm (sum of K-COH and K-DTF)	0
(B) Fixed Overhead Requirement (FOR)	1,087
Own Funds Requirement – Higher of (A), (B) or (C)	1,087

The Group determines the OFTR during the Liontrust ICARA process. The Group produces the ICARA annually, or more frequently if there is a fundamental change to our business. The OFTR is determined by the higher of:

- Harms from Ongoing Operations
- Harms from a Wind-Down

The Harms from Ongoing Operations for Liontrust includes material risks of the Group such as operational and credit risks. The Harms from a Wind-Down is an estimated cost analysis of an orderly wind-down of the Group within a stressed market environment. The OFTR as at 31 March 2023 for the consolidated Group was driven by Harms from Ongoing Operations.

The ICARA also considers other various risks inherent in our business, such as concentration risk, obligations to fund any

deferred benefit pension schemes and non-MIFID and/or unregulated activities that the Group is not explicitly holding capital for. The ICARA process details how all material risks are being managed to ensure that the risks are tolerable in terms of potential impact should they materialise, including any impact on our OFTR. The assessment draws upon the results of our risk management controls and includes scenario analysis and stress testing that considers the Group's exposure to extreme events.

During the period, the Group and its subsidiary entities complied with all regulatory capital requirements under the IFPR. The preparation of the ICARA is managed by the Chief Risk Officer alongside the Chief Executive Officer and Chief Operating Officer / Chief Financial Officer, together with key input from senior managers within the business. The ICARA is reviewed and approved by the Audit and Risk Committee and the Group Board.

the business environment and remuneration practice, subject to applicable law and regulation, and therefore the Policy is subject to change from time to time. The Policy is reviewed on an annual basis to ensure that it remains aligned with evolving business strategy and changes in the markets in which we operate, is consistent with best practice, promotes sound and effective risk management (including sustainability risk) and is compliant with relevant regulations.

Governance

As a company listed on the London Stock Exchange Liontrust Asset Management Plc is required to have a Remuneration Committee. The Remuneration Committee ("RemCom") is responsible for the monitoring and oversight of the Group's remuneration policy for its Executive Directors and Senior Management, any incentivisation or performance related pay including share schemes and of any pension payments. It is also responsible for reviewing the remuneration across the Group and ensuring adequate disclosure and compliance with

any applicable remuneration codes or guidelines. Liontrust's RemCom is made up of the Board's Non-executive Directors and it meets at least three times a year. Liontrust's Chief Finance Officer / Chief Operating Officer, who is responsible for Risk and Compliance at a board level, also attends the RemCom meetings to ensure there is appropriate input from Risk and Compliance in remuneration decision-making.

The RemCom is responsible for the implementation of and compliance with the Remuneration Policy. The RemCom will also ensure that the Remuneration Policy avoids any potential conflicts of interest and that it is in line with the business strategy and long-term interests of the Group. The Group will not use vehicles or methods that facilitate the avoidance of application of the provisions in the Policy. The RemCom will ensure that the remuneration costs for the Group is within a target operating margin determined by the Board as part of the annual budget process. To ensure that the Group's rates of remuneration are competitive, the RemCom takes account of publicly available market data, supported by additional specific market data obtained through an independent benchmarking company. In the performance of its duties, the Committee can seek assistance from external advisers.

Material Risk Takers (MRTs)

Liontrust has identified its MRTs following the criteria set out in SYSC 19G.5.3 (R). MRTs are notified of their inclusion in the MRT list and all staff are required to attest to having reviewed and understood the Remuneration Policy.

Key Characteristics of the Remuneration Policies and Practices

Fixed (base) remuneration

Base remuneration is designed to reflect a staff member's professional experience and organisational responsibility, with the aim of being competitive to comparable companies operating in similar markets, and giving due regard to sound and effective risk management. Base remuneration is not dependent on performance and is non-discretionary, non-revocable in all circumstances.

Variable remuneration

Variable remuneration is used to reward good performance, incentivise long-term commitment to the business and encourage staff retention. These short- to medium-term incentive arrangements are in line with corporate governance best practice and the FCA's remuneration requirements under SYSC 19G, giving due consideration to ensuring sustainable and responsible remuneration practices.

The following types of variable remuneration are currently available:

Type of variable remuneration	Description	Applicable to:
Cash bonus	Discretionary bonus subject to individual and firm performance	- All staff
Employee Long Term Incentive Plan ("eLTIP")	Incentive scheme for Executive Directors and employees	- Executive Directors - Senior Management (excl. members)
Member Long Term Incentive Plan ("mLTIP")	Incentive scheme for members in the LLPs	- Members of the LLPs only
Company Share Option Plan	A HMRC approved share option plan for employees	- Employees only
Share Incentive Plan	a HMRC approved share purchase plan for employees.	- Employees only
Fund Manager profit allocation	Fund Managers are entitled to a share of the net management and performance fees collected by the business. The percentage entitlement is documented in the relevant individual's service contract or LLP membership side letter and is paid to them as bonus (for employees) or variable allocation of profits (for partners)	- Fund Management teams only

Liontrust does not have any staff who are paid only variable remuneration. The Group's Non-Executive Directors are paid fixed remuneration only.

Liontrust seeks to ensure remuneration is appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration. This includes consideration of circumstances under which no variable remuneration may be paid.

The payment of variable remuneration is at the RemCom's discretion, and any amounts awarded will be based on the following criteria:

1. the overall performance, profits and financial position of the business; and
2. the performance of the individual, over a suitable time period, as assessed under the formal appraisal process

When assessing individual performance, financial as well as non-financial criteria are considered. Examples of such considerations which may be considered are noted below:

Assessment Criteria	Considerations
Financial	<ul style="list-style-type: none"> - Achievement of performance and sales targets - Achievement of cost reduction targets - Increase in Liontrust's share price
Non-financial	<ul style="list-style-type: none"> - Conduct - Completion of all mandatory training and adherence to the group's risk management and compliance policies - Team contribution(s) - Positive consumer outcomes - Demonstration of leadership - Contribution to the group's ESG and diversity & inclusion initiatives

This is a non-exhaustive list and for illustration purposes only. Our Performance Management Policy and Personal Development processes ensure that staff can discuss with their manager the contribution their work makes to their personal, team and department objectives.

Central to Liontrust's remuneration policy is the promotion of sound and effective risk management and avoiding an environment which rewards or encourages excessive risk-taking. Liontrust's remuneration policy covers financial risks, as well as sustainability risks. Where applicable, the determination of variable remuneration for relevant individuals (such as those involved in investment management / oversight roles) will include reference to their risk-adjusted performance.

Liontrust has two separate variable remuneration pool calculations, one pool includes Fund Management teams, and a bonus pool all other staff.

For the Fund Management teams, revenue is calculated per team - looking at the revenue generated by all activities for each team's franchise. Costs are then deducted including any rebates and staff costs. The remaining sum is then allocated by team heads amongst team members, in line with profit allocation arrangements, giving due consideration to financial and non-financial criteria.

For all other staff, the bonus is determined by the economic profit of the Group and will be impacted by both the Group's performance and individual performance (see above). In all circumstances, Liontrust will take account of the Group's regulatory capital and liquidity position to ensure there will be no adverse impact on the Group's financial position following distribution of variable remuneration.

The RemCom review the overall level of bonuses and can adjust as required – this includes reducing the bonus pool to zero in the event of poor firm performance or application of malus or clawback arrangements.

Variable remuneration is potentially recoverable by Liontrust for a period of up to three years following the award of the relevant variable remuneration by either (or a combination of) malus and/or clawback. "Malus" refers to the reduction or cancellation of unpaid amounts of variable remuneration. "Clawback" refers to the repayment of all or part of an award of variable remuneration after it has vested or been received. These malus provisions only apply to MRTs and not other staff.

Although the RemCom's policy is to avoid guaranteed compensation where possible, it recognises that there will be times when this forms part of the initial package necessary to recruit fund managers and other key individuals. However, in such exceptional circumstances that remuneration is guaranteed this will be limited to the first 12 months and will be delivered in the form of equity which must be held for the long term. It is not standard practice for Liontrust to offer retention bonuses or buy-out schemes.

Arrangements for any severance pay are covered by the Redundancy Policy. The Redundancy Policy sets out the consistent process and resulting pay if an employee is impacted by internal or external factors resulting in a change in business areas, structure or levels of staffing within the Group.

At present Liontrust is not subject to the extended remuneration requirements under SYSC19G.1.1 R(2). However, in line with SYSC19G.1.29 (G), Liontrust continues to review the additional deferral provisions as per SYSC19G.6.24 (R) for all MRTs. Liontrust believes this approach contributes to sound risk management and a healthy firm culture.

Quantitative Disclosures

The tables below summarise remuneration for MRTs, senior management and other staff for LIP and LPML for the year ending 31st March 2023.

LIP identified 10 senior managers during the period 1st April 2022 to 31st March 2023. There were no other MRTs identified who were not senior managers.

	Senior Management	Other MRTs	Other Staff £m	Total (All Staff) £m
Fixed Remuneration	£1,125,025	–	£3,409,450	£4,534,475
Variable Remuneration	£1,442,500	–	£36,323,219	£37,765,719
Total Remuneration	£2,567,525	–	£39,732,669	£42,300,194

No LIP significant managers or MRTs received guaranteed variable remuneration or received a severance payment in light of termination.

LPML identified 15 MRTs and 9 senior managers during the period 1st April 2022 to 31st March 2023.

	Senior Management	Other MRTs	Other Staff £m	Total (All Staff) £m
Fixed Remuneration	£319,033	£350,750	£830,232	£1,500,015
Variable Remuneration	£292,924	–	£1,000,811	£1,293,735
Total Remuneration	£611,958	£350,750	£1,831,043	£2,793,751

Following the Group's acquisition of Majedie Asset Management Ltd, the Senior Management and MRTs detailed above had their remuneration transferred from LPML to Liontrust Asset Management Plc on 31st May 2022. Therefore, the remuneration detailed above covers the period 1st April 2022 to 31st May 2022.


For LPML post June 2022, the disclosures stipulated MIFIDPRU 8.6.8 R (5) would lead to the disclosure of information about one or two people. Therefore, Liontrust has relied on the exemption in MIFIDPRU 8.6.8 R (7) (b) in order to prevent identification of a MRT/Senior Manager.

The value of the LPML/LIP on-balance sheet assets and off-balance sheet items over the preceding 4-year period have been a rolling average of £100 million or less as set out in SYSC 19G.1.1R(2). They are therefore not required to provide the details outlined in MIFIDPRU 8.6.8R (6).

MIFIDPRU 8.7 INVESTMENT POLICY

LIP and LPML are not required to provide a disclosure on investment policy as they are not categorised as larger non-SNI firm as they meet the conditions of MIFIDPRU 7.1.4R.

Who to contact for more information

 liontrust.co.uk

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