LIONTRUST STEWARDSHIP REPORT

for the calendar year 2024

LIONTRUST
COURAGE · POWER · PRIDE

Contents

WELCOME FROM JOHN IONS, CEO

We take great pride in being active owners. As well as the management of funds and portfolios by our investment teams, this active ownership covers our responsibility to people, the planet and society.

All of our investment teams are active managers of their funds and portfolios through the use of distinct, rigorous and repeatable processes. These processes lead to the teams having high conviction in the investments they make and enable them to take a long-term approach to investment management. The investment processes are designed to meet the return and risk management expectations of our clients over the long term.

There will always be periods when actively managed investment processes underperform their sector averages, which are typically over a relatively short term. Global equity markets have been driven by the momentum of disruption and passive investing over the past few years, creating a new dynamic that we have not experienced previously in our lifetime in which the proportion of global markets accounted for by just a few stocks reached extreme levels. This created significant concentration risk, to which passive vehicles have been particularly exposed, and have benefited from.

We believe this has been setting up a favourable environment for active managers. Any broadening of returns from equity markets, particularly among small and mid-cap stocks, greater focus on valuations and lower index returns in future will present opportunities for price discovery among active investors including those at Liontrust.

Another aspect of active ownership is engagement with the teams' investee companies. This increases understanding of their businesses, management, sectors as a whole, the likelihood of future growth and the material risks facing each company.

Liontrust had a total of 817 engagements with 472 different entities in 2024, spanning a range of issues, including those that were related to ESG (environmental, social and governance) matters and were material in the view of the teams' processes. The investment teams voted on more than 11,000 proposals, of which over 10,000 were in favour.

The Sustainable Investment team believe that, in their experience, raising ESG issues, making specific requests for change and voting all help to challenge and encourage companies to proactively manage their business for the benefit of long-term shareholder value.

All 10 of the Sustainable Investment team's UK-domiciled funds adopted the FCA's Sustainability Focus label under the Sustainability Disclosure Requirements (SDR) from 1 April 2025. Improving trust and transparency of sustainable investment funds will play a key role in clients' decision making and they will benefit from the Group having one of the broadest fund ranges with SDR labels, comprising sustainable equity, fixed income and managed funds.

The investment teams actively engage with their clients . The managers are accessible, provide regular updates on their latest insights and views, and explain what are driving markets and the performance of their funds and portfolios. We believe one of our responsibilities as active owners is to inform, educate and engage with clients.

We also recognise and are committed to our other responsibilities as active owners, including to stakeholders, employees, shareholders, the environment and society. This includes commitments to net zero, biodiversity, DEI (Diversity, Equity, Inclusion) and the well-being of employees, contributing to the financial services industry and community engagement.

During 2024, we continued to provide training, support and presentations on a range of DEI-related topics. These included neurodiversity, International Women's Day, International Men's Day, PRIDE and Black History Month. The Group sponsored a number of health-related events for all staff focusing on mental health awareness, fertility, cancer detection, menopause and menstruation.

The Group has also continued to actively support and commit to many financial services groups, associations and initiatives as signatories, members or attendees, including CDP, NZAM, PRI, 30% Club and Nature Action 100.

The Liontrust Foundation was launched in 2024 as a separate legal entity but initially funded by the Group. The purpose of the Foundation is to use the power of entrepreneurship and innovation to drive social mobility and the recovery of nature, with a key focus on promoting DEI. The first three charities that the Foundation has chosen to support are: Social Ark, Growing Well and Sea-Changers. We are proud of the opportunity for the Foundation to help the three charities to grow and flourish and provide significant engagement.

We hope you find this report informative, useful and interesting. We welcome your feedback.

JOHN IONS, CEO

SCOPE OF THIS REPORT

This report is produced by Liontrust Investment Partners LLP and covers its stewardship, engagement, ESG integration and voting activities for the calendar year 2024, for all of its products and investment teams. This report includes Liontrust Investment Partners LLP response to the Stewardship Code.

Liontrust Investment Partners LLP is a subsidiary of Liontrust Asset Management Plc. We specify throughout this report where specific content relates to Liontrust Investment Partners LLP ("Liontrust") or Liontrust Asset Management Plc ("LAM") and its subsidiaries (together the "Group").

APPROACH OF THIS REPORT

While the FRC (Financial Reporting Council) in 2024 scaled back the requirements for a company's response to the Stewardship Code, Liontrust has chosen to continue to report on all stewardship, engagement and voting activities in this report, regardless of whether that is an update or a material change to its processes. This is because Liontrust feels it is important to keep all updated information together in one place to help clients, shareholders, employees and wider stakeholders navigate information effectively and efficiently.

The name of the report this year has been changed from Responsible Capitalism to Stewardship. This reflects changes that the Group has made to its approach to stewardship and governance, which are outlined below. The Stewardship Report provides all the information required under the FRC's Stewardship Code that was previously covered by the wider Group's Responsible Capitalism Report.

The changes include the fact that responsibilities within the Group have been separated into two: those to clients/investors and those at a corporate level. An expanded department, the Product, Stewardship and Governance team, which reports into the Chief Operating Officer, now has responsibility for the stewardship, engagement and governance activities that were previously owned by Responsible Capitalism. This includes funds' net zero commitments, stewardship and engagement activities, and ESG-related regulatory reporting such as SDR , SFDR (Sustainable Finance Disclosure Regulation) and TCFD (Task Force on Climate-Related Financial Disclosures).

A LAM Board Committee, the Sustainability Committee, oversees the Group's strategy to meet our wider corporate ESG responsibilities and reporting, including our overall approach to stewardship and governance for our funds, our cross-organisational collaboration with HR, the DEI Committee, marketing and other departments to meet our ESG commitments to people (including clients, employees and other stakeholders), the planet and society. Day-to-day management of the voting process is performed by the Investment Operations team.

At the end of 2024, the Liontrust Global Fixed Income investment team was integrated into the Liontrust Multi-Asset team. As this report covers 2024, we refer to the two as separate teams and therefore also talk about eight investment teams in total rather than the seven we had at the start of 2025.

In February 2025, we appointed Foresight Group as sub-investment manager and sub-distributor of the Diversified Real Assets Fund (DRAF). We have included DRAF in this report as it covers 2024.

TERMINOLOGY AND DEFINITIONS

The areas and definitions of ESG and Sustainability often vary widely. For clarity, Liontrust uses the following terms to mean:

ESG

Environmental, social and governance-related issues and/or risks and opportunities. These areas, risks and/or opportunities could have a potential impact on the returns, competitiveness, and/or the resiliency (over the longer term) of Liontrust's own business and/or of the investments that Liontrust makes on behalf of clients. ESG-related exposures may be integrated into Liontrust's investment processes. Where these are integrated, it is done so in a clear and transparent way. Where possible, Liontrust evidences in this report how and the extent to which its eight investment teams' approach and use ESG integration, engagement and stewardship.

Sustainable Investment

Sustainable Investment refers to the Liontrust Sustainable Future funds which are managed using the Sustainable Investment team's investment process.

Materiality

Generally, Liontrust defines materiality for its own business as those exposures (risks and/or opportunities) which may have a significant impact on its revenues, its competitiveness, and/or its resilience. Where Liontrust's investment teams define materiality, they do so in accordance with their individual investment processes.

THE GROUP'S KEY STATISTICS FOR 2024 all data as at 31 December 2024

GROUP

TOTAL AUMA

£24.6bn

PEOPLE & DIVERSITY

208
Headcount

41%
Female representation across the Liontrust Group

50%
Female representation on Liontrust Asset Management Plc's Board of directors

8.7%
Voluntary turnover

STAFF ENGAGEMENT

78%
Staff engagement survey response rate in 2024 (was 82% in 2023 and in 2022)

GROUP'S COMMITMENT TO REDUCING EMISSIONS

Signatory to NZAM (since May 2022)

Taking action under SBTi

INVESTMENTS

INVESTMENT TEAMS AND STEWARDSHIP

817
engagements in 2024

472
different entities engaged

>11k
11,337 proxy votes cast (representing 97.19% Δ of votable proposals)

NET ZERO

50%
Group's AuMA committed to net zero (up from 41% in May 2023 and 45% at end December 2023)

Δ 2024 data are subject to independent limited assurance under ISAE (UK) 3000 and ISAE 3410. The assurance report provided by KPMG can be found at the end of this report.

THE APPROACH OF THE GROUP

OPERATIONS

The Group assesses its own material issues or exposures (categorised as both risks and opportunities) and reports on these in its Annual Report and Accounts. The Group aims to manage these exposures well, be transparent on how it manages them, and links the management of key exposures to its strategy and remuneration, as appropriate.

INVESTMENTS

Each investment team has a distinct investment process, which determines their engagement with investee companies on material topics. Teams may consider outcomes from engagements when making investment decisions. The teams practise effective stewardship through knowing their investments, engaging with holdings, exercising proxy voting, and reporting on these. Understanding the material issues that Liontrust's holdings face is frequently part of fundamental analysis and may help the investment teams make better investment decisions over the longer term. Integrating these considerations may also help create shareholder value and deliver investment performance for our clients.

CLIENTS

Many of Liontrust's clients are interested in knowing what their funds hold and why. They also want to know how Liontrust's engagement and stewardship practices affect the investment decisions that impact longer-term fund performance. Liontrust aims to report on these, as much as possible, from an evidenced-based perspective so clients can see how these impact what their funds hold and how their funds perform.

Liontrust's clients may also have questions about social and environmental issues and want to know how investments made on their behalf are acting in these spheres. For transparency, Liontrust reports by fund and investment process on the engagement and proxy voting undertaken by each investment team.

Our duty to clients is central to the activities of all departments. The Group aims to enhance the investor experience and positive outcomes by understanding the needs of its retail, wholesale and institutional investors so that it can service these more effectively. Within the scope of the FCA's Consumer Duty, the Group recognises that some investors may be vulnerable or have other, very specific needs. Liontrust seeks to provide investors and clients with what they need to understand more fully the investments that they make through the Group's products.

STAFF

There are things that matter to the Group's staff, such as the quality of the working environment, fair remuneration, having a voice at work, and inclusivity. The Group's staff have a say in the day-to-day operations of the company and in shaping the Group's culture via the Workforce Advisory Committee. The Group undertakes an engagement survey at the end of each calendar year to enable staff to provide feedback to the Group.

STAKEHOLDERS

The Group's stakeholders include its suppliers, associations, shareholders, and the financial and wider community. The Group's relationships with each of these is explained in this report (see the section on Associations and Initiatives). The Group aims to treat others fairly and openly, meet its deadlines, service its contracts, and maintain healthy relationships across its business network and operations.

Exercising Effective Stewardship

Liontrust sees effective stewardship as having the following components, for which we have included a summary of the Group's work in each during 2024:

	Component	What it consists of	Liontrust's work in 2024
	OPERATIONS		
1	Identify, prioritise and report on the Group's key exposures and how these are managed	The Group operates a comprehensive risk framework which categorises the risks facing the Group and ensures that appropriate controls are in place which are reviewed and updated regularly. Information about its key exposures and how the Group is managing these is published in the Group's Annual Report and Accounts.	A new Governance, Risk and Compliance system was selected and implemented in 2024. This included the selection of a new risk taxonomy and provides enhanced monitoring and reporting of our risks. The Group provided information on its key risks and mitigations in its Annual Report and Accounts for financial year (FY) 2023/24. This includes a heat map of the Group's key exposures and steps the Group is taking to manage its material exposures.
2	Maintain a culture that is beneficial to the business	Embed our behavioural and cultural expectations into day-to-day operations to support the business goals. Increasing awareness of the importance of a culture of inclusivity through a variety of events and occasions across the Group. Offering mental health support to employees. Offering training, career development, and mentoring. Looking after the long- term health of staff through a suite of benefits.	In 2023, the Group developed a Behaviour Charter relevant to all staff to guide the behaviours and culture. This was further embedded in 2024 with a month focused on the behaviours. The month included sessions dedicated to each of the behaviours. Over 2024, a new performance management system was implemented that specifically incorporated the behaviours identified as key for our culture into performance assessment. The Group's DEI Committee successfully raised awareness of various DEI-related events in 2024 and provided training to employees on inclusiveness in the workplace. The Group also has employees who have received training to be, and are designated as, mental health supporters to provide assistance to Liontrust employees. In July 2024, the Group began its mentoring programme, facilitated by an external coach to support mentors and mentees in setting up their mentor relationship. The Group also focused on goal setting to help employees set career-advancing goals as part of helping staff manage their own progression. This is through publishing a guide on having career conversations for staff and line managers and drop-in sessions with a coach to support staff in career development.
	INVESTMENT		
1	Take due care when researching a potential investment or monitoring an existing investment, by understanding its exposures and material issues (as determined by the investment process)	Use an appropriate methodology for discovering and selecting potential investments made on behalf of clients. Perform appropriate research on investments. Understanding the material exposures that could impact an investment's performance, competitiveness, and resilience.	Each of Liontrust's investment teams undertakes due diligence on holdings and follows its own investment process when making investment decisions on behalf of clients – please see the investment processes under Principle 7. Many of these teams examine the existing and emerging exposures that their holdings face to help support the investment rationale of the asset.
2	Engage on material issues (as determined by the investment process)	Focusing on material issues helps send the most effective message to holdings about what Liontrust's investment teams see as crucial to each investment's future success.	Liontrust's investment teams each engage their holdings on material issues relevant to its distinct investment process, its investment thesis, and its investment time horizon.
3	Vote proxies	Voting in line with stated proxy voting policies (where appropriate) and in keeping with investment processes. Publishing regular and transparent information on votes.	Liontrust's investment teams vote their proxies. The teams are autonomous to vote as they see fit to benefit their investors. Teams may override proxy voting recommendations and/or vote in line with these. Proxy voting reports are published on Liontrust's website under Investment Management in the People, Planet and Society section.

	Component	What it consists of	Liontrust's work in 2024
4	Report	Report on the stewardship-related activities of investment teams and by Liontrust to evidence stewardship activity. Where possible/practical, show the connection between ESG integration, stewardship and investment decisions.	An annual Stewardship report is published outlining Liontrust's, and its investment teams', stewardship, sustainability, and ESG-related activities during the year. In this report, examples have been included which demonstrate instances where engagement on material issues (including those that are ESG-related) have impacted an investment decision.
5	Advocate	Engage on and encourage companies to take steps that are beneficial to the financial market as a whole.	Liontrust currently advocates for net zero and engages on net zero and biodiversity-related matters with its holdings. It also participates in other market initiatives and supports ESG related advocacy bodies such as the 30% Club and the Workforce Disclosure Initiative.

Review of the Group's Stewardship and ESG Objectives for 2024

The Group set out the following objectives at the end of 2023 for the 2024 calendar year. As the Group's strategic pillars have been updated, all of these objectives fall within Pillar 1: Enhance the client experience and outcomes. More information on the strategic pillars is on pages 12 and 13.

Area	Objective	Activities in 2024
People	Progress the Group's DEI strategy. Possible focus areas within DEI for 2024 include: disability, neurodiversity and social mobility.	During 2024, the Group continued to provide training, support and presentations on a spectrum of DEI-related topics. These included neurodiversity, International Women's Day, International Men's Day, Pride and Black History Month. The Group also sponsored a number of health-related events for employees focusing on mental health awareness, fertility, cancer detection, menopause and menstruation.
	Implement an internship programme to help support the development of a talent pipeline.	Liontrust had two interns in 2024, one during the summer and one in the autumn. We continue to look at ways to support the development of talent.
	Continue to provide training to the Group's Board on ESG-related areas, as needed.	Regular updates were provided to the Board and also the wider Group in 2024 on activities related to ESG. These included a Lunch and Learn in January and Board updates in March and November 2024.
Supporting ESG/ stewardship-related groups	Continue the Group's support for ESG-related bodies in terms of donating employee time, expertise, and assistance with conferences, market information and for other, more academic opportunities.	The Group continues to be a highly active supporter of a number of ESG-related industry bodies. A list of these are included on pages 20 to 24.
Biodiversity	Develop ways that the Group can advocate for biodiversity through: • its business and engagements with holdings • its sponsorship and involvement with biodiversity-related groups and activities	There have been delays to the expected timetable on biodiversity related regulations which was expected to drive this objective but Liontrust continues to consider the best way to report on nature-related risks and opportunities and to advocate on biodiversity. We have continued to work with ZSL in this area. A Liontrust employee presented at Informa's conference on biodiversity in November 2024.
ESG labelling and reporting	Ensure the Group is in line with and abides by the FCA's SDR and Labelling Regime which came into effect in 2025. Ensure the Group abides by other, regional legislation focusing on the structure and reporting for sustainability-related funds (e.g. the EU's SFDR).	The Group remains in compliance with all ESG-related labelling and reporting requirements, both in the UK and other regions. On 2 December 2024, the Group published its SDR landing page which includes disclosures for in-scope funds as required by the regime. All 10 of the Liontrust Sustainable Investment team's UK-domiciled funds adopted the SDR Focus label on 1 April 2025.

Principles of the Stewardship Code

PURPOSE AND GOVERNANCE

PRINCIPLE 1: Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

THE GROUP'S PURPOSE

Purpose
The Group's purpose is to help clients enjoy a better financial future through the power of active management and distinct investment processes.

What the Group stands for
Everyone at Liontrust strives to achieve this purpose by being guardians of investors' savings. Our approach to investment management and the Group's culture contribute to this effort.

Long-term investment performance
Liontrust seeks to fulfil its purpose by delivering performance in excess of benchmark indices and the average of the funds' respective sector average, where appropriate, over the long term. To achieve this, Liontrust focuses on those areas of investment where it has expertise and through distinct and repeatable processes.

Liontrust believes that staying true to an investment process helps to create an in-built risk control, especially in more challenging environments, by preventing managers from buying stocks and funds for the wrong reasons. Liontrust's investment teams' processes are reviewed internally on a regular basis to ensure adherence. A documented process means that investors in Liontrust funds can be confident they know exactly how their money is being managed.

Service to clients
Staff are focused on delivering good outcomes for clients and consider client needs in all their actions and activities. The Group strives to provide excellent service and communications to clients and be transparent about the management of its funds and the Group's business as a whole.

The service and communications to clients is measured and evidenced in a number of ways. These include direct feedback from clients, via the Liontrust website, research conducted by third parties, client surveys, testing with a consumer panel, and engagement with digital communications.

Everyone at Liontrust strives to achieve this purpose by being **guardians of investors' savings**. Our approach to investment management and the Group's culture contribute to this effort.

THE GROUP'S VALUES

The Group's values are Courage, Power and Pride. These relate to the Group's purpose of helping clients enjoy a better financial future and link to the Group's strategic pillars.

COURAGE

- Liontrust does not follow the herd and has the courage to have independence of thought
- The business has the courage to do the right thing, make decisive decisions and be nimble
- Liontrust takes an active and engaged approach to investing, clients, staff and society

POWER

- Liontrust believes in the power of promoting diversity and inclusion across the business, bringing diverse and inclusive thinking and approaches to our purpose
- The Group seeks to empower staff to fulfil their potential and foster an environment in which everyone is engaged and encouraged to actively participate in the business
- Liontrust benefits from the power of being dynamic and ambitious, promoting positivity and adaptability to change

PRIDE

- Liontrust takes pride in seeking to act in the best interests of clients and delivering good customer outcomes at all times
- Group employees are responsible for upholding the highest standards of integrity, being trustworthy and transparent and making decisions with a clear sense of fairness
- Employees take pride in being responsible for supporting each other, collaborating, treating each other with dignity and respect, and being open minded to new ideas, challenge and debate

THE GROUP'S STRATEGY

Liontrust's strategy is to **grow its business** through four strategic pillars. These pillars, which are described below, were updated by the Group in April 2024.

1
Enhance the client experience and outcomes

2
Diversify the product range and investment offering

3
Expand distribution and the client base in the UK and internationally

4
Develop the Group's technological, data and digital capability

PILLAR 1

Enhance the client experience and outcomes

How the Group aims to achieve this:

- Deliver good outcomes for clients and enhancing their experience
- Strong investment performance over the long term
- Applying rigorous and repeatable investment processes
- Ensure each team delivers their investment process and meets the relevant risk profile
- Engagement with investee companies
- Engagement with clients
- Offer exceptional client service, support and communications
- Personalise content and communications
- Deliver educational content and transparent reporting
- Offer informative and useful face-to-face and virtual events
- Provide digital communications and clear customer journeys
- Ensure employees are knowledgeable and transparent

PILLAR 2

Diversify the product range and investment offering

Liontrust's investment approach:

Liontrust has a clear and consistent investment identity. Each investment team is focused on:

- Active management
- A distinct investment process
- High-conviction portfolios
- Long-term investing
- Engagement with investee companies and clients

The Group is committed to:

- Supporting each investment team to deliver appropriate client outcomes
- Providing the teams with the freedom to focus on their individual investment processes
- Specialising in investment areas where the Group has expertise
- Offering exceptional client service
- Providing clear and engaging communications
- Maintaining robust and effective operations

How the Group aims to achieve this pillar:

- Diversify its fund range by adding to the product range where there is client demand
- Expand into new asset classes and investment styles so the Group can perform through the investment cycle. This diversification should help grow the Group's client base
- Ensure all new teams actively manage their fund range, have robust investment processes and engage with investee companies
- Add investment teams organically or through acquisitions

PILLAR 3

Expand distribution and the client base in the UK and internationally

How the Group aims to achieve this:

- Distribute Group funds and portfolios to as broad a client base as possible in the UK and internationally
- Expand distribution to new clients
- Diversify distribution across geographical regions
- Increase distribution across channels – institutional, wealth managers, advisers and retail

PILLAR 4

Develop the Group's technological, data and digital capability

How the Group aims to achieve this:

- Enhancing the management and distribution of data to enable better data-led decisions across the business, embed the ability to scale the operating model and provide support to the investment teams
- Enhancing the analysis of data to provide the Group increased market intelligence and lead generation
- Through becoming a more data-centric organisation, we will be able to support clients by further developing the personalisation of communications, integrate new data tools such as AI, increase productivity and improve efficiencies

THE GROUP'S CULTURE

INCLUSIVE GROUP CULTURE

The Group seeks to foster an environment in which all employees are engaged and empowered to participate actively in the business, to help achieve the Group's purpose and strategic objectives, and to act according to its values. Every Liontrust employee is accountable for their commitments and actions, as well as for delivering on Group promises.

The Group's business is dynamic and ambitious, and promotes positivity with a culture of trust, support and respect for one another. The Group's staff collaborate regularly and are open-minded to new ideas, challenge and debate.

The Group promotes DEI and values psychological safety. All employees are responsible for upholding the highest standards of integrity, being trustworthy and transparent while making decisions with a clear sense of fairness.

COMMITMENT TO STAFF

Liontrust values its people and intends to nurture a working environment and culture that attracts talent to its business, develops it, and retains it over the long term. Among other things, the Group wants to:

- Hire the talent that best fits its recruitment needs
- Retain the talent that enables it to carry out its role as an asset manager and fulfil client and investor needs
- Create a working environment that is nurturing yet challenging; encourages a healthy work-life balance; provides opportunities for staff to develop their careers and progress; places value on mental health; and focuses on servicing clients and investors

The Group's objectives for its people programme are a continuation of those that the Group has focused on over the past couple of years. Development has been achieved and continues to mould and shape how the Group wants to enhance the experiences of its employees. The following were the Group's objectives for its people in 2024:

2024 objectives	Status	Actions taken in 2024
Continued investment in leadership	The programme started in late 2022 with the aim to provide development for the leadership team, their direct reports and managers of teams. The programme has been completed across three cohorts and there is ongoing action to support staff	During 2024, there were sessions organised to bring together the three leadership cohorts, reflect on the learning from the programme and embedding the behaviour charter. There are touchpoints through the year with a monthly 'coach in residence' to support managers with any work-related topics. The Group partnered with an external company to deliver a course tailored to Liontrust to support managers to understand high-level employment law risk, understand their workplace influence, role and accountability, and to manage performance effectively
Support DEI, giving opportunity and creating an inclusive culture	Continued opportunity for students to learn about investment management through work shadowing and intern places. Ongoing support of staff in creating an inclusive workplace	During the year, Liontrust had two interns on paid experience through advertised hiring and the #10,000 programme. We have also supported work shadowing opportunities to give students an overview of investment management, hosting a group from Kingston University for a week with presentations from Liontrust staff, brokers and journalists. Liontrust has introduced Grandparent Leave for staff to support their wider and growing family. The Group has reviewed its maternity and paternity policies to ensure they are still market relevant and has introduced an adoption leave policy. Staff have opportunities to informally meet with executives through office engagement events.
To look after the health and wellbeing of our employees	Our benefits package provides a generous array of financial, health and wellbeing, lifestyle and family-friendly options for employees	Liontrust ensures its staff are aware of all the benefits afforded to them and has held webinars with the provider to showcase the terms. There are dedicated intranet pages to the tangible benefits of working at Liontrust. During the year, we have released a total reward statement to all employees which gives one holistic view of what those benefits mean for the individual. Liontrust has maintained its hybrid 3:2 flexible working arrangement.

2024 objectives	Status	Actions taken in 2024
Provide the opportunity for employees to develop at Liontrust	Ongoing internal training, succession planning, performance management and role growth.	Liontrust continued to run sessions for all employees. These were on such topics as the investment funds, IT projects and DEI. To supplement the annual succession planning, Liontrust has created career packs for employees and line managers to support both groups to have career development conversations. From the engagement survey, 83% of staff agree that Liontrust is a great company to make a contribution to their development. Employees on the Liontrust DEI Committee have promoted International Women's Day, Pride and Black History Month. We have put in place a new performance management system which supports staff to align their personal or team goals to Liontrust's strategic objectives. The Workforce Advisory Committee, made up of a group of elected staff, met three times during the year and covered the engagement survey, the Director Remuneration Policy and Liontrust financials. Skillcast, which provides internal mandatory online training, also has supplementary training available to employees that covers a wide variety of workplace and personal topics.
Embedding the Leadership Charter	Change the Leadership Charter to become the Behaviour Charter	To increase awareness of and engagement with the Behaviour Charter, during December Liontrust held the following: • webinar with Men for Inclusion • webinar session on Strive for Excellence with a Positive Leadership Coach • employee-led video on what the Charter means to them Liontrust has used the behaviours in 360 feedback to individuals. From the engagement survey, 95% of employees agree their line manager acts in line with the Charter

ENGAGEMENT SURVEY

2024 marks the fifth year that Liontrust undertook an annual engagement survey with its staff. Liontrust believes measuring staff engagement is important in:

- helping to improve key business outcomes
- collecting feedback at scale
- taking informed action on improving company culture or experiences at work
- understanding areas of potential improvement

Liontrust changed its survey provider in 2023 to Culture Amp, a platform that provides a suite of science-backed employee engagement tools and continued with the same provider in 2024.

The December 2024 survey had a 78% participation rate. Liontrust's engagement score against five core questions was 72%, which is slightly ahead of other UK financial services companies measured in 2024, whose average engagement score was 68%. It was also 1% ahead of Liontrust's score the previous year. Liontrust's approach to flexible working, connection with management, and wellbeing are areas of strength, with positive feedback of 85%+. Group staff have also highlighted areas where Liontrust needs to focus; these centre around leadership and connection to the company, where the positive scores were 58%+.

DEI

Liontrust is committed to building a workplace that fosters diversity, equity and inclusion for its staff. Achieving diversity and inclusion is an ongoing objective for the Group and one that is linked to Liontrust's executive remuneration (10% weighting).

The financial services industry is working to achieve greater diversity, including increasing representation of women and individuals from under-represented ethnic and/or educational backgrounds. While it takes time for DEI-related efforts to have an impact, Liontrust is working towards greater inclusivity and diversity in its workforce. During 2024, the Group undertook the following events/efforts as part of raising awareness for DEI:

- Training and webinars provided by an external DEI partner with sessions for senior leaders and for all staff
- Promoted Pride Month through an advocacy session with Baroness Ruth Hunt
- Promoted Black History Month through a book club and available webinars on the theme of reclaiming narratives
- Hosted a panel of the Board and employees for International Women's Day who discussed their career journeys
- Launched a Women's Network with a series of structured workshops hosted by an external coach
- Completed a DEI-focused survey
- Joined LGBT Great, who help workplaces become authentically inclusive for LGBTQ+ people and allies

DEI survey

To gain a full understanding of how employees feel and experience DEI today, Liontrust launched a survey with a DEI focus. The 24 questions covered areas of inclusion, equity, growth, decision making, voice and diversity.

The survey had a participation rate of 72%, which is very strong for a DEI survey. 84% of staff were positive on diversity and 77% were positive on inclusion, so three out of four feel a sense of inclusion, with under one in 10 'on the fence'.

During the year, the DEI Committee aimed to address other DEI-related areas such as disability, neurodiversity and social mobility, in addition to some of the areas mentioned above. Importantly, Liontrust's Executive remuneration is linked to DEI. Overall, Liontrust's Executive remuneration scorecard had a 30% allocation to ESG components for 2024/25. Within this 30%, 10% focused on working to increase Liontrust's DEI.

Diversity statistics

Liontrust aims to have a diverse workforce and is in the process of working towards this goal.

As at 31 December 2024, the Group had a total headcount of 208 (which includes employees, partners and fixed-term contractors). The Group's diversity statistics for gender and ethnicity are:

Gender: gender split (by):

Gender	Board		Senior management		All career levels (total)*		Partners	Employees
	2023	2024	2023	2024	2023	2024	2024	2024
Female	43% (3)	50% (3 △)	25% (4)	29% (4)	41% (91)	41% (86 △)	14% (4 △)	46% (82 △)
Male	57% (4)	50% (3 △)	75% (12)	71% (10)	59% (132)	59% (122 △)	86% (24 △)	54% (98 △)

Source: internal as at 31.12.24. △ 2024 data are subject to independent limited assurance under ISAE (UK) 3000 and ISAE 3410. The assurance report provided by KPMG can be found at the end of this report.

Ethnic diversity across the Group

Ethnicity	% workforce* 31 December 2024	% workforce* 31 December 2023
Asian or Asian British	14%	13%
Black, Black British, Caribbean or African	3%	3%
Mixed or multiple ethnic groups	2%	4%
Other ethnic groups	3%	3%
Prefer not to say / Unknown	6%	5%
White	72%	72%

Source: Liontrust internal, 31.12.24

*Includes all employees, full-time contractors and partners.

Liontrust aims to have a diverse workforce and is in the process of working towards this goal

DELIVERING THE LIONTRUST PURPOSE

Purpose component	Definition	Link to strategic pillar	Overall 2024 performance	Details
Fund performance	Providing fund out-performance	Pillar 1: Enhance the client experience and outcomes	+/– Mixed performance	Percentage of Liontrust's funds achieving the following performance in the calendar year: • 1st quartile: 31.82% • 2nd quartile: 13.64% • 3rd quartile: 31.82% • 4th quartile: 22.73% We believe in the long-term benefit of Liontrust's rigorous and repeatable investment processes and we are steadfast in our commitment to active management. There will always be periods when investment processes underperform their sector averages, which are typically for the relative short term. For some of the strategies at Liontrust, this was the case in 2022, especially those with a bias towards quality growth and UK small and mid-cap equities. The reasons for this performance included rising inflation and interest rates negatively affecting quality growth and smaller companies. Global equity markets have been driven by the momentum of disruption and passive investing over the past few years, creating a new dynamic that we have not experienced previously in our lifetime in which the proportion of global markets accounted for by just a few stocks reaching extreme levels. This created significant concentration risk, to which passive vehicles have been particularly exposed. We believe this is setting up a favourable environment for active managers. Any broadening of returns from equity markets, particularly among small and mid-cap stocks, greater focus on valuations and lower index returns in future may present opportunities for price discovery among active investors including those at Liontrust.
Active management Distinct Investment processes	Providing and supporting **active management** by investment teams	Pillar 2: Diversify the product range selectively through teams that meet the Group's focus on active management and repeatable investment processes	Successful	A key part of delivering good outcomes and a great experience is strong investment performance over the long term. Liontrust believes this is achieved through rigorous and repeatable investment processes and the quality of our investment teams. • Liontrust ensures each investment team delivers on their documented investment process and meets the relevant risk profile • Liontrust 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 an asset management company • Liontrust undertakes all back office and operational work so that investment teams can focus on investment • Liontrust focuses on areas where the Group has investment expertise • Liontrust's investment teams are all active managers with long-term investment time horizons • Each team manages high-conviction portfolios and engages and votes its proxies appropriate to its investment process Liontrust reports on its client outcomes in its Annual Report and Accounts which covers the Group's fiscal year and in this Stewardship Report which covers the calendar year.

VALUES

Value	What Liontrust means by this	Link to strategic pillar	Overall 2024 performance	Details
Courage	• have independence of thought • be decisive and nimble • be active and engaged with investments, clients, employees, society	Pillar 1: Enhance the client experience and outcomes	Successful	The Group regularly engages with clients, providing presentations, views and insights, updates on fund performance and changes in legislation impacting its funds. Investment managers presented at Liontrust events and those organised by third parties during 2024. Liontrust's investment teams undertook 817 engagements with 472 different companies on a variety of topics which were material to the investments' going concern, resiliency, and competitiveness. These included conversations on ESG. Liontrust participated in industry-related groups and bodies in 2024. Employees dedicated considerable time to working with these to promote stable markets and investor-helpful practices.
Power	• promote DEI • promote talent • be dynamic and ambitious	Pillar 1: Enhance the client experience and outcomes Pillar 2: Diversify the product range and investment offering Pillar 3: Expand distribution and the client base in the UK and internationally	Successful	During 2024, Liontrust continued promoting DEI through training and special events focusing on diversity and inclusion; and introducing a mentoring programme. To promote talent, Liontrust instituted a personalised career development programme that all employees can take advantage of. This helps empower employees to drive their career forward in the way they choose. Liontrust has undergone a business transformation that will benefit our clients. The Group has strengthened strengthening data management, delivery and analysis across the business through the implementation of an enterprise portfolio management system. Liontrust has been reorganising the fund range, with the closure of smaller funds, fund mergers and the launch of new Irish-domiciled funds, including three funds managed by the Global Innovation team and the GF Pan-European Dynamic Fund managed by the Cashflow Solution team, where there is client demand. In November 2024, we announced that the Global Fixed Income team would be integrated into the Multi-Asset team on 1 January 2025. This will be in the interests of clients of both teams.
Pride	• act in the best interest of clients • deliver good outcomes for clients • have integrity; be trustworthy and transparent • maintain a collaborative and inclusive working environment	Pillar 1: Enhance the client experience and outcomes	Successful	Our excellent client experience is demonstrated by the high regard that Liontrust is held by our clients, our strong brand and the extensive activity Liontrust does with our clients. You can find more details and evidence of this in Principle 6. We deliver content and educational material that is valued by intermediaries and their clients, demonstrated by the digital engagement and feedback we receive. This includes Liontrust receiving the second-best score for an asset manager for a piece of educational literature from retail investors who are part of an industry consumer panel.

ASSOCIATIONS AND INITIATIVES

Liontrust supports industry initiatives

Liontrust works across multiple areas, including financial, ESG and stewardship, to donate its time and expertise to help markets function more smoothly and effectively. It does this partly by helping to provide education in ESG and stewardship through various industry events during the year. It also does this by horizon-scanning so that the Group can manage its own (current and emerging) risks and opportunities more effectively.

Liontrust supports industry initiatives including on transparency, stewardship, and risk and opportunity assessment.

Liontrust works to evidence what each of its investment teams does in ESG and sustainability. In some instances, Liontrust's teams can evidence how the ESG and stewardship-related work that each undertakes impacts its investment decisions. Some of this evidence is included in this report.

- Liontrust reports on a number of areas related to ESG and sustainability as required by law. These include reporting on carbon and GHG emissions through the Group's TCFD (Taskforce on Climate-Related Financial Disclosures) entity and product level reports. Future requirements will ensure Liontrust also reports on how, at entity and product level, the Group approaches biodiversity loss and, potentially, inclusion and social issues.

Liontrust's spheres of influence in 2024

Liontrust works with groups and associations in the financial sector to keep up-to-date with regulatory changes; contribute experience and thought leadership; gain knowledge which helps employees service clients more effectively; promote best practice in markets; and ultimately to help ensure global markets run efficiently and effectively.

Liontrust staff attend conferences and industry-related meetings. The groups and associations that Liontrust actively worked with in 2024 include (listed alphabetically):

Liontrust is a member, signatory or supporter	Involved since	What this does	Detail on involvement/benefits of association
CDP (Carbon Disclosure Project)	July 2017	Promotes carbon reporting by companies	Liontrust is a signatory and reports to CDP annually on its own carbon footprint.
IFRS Sustainability Alliance (with SASB)	January 2024	Promotes ESG education, reporting	Membership enables Liontrust to keep up with ESG/sustainability-related reporting developments.
IIGCC (Institutional Investors Group on Climate Change)	April 2022	Promotes net zero	Membership enables Liontrust to understand market developments in net zero.
NZAM (Net Zero Asset Managers' initiative)	May 2022	Promotes net zero by 2050	Being a signatory to NZAM enables Liontrust to evidence its net zero commitments.
PRI (Principles for Responsible Investment)	April 2018	Promotes ESG integration, stewardship	Being a signatory to PRI enables Liontrust to evidence its ESG integration commitment to clients. Liontrust completed the PRI's assessment report in July 2024 for the 2023 calendar year (even though the assessment was not required). Liontrust completed this report so the PRI has the most up-to-date information on the Group's stewardship and sustainable investment activities.
PSIA (Plastic Solutions Investor Alliance)	January 2024	Encourages companies to reduce the use of plastics	Liontrust is committed to engaging some holdings (particularly those held in funds managed by the Sustainable Investment team) on plastics.
QCA (Quoted Companies Alliance)	September 2024	Informs policy in dialogue with regulators and government	Being a member helps Liontrust keep up to date with governance-related policy with regulators and SMEs. Liontrust's Economic Advantage team attends meetings and reviews consultation responses, as required.
UKSIF (UK Sustainable Investment & Finance)	July 2017	Promotes sustainable investment in the UK	Being a member of UKSIF enables Liontrust to keep up to date with sustainable investment trends in the UK.

Initiatives supported by Liontrust	Date	What this does	Detail on involvement/benefits of association
30% Club UK Investor Group	2020	Promotes 30% women on boards	Supporting the 30% Club Investor Group enables Liontrust to evidence further the importance the Group places on having 30% female representation on boards. Liontrust's Sustainable Investment team engages holdings and exercises proxy votes around this, as well.
Diversity Project	2022	Promotes DEI	Liontrust supports the Diversity Project alongside its ongoing support for DEI initiatives within its own operations.
Nature Action 100 ("NA 100")	2022	Engages holdings on biodiversity	Liontrust's Sustainable Investment team began engagements with three holdings in its funds that were identified for engagement by NA 100. This collective engagement opportunity enables Liontrust to explore and expand the approach of its investment teams to exposures related to biodiversity.
NZEI (Net Zero Engagement Initiative)	2023	Engages with holdings on net zero strategies	Have engaged with TSMC on behalf of Liontrust's Global Equities and Global Innovation teams (NZEI is an IIGCC initiative).
WDI (Workforce Disclosure Initiative)	2022	Promotes reporting on human capital metrics	Liontrust's Sustainable Investment team actively supports the WDI through its engagements with holdings and promotes more transparent reporting on human capital metrics.

Liontrust is a member of these working groups	Date	What this does	Detail on involvement/benefits of association
FRC SIG (Financial Reporting Council's Stakeholder Insight Group)	December 2023	Provides insights and an external perspective on governance issues	Liontrust has participated in the FRC's Stakeholder Insight Group (SIG), which provides an external perspective on governance issues and feeds back on initiatives and consultations.
IA (Investment Association) Fixed Income Committee	2020	Promotes transparency and good market practice in fixed income	Liontrust's Global Fixed Income team attended these meetings which help the team keep updated with regulatory developments for this asset class.
IA SFDR Implementation Forum	June 2022	Promotes understanding of SFDR regulation	Liontrust attended these meetings which helped the Group understand how the market is approaching the SFDR rules and guidelines and stay up to date with any changes to the rules.
IA Stewardship Committee	April 2023	Supports the IA's Investment Committee on Stewardship	Liontrust was a member of this committee in 2024 which helped Liontrust keep up to date with market views and regulation on stewardship.
IA Stewardship Reporting Working Group	January 2024	Promotes transparent and helpful stewardship reporting	Liontrust attended this, helping the Group keep up to date with market views on stewardship-related reporting.
IIGCC Policy Advisory Group	2023	Provides overarching strategic oversight on climate policy	Liontrust participates in this working group.
IIGCC Sovereign Bonds and Country Pathways - Working Group meeting	June 2023	Helps investors know how to relate bonds and carbon emissions	Liontrust attends meetings which help the Group understand the development of the reporting on carbon for sovereign debt.
IIGCC UK Taxonomy Working Group	September 2023	Feeds back to the UK Green Technical Advisory Group (GTAG) on how companies seek to achieve net zero	This working group focuses on feeding back to the GTAG to help investors and financial market participants understand how companies are seeking to move towards a more sustainable level of performance and to help inform investment decisions and accelerate transition finance.

Liontrust is a member of these working groups	Date	What this does	Detail on involvement/benefits of association
PRI's Just Transition Investor Working Group	2022	Promotes a just transition for net zero	This working group promotes a just transition, socially, in the energy transition. Liontrust's Sustainable Investment team attends these meetings.
PRI's Sustainable Systems Investment Managers Reference Group (SSIMRG)	July 2024	Allows investment managers to feed back to the PRI Executive	Liontrust attends these meetings which allows investment managers to share developments, questions, concerns and feedback with the PRI Executive.

Liontrust signed a statement supporting	Date	What this does	Detail on involvement/benefits of association
CCLA's Corporate Mental Health Benchmark	January 2023	CCLA's letter encourages companies to have a robust strategic approach to workplace mental health management	In 2023, Liontrust was a signatory to CCLA's letter in its campaign to companies encouraging them to have a robust strategic approach to workplace mental health management, which is available on the CCLA website. In 2024, CCLA published its Corporate Mental health Benchmark Global 100+ Report; engagement with companies on mental health topics has increased substantially since 2023. Liontrust is one of 56 investors (with a combined $10 trillion in AuM) which is a signatory. In October 2024, CCLA sent letters to the CEOs of companies that were ranked on its global benchmark – the letter was sent on behalf of signatories.
CDP's sponsored letter for Science Based Targets Campaign	Annually since 2021	Letter calls on 12,000 of the most impactful companies globally to set Science-Based emissions reduction targets	Liontrust continues to support this campaign.
IIGCC's Global Investor Statement to Governments	Annually since 2021	Encourages governments to ensure carbon targets are in line with limiting global temperatures to a 1.5°C rise	The Investor Agenda and its seven founding partners (including IIGCC, PRI, and CDP, of which Liontrust is a signatory/member) sponsor this statement. This helps evidence Liontrust's commitment to net zero.
Montreal Carbon Pledge (specific to Sustainable Investment team)	2021	Promotes net zero	Liontrust's Sustainable Investment team's funds support this pledge.


LIONTRUST
COURAGE • POWER • PRIDE

Liontrust staff participate in	Date	What this does	Detail on involvement / benefits of association
Diversity Project and Progress Tool	2023	Allows the Project to track and monitor five-year targets for DEI	Liontrust participated in the Diversity Project's Goals and Progress Tool in 2023, which continues to enable the organisation to track and monitor five-year targets for DEI. This helps Liontrust have a understanding of DEI in the finance sector.
Mental Health & Social Mobility Workstreams	2023	Helping companies provide mental health support to employees	Liontrust's Product Manager was an active member of these workstreams. In 2024, the Product Manager was selected for an initiative with Oxford Brookes Business School called 'Leadership for Growth', which is a Diversity Project Collaboratory. This follows Liontrust's assistance with the publication of an industry Mental Health Report in May 2023 and a Mental Health Support Provider Directory.

Reporting frameworks

Alongside Liontrust's associations and memberships, the Group actively reports annually along the following ESG/sustainability-related frameworks and guidelines:

Reporting framework/guideline	Date	What this does	What Liontrust does
FRC Stewardship Code	Since 2021	Promotes stewardship transparency	Submits the Group's annual response to the Stewardship Code (published as part of the Liontrust Stewardship Report) as the application to continue the Group's status as a Stewardship Code signatory.
TCFD entity level report	Since 2023	Promotes carbon reporting transparency	Publishes TCFD entity report to comply with the FCA rules.
SFDR	Since 2021	Reporting framework for Article 6, 8 and 9 funds domiciled in the EU	Reports along SFDR framework (including PAIs) for required funds.
SDR	Since 2024	Label and reporting regime for UK-domiciled funds	Reports on those funds that have sustainability-related terms in the title. Applies to funds managed by Liontrust's Sustainable Investment team.

THE GROUP'S COMMITMENT TO NET ZERO

Liontrust's emissions

Liontrust emits greenhouse gases (scope 1 and 2) through its own operations and has scope 3 emissions through its value chain/suppliers. As an asset manager, Liontrust also invests clients' assets in companies which have their own emissions. These are counted as part of the Group's scope 3 emissions and are generally referred to as Liontrust's "financed emissions".

Categories of emissions

Liontrust's emissions (from operations and investments) fall into the following categories:

- Scope 1 – the direct emissions from Liontrust-owned and controlled resources.
- Scope 2 – indirect emissions from the generation of purchased energy.
- Scope 3 – all indirect emissions (not included in scope 2) that occur in the Group's value chain, such as through its suppliers and business-related travel. For Liontrust (as with all asset managers), Scope 3 includes emissions from companies that Liontrust invests its clients assets in.

Net Zero by 2050

Liontrust is committed to achieving net zero greenhouse gas (GHG) emissions by 2050 across its business and investments. This commitment covers the Group's:

- business operations – to reduce its own emissions while promoting well-functioning financial systems
- investments – to understand the key exposures that Liontrust's investments face in relation to climate change and make well-informed investment decisions (which forms part of Liontrust's fiduciary duty to clients)

Liontrust's net zero commitment for its business operations

In 2023, Liontrust set a near-term science-based emissions reduction target which was approved by the Science Based Targets initiative (SBTi). This target, which is in line with the Paris Agreement goals, is to:

- Reduce absolute scope 1 and 2 GHG emissions by 42% by 2030 against a base year of 2022.

The Group's progress against this target is in the table below. Noted below is Liontrust's footprint (which consists of scope 1 and 2 and not scope 3 emissions):

Year	Measurement	% of 2022 baseline
2022		
Footprint at the end of 2022 (market based)	26.4 tCO2e	(This is the baseline.)
2023		
Footprint as at the end of 2023 (market based)	28.4 tCO2e	8% increase
2024		
Footprint at the end of 2024 (market based)	20.8 tCO2e	21% decrease

Given the recalculation of the 2022 baseline Scope 2 figures as explained below, Liontrust will be reviewing the above target during 2025.

Measuring Liontrust's carbon emissions

Over the past few years, Liontrust has worked with Good Business to calculate its emissions for scope 1, 2 and 3. Liontrust limited its Scope 3 assessment to cover purchased goods and services, capital goods, fuel-and-energy-related activities, upstream transportation and distribution, waste, business travel, and employee commuting.

Reporting on progress against targets

Liontrust reports on progress made against its near-term science-based emissions reduction targets in this report and also in the Group's TCFD entity level report published on Liontrust's website by the end of June each year.

GHG Emissions (scope 1, 2, and 3)

The following information summarises the Group's direct and indirect environmental performance over the calendar year ending 31 December 2024. This statement has been prepared in accordance with our regulatory obligation to report GHG emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implement the government's policy on Streamlined Energy and Carbon Reporting.

During the reporting period, the Group's measured Scope 1 and 2 emissions (location-based) totalled 65.5 tCO2e (2023: 73.5 tCO2e). The Group's indirect scope 3 emissions from business travel consisting of air, rail, mileage emissions and hotel stays totalled 888 tCO2e (2023: 702 tCO2e).

Category	Activity	2022 GHG Emissions (tCO2e)	2023 GHG Emissions (tCO2e)	2024 GHG Emissions (tCO2e)	% change from 2023 to 2024
SCOPE 1					
Stationary combustion	Heating oil	13.5	13.6	13.1	-4%
Fugitive emissions	A/C unit	–	–	–	–
Total Scope 1		**13.5**	**13.6**	**13.1 ∆**	**-4%**
SCOPE 2					
Purchased heat	Purchased heat	5.03	2.71	0.239	-91%
Electricity (location-based)	Purchased electricity	70.3 *	57.1 *	52.2	9%
Electricity (market-based)	Purchased electricity	7.91 *	12.09 *	7.48	-38%
Total Scope 2 (location-based)		**75.3**	**59.8**	**52.4 ∆**	**-12%**
Total Scope 2 (market-based)		**12.9**	**14.8**	**7.72 ∆**	**-48%**
SCOPE 3					
Purchased goods and services	Spend	5,258	9,615**	5,074	-47%
	Water Supply	0.743	0.390	0.182	-53%
Capital goods	Spend	N/A	37.0**	16.8	-54%
Fuel and Energy Related Activities (FERA)	Heating oil and purchased electricity	11.9 *	21.7 *	20.3	-6%
Upstream transportation and distribution	Spend	N/A	5.56**	2.07	-63%
Waste	Recycling	0.0811	0.463	0.121	-74%
	Landfill	0.332	0.790	0.471	-40%
	Waste to energy	0.0426	0.0432	0.0182	-58%
Business travel	Air travel	246	615	822	34%
	Rail travel	12.3	16.8	15.0	-10%
	Road travel	46.5	52.9	31.4	-41%
	Hotel stays	32.7	17.6	19.5	11%
Employee commuting	UK commuting	118	112	116	3%
	Luxembourg commuting	7.34	8.41	7.13	-15%
	WFH UK	59.4	57.3	53.4	-7%
	WFH Luxembourg	1.62	1.59	0.239	-85%
Scope 1 & 2 Total (location-based)		88.8	73.5	65.5	-11%
Scope 1 & 2 Total (market-based)		26.4	28.4	20.8	-27%
Total reported GHG emissions (location-based)		5,884	10,636	6,244	-41%
Total reported GHG emissions (market-based)		5,821	10,591	6,199	-41%

∆ 2024 data are subject to independent limited assurance under ISAE (UK) 3000 and ISAE 3410. The assurance report provided by KPMG can be found at the end of this report.

*Reported emissions for Scope 2 location and market-based have been recalculated back to the 2022 baseline due to the omission of certain meter data and inclusion of emissions from landlord-owned water heating. Scope 3 FERA emissions have been recalculated accordingly, where material.

In 2022, we reported Scope 2 location-based emissions of 62.4 tCO2e and market-based emissions of 3.24 tCO2e; the recalculated figures are 75.3 tCO2e (location based) and 12.9 tCO2e (market- based). In 2023, we reported Scope 2 location-based emissions of 51.7 tCO2e and market-based emissions of 5.98 tCO2e; the recalculated figures are 59.8 tCO2e (location-based) and 14.8 tCO2e (market-based).

The impact of the omission of meter data and inclusion of emissions from landlord owned water heating is an increase of 12.5 tCO2e (2022 location-based) and 9.66 tCO2e (2022 market-based) and an increase of 6.2 tCO2e (2023 location-based) and 8.82 tCO2e (2023 market-based).

The impact of the methodology update is an increase of 0.4 tCO2e (2022 location-based) and an increase of 1.9 tCO2e (2023 location-based) which relates to a change in the apportionment percentage applied to the common areas of our leased buildings to reflect the Liontrust proportion of electricity consumption based on the service charge.

**2023 figures have been updated for comparison purposes to reflect a separate 2024 methodology update.

CARBON INTENSITY

Liontrust's carbon intensity for 2024 is in the table below (compared to calendar year 2023). Liontrust's carbon intensity is calculated using a Full Time Equivalent (FTE) of employees of 197.97. (This FTE figure is defined as including part-time workers on a pro-rata basis; excluding third-party contractors; including fixed-term contractors; and excluding those on maternity leave.)

Intensities	**2022 GHG Emissions Intensity**	**2023 GHG Emissions Intensity**	**2024 GHG Emissions Intensity**	**% Change**
Scope 1 & 2 intensity per FTE (location-based)	0.408*	0.340*	0.331 Δ	-3%
Scope 1 & 2 intensity per FTE (market-based)	0.124*	0.132*	0.105 Δ	-20%

*Reported intensity figures for 2022 and 2023 have been recalculated in line with the recalculated reported emissions for Scope 2 location and market-based recalculation as explained above. In 2022, we reported Scope 1 and 2 intensity per FTE of 0.349 (location-based) and 0.0780 (market-based); the recalculated figures are 0.408 (location-based) and 0.124 (market-based). In 2023, we reported Scope 1 and 2 intensity per FTE of 0.303 (location-based) and 0.091 (market-based); the recalculated figures are 0.340 (location-based) and 0.132 (market-based).

Note: The emissions intensity calculation is based on a figure of 197.97 FTE in 2024 (2023: 215.84). In 2022, a figure of 218 for Full Time Employees, as opposed to FTE, was used. For 2023, Liontrust reported on a FTE basis to allow for a year-on-year comparison.

Δ 2024 data are subject to independent limited assurance under ISAE (UK) 3000 and ISAE 3410. The assurance report provided by KPMG can be found at the end of this report.

STREAMLINED ENERGY AND CARBON REPORTING (SECR) TABLE

	Units	**UK**	**Luxembourg**	**Total**
GHG EMISSIONS				
Scope 1	tCO2e	–	13.1	13.1
Scope 2 (location-based)	tCO2e	52.4	0.354	52.8
Scope 2 (market-based)	tCO2e	7.72	–	7.72
ENERGY CONSUMPTION				
Purchased heat	MWh	1.30	0.00	1.30
Electricity	MWh	250	6.33	257
Heating oil	MWh	0	47.9	47.9

OFFSETTING EMISSIONS

Liontrust has purchased credits for tonnes of carbon emissions since 2019 via gold standard projects. The table below outlines projects that Liontrust supported in 2024 and 2023.

Date purchased	**Number of carbon credits**	**Gold standard projects**
April 2024 (for calendar year 2023)	Credits for 722 tonnes of carbon emissions to cover its scope 1, 2, and business travel emissions	• Betulia Energy and Biodiversity Restoration Project in Honduras
May 2023 (for calendar year 2022)	Credits for 354 tonnes of carbon emissions to cover its scope 1, 2, and business travel emissions	• co2balance which focuses on delivering clean water access to families in Mozambique (204 tonnes) • Betulia Energy and Biodiversity Restoration Project in Honduras (150 tonnes)

To help partially offset the Group's carbon emissions for 2024, Liontrust plans to purchase credits for tonnes of carbon emissions in May 2025

Liontrust's commitment to net zero for its investments

Liontrust has made a number of commitments regarding its investments and net zero.

First, as part of Liontrust's near-term science-based emissions reduction targets approved by SBTi, the Group commits to:

- having 52% of its listed equity and corporate bond portfolios by market value setting SBTi validated targets by 2027 from a 2022 base year.

Target (by the end of 2027)	% as at the end of 2022	% as at the end of 2023	% as at the end of 2024
52% of listed equity and corporate bond (in scope) portfolios by market value setting SBTi validated/ approved targets	33%	42%	53% (target reached)

Second, as part of its commitment to the NZAM, Liontrust committed to having a percentage of its AuMA signed up to the net zero commitment.

Initial % of AuMA signed up to NZAM/net zero by 2050	% as at the end of December 2023	% as at the end of December 2024
42% (May 2022)	45%	50%

Interim targets for Liontrust funds committing to net zero (under NZAM) are:

- By 2025 – a 25% reduction in the fund's WACI (weighted average carbon intensity) as compared to the WACI of the fund's benchmark at the end of December 2019
- By 2030 – a 50% reduction in the fund's WACI as compared to the WACI of the fund's benchmark at the end of December 2019

In the investment sections of this report, the funds that are signed up to net zero (under the Group's commitment to NZAM) are noted along with their emissions reductions. Each investment team's section also outlines where they have engaged holdings on climate-related topics.

AuMA committed to net zero

As at the end of December 2024, 50% of Liontrust's AuMA was committed to net zero under NZAM (the end of 2023: 45%; the end of May 2022: 42%). The AuMA came from the investment teams who wanted to support the commitment and who felt that it sits comfortably with their individual investment processes. The Group aims for more of its AuMA gradually to join the commitment – which should be possible as more carbon data from companies becomes available and as reporting methodologies for different asset classes become more standardised.

Liontrust's investment teams committing AuMA to net zero

The table on page 30 shows which of Liontrust's investment teams have committed pooled funds to net zero. It is important to remember that:

- Each investment team at Liontrust follows its own investment process when managing client assets. Each team's investment process helps determine the holdings and the weightings in their funds and the engagements they have undertaken, as well as how each team addresses topics such as the reduction in carbon emissions or controversial weapons.
- There are some asset classes, such as alternatives and the short positions in hedge funds, for which net zero commitment approaches are still being worked out by the market.

Investment team	AuMA (as of 31/12/24) (£m)	Pooled funds are net zero committed	If not net zero committed yet, rationale for this (where appropriate)	Engaged holdings on climate in 2024
Sustainable Investment	9,218	Yes	N/A	Yes
Economic Advantage	5,126	No	The Economic Advantage team has not committed its funds to Liontrust's net zero goal due in large part to the lack of reliable data on carbon emissions for its holdings. The team does, however, consider any material risks regarding carbon/climate change when making investment decisions and engages its holdings on this topic, where the team deems this to be relevant to the investment process.	Yes
Multi-Asset	3,852	No	Carbon-related data coverage levels for the Multi-Asset team's fund of fund holdings remain relatively low in many cases. The team aims to commit to net zero when this information becomes available for the majority of its underlying holdings.	N/A
Cashflow Solution	2,397	No	The Cashflow Solution team has not committed its funds to Liontrust's net zero goal due to what the team sees as a lack of accurate data and a number of moving targets within the commitment.	Yes
Global Fundamental	1,843	Yes (except for the Income fund)		Yes
Global Equities	1,168	Yes (except for the Russia fund)		Yes
Global Innovation	862	Yes	N/A	Yes
Global Fixed Income	105	Yes (except for sovereign debt)	The team aims to add sovereign debt to its net zero commitment when more information is provided by the market on the best way to do so.	No
Total	**24,570**			

WHERE LIONTRUST REPORTS ON ITS PROGRESS AGAINST NET ZERO TARGETS

Liontrust reports on its progress against net zero targets in a number of reports or submissions. These include:

Report/update name	Date of publication (if applicable)	Location of most recent publication
Stewardship Report	Annually in April	In the People, Planet and Society section of the Liontrust website
Liontrust's Annual Report and Accounts	Annually in July	In the Investor Relations section of the Liontrust website
Entity level TCFD report	Annually in June	In the People, Planet and Society section of the Liontrust website
PRI annual submission	Submitted annually in July	The PRI's website is: www.unpri.org
CDP annual submission	Submitted annually in September	CDP's website is: www.cdp.net

CLIMATE-RELATED INITIATIVES

Liontrust sponsors the following projects which focus on reducing emissions across the financial services industry:

Net Zero Now

Liontrust worked with Net Zero Now to support it in creating the Net Zero Financial Advisors Protocol in 2022. The goal of this initiative is to support financial advisers in their efforts to measure, reduce and compensate for their carbon emissions in an effort to reach net zero. The Protocol also aims to provide an industry standard against which these efforts can be assessed and certified.

The Net Zero Financial Advisors Protocol will:

- provide clarity and consistency for financial advisers wanting to take positive climate action
- represent the standard against which financial advisers can be certified, enabling them to evidence their progress towards net zero to clients, employees and other stakeholders

Net Zero Now has created similar protocols in a range of sectors, including Accountancy (with ICAEW, ACCA, AAT and Sage Group); Law (with The Law Society); Hospitality (with The Sustainable Restaurant Association, Coca-Cola and Pernod Ricard); and Hair and Beauty (with L'Oréal and the British Beauty Council) among others.

Liontrust's Sustainable Investment team is part of an industry steering committee, led by Net Zero Now, which includes the Chartered Institute of Securities and Investments (CIS) and other industry bodies. The Committee is tasked with reaching an industry consensus on how the global guidelines that govern net zero – including the GHG Protocol, the Science Based Targets Initiative and the Oxford University Principles of Net Zero Aligned Carbon Offsetting – should be interpreted by financial advisers.

Liontrust's Sustainable Investment team's 1.5 Degree Transition Challenge

The Sustainable Investment team launched its 1.5 Degree Transition Challenge in 2020 and engages with its investee companies and bond issuers, encouraging them to increase their ambition to decarbonise.

The team wants its investments to transition in a timely, just and profitable way to ensure they remain competitive in an ultra-low carbon world. This Challenge complements Liontrust's commitment as a Group to achieve net zero by 2050.

The team is asking companies:

- To be more ambitious in emissions reduction targets to make their pace of decarbonisation consistent with what the science is telling us: requiring a 50% reduction in absolute emissions this decade.
- To show front-loaded timely targets for this: for example, a 50% reduction in direct emissions by 2030 based on a suitable baseline and a 25% decrease by 2025.
- To concentrate on reducing absolute emissions before considering offsetting at any large scale. The team believes offsetting can be a distraction, and there are not enough legitimate carbon offsets of the scale required.
- To understand the largest sources of indirect (scope 3) emissions for their business and identify opportunities to reduce these aggressively.

INVESTMENT BELIEFS AND PHILOSOPHY

Investment philosophy

Liontrust had eight investment team in 2024, which was reduced to seven at the end of the year when Global Fixed Income was integrated into Multi-Asset, with distinct investment processes. There is no CIO (Chief Investment Officer) or top-down approach to managing funds and portfolios.

In terms of stewardship, teams engage their holdings on the issues material to their distinct investment process, including those that are ESG-related. Investment teams also vote their own proxies, in line with their investment processes and philosophies. Starting on page 58 in this report, we outline the investment philosophies and processes of each team.

Investment processes are key

Liontrust believes that adherence to robust and repeatable investment processes is key to long-term out-performance and effective risk control.

- 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.
- Documenting an investment process means investors in our funds and portfolios know exactly how each team manages their money.
- Liontrust ensures that appropriate and prudent levels of risk are taken to meet the investment objectives and policies of all our funds and portfolios.
- In general, risk within a fund is controlled and monitored in two ways: the investment process and predetermined risk controls.

INVESTMENT PROCESSES GUIDE STEWARDSHIP

Liontrust's investment processes guide the teams' stewardship and decision making. The differences between the investment teams' approaches to the integration of ESG, stewardship, engagement, and proxy voting stem from the different processes of each investment team and, to a smaller degree, by the asset class (rather than by geography).

Where possible, the investment teams vote their proxies (for more information, see the proxy voting section in this report). Many teams also engage their holdings on material issues (examples of this are provided in the investment sections of this report).

Controversial Weapons

Liontrust has a controversial weapons policy to which its investment teams subscribe and which can be found in the People, Planet and Society section of the Liontrust website.. This policy, which has an opt-out clause for teams that wish not to adhere to it (see the next paragraph for details on the Multi-Asset team), covers the exclusion of cluster munitions, land mines and bio-chemical weapons. The Group's investment universe is screened quarterly for involvement in controversial weapons, and those names with involvement are sent to Compliance for flagging on Liontrust's trading platform. Those teams adhering to the policy are not able to buy (top up or initiate a position in) the names on the controversial weapons excluded list. They are permitted, however, to sell those names (as is required under the policy). Liontrust uses MSCI's ESG data for adherence to this screening.

The Multi-Asset team is the only one that does not subscribe to the policy. This team is not able to check the underlying holdings in the funds in which it invests for clients (funds managed by other asset managers) for adherence to controversial weapons exclusions. In addition, the Multi-Asset funds and portfolios hold passive vehicles which generally invest in all stocks in an index and therefore potentially breach this controversial weapons policy. Therefore, it does not apply the policy.

GOVERNANCE, RESOURCES AND INCENTIVES

PRINCIPLE 2: Signatories' governance, resources and incentives support stewardship.

THE GROUP'S STRUCTURE

Liontrust Asset Management Plc's (the "Company") principal activity is to act as a holding company for a group of investment management companies (the "Group"). The Company's shares are quoted on the Official List of the London Stock Exchange. The Company is domiciled in the UK and is incorporated in England and Wales. The Group operates in the UK with an international operating subsidiary in Luxembourg.

Subsidiary name	Subsidiary principal activities
Liontrust Investment Partners LLP ("LIP")	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 (FCA) (FRN: 518552). Liontrust Investment Partners LLP is also approved as an Investment Manager by the Central Bank of Ireland.
Liontrust Fund Partners LLP ("LFP")	A financial services organisation managing investment funds and is the authorised corporate director for Liontrust's UK-domiciled funds. It is authorised and regulated by the FCA (FRN: 518165).
Liontrust Europe S.A.	A distribution business authorised and regulated by the CSSF in Luxembourg.
Liontrust Portfolio Management Limited	Acquired pursuant through the acquisition of Majedie Asset Management Limited in April 2022. An application was made was made to the FCA to surrender the firm's regulatory permissions, and in November 2024 the firm was deauthorised by the FCA.
Liontrust Investment Funds Limited	Acts as the corporate member in Liontrust Fund Partners LLP.
Liontrust Investment Services Limited	Acts as the corporate member in Liontrust Investment Partners LLP.
Liontrust Investment Management Limited	Acquired pursuant to the acquisition of Neptune Investment Management Limited in October 2019. This entity will be liquidated.

THE GROUP'S HISTORY

Liontrust Asset Management Plc is an independent asset manager – owned by its shareholders and not by other businesses.

In 1999, Liontrust Asset Management Plc listed on the London Stock Exchange. At the end of December 2024, the Group's investment teams had a total of £24.6 billion AuMA for clients around the world.

The Group's background

From its launch in 1995, Liontrust has focused on those areas of investment where it has expertise and provided investment teams with the freedom to manage their funds and portfolios according to their own investment processes.

Each investment team must have robust and repeatable investment processes which help to create in-built risk controls. For the first 11 years of its existence, Liontrust only offered funds and mandates that invested in UK equities. This changed with the formation of the Cashflow Solution team in 2006 and the subsequent launch of European equity funds. From John Ions becoming Chief Executive in 2010, the Group grew significantly, with the pace accelerating after the acquisition of the Sustainable Investment team from Alliance Trust Investments in 2017. By acquiring different businesses over the years, Liontrust has broadened and diversified both its investment capability and its distribution.

THE GROUP'S BUSINESS MODEL AND OPERATING PHILOSOPHY

Business model

Liontrust's business model is designed to operate effectively to achieve the Group's strategic objectives across investment management, distribution and operations:

Investment Management

The quality and performance of Liontrust's investment teams is one of the Group's competitive advantages. Liontrust had a single investment division consisting of eight teams in 2024 which manage a range of pooled and segregated funds using distinct investment processes. The teams' rigorous investment processes ensure that Liontrust manages clients' assets in a predictable and repeatable way. Liontrust fosters an environment in which fund managers can focus on managing money and not be distracted by other day-to-day administration and other aspects of running a business. The fund management teams are based in the Group's London and Edinburgh offices.

Distribution

The strength of Liontrust's brand, the breadth and depth of its client base and the relationships the Group has with its investors are competitive advantages. The Group's distribution and marketing teams promote the Group's funds and portfolios in the UK and internationally.

- In the UK, the Group markets to institutional investors, discretionary fund managers, wealth managers, financial advisers and personal investors.
- Outside the UK, the Group is focused on selling to institutional investors, family offices, private banks, wealth managers and multi-managers in Europe, South America, the Middle East, Asia and Australia.

Liontrust's brand has been strengthened over the past few years through marketing activities that include client events, advertising, sponsorships, PR, thought leadership, investment content, educational material and digital communications.

Operations

The Group's Operations team supports Liontrust's clients, investment teams and sales and marketing. Liontrust has a single Operations division, designed to support a fast-growing business, and has moved to the model of using one external administrator – Bank of New York (BNY). Having a single Operations function and administrator ensures Liontrust's investment, sales and marketing teams have the appropriate tools to be effective, provides executive management with the performance, compliance and risk monitoring information required to manage the business, and supports the requirements of external stakeholders such as clients, investors, shareholders and regulators.

Philosophy

Excellence: knowledge and service

- Liontrust strives for excellence in its products, service and people, and prides itself on the quality of its investment teams as well as the knowledge and ability of its employees across the business. The Group seeks to provide outstanding service and is transparent about the management of its investment products, services and the business.

Communication and clients

- It aspires to communicate clearly and frequently to all stakeholders. Liontrust is client focused. Clients are at the heart of the Group's business decisions, operational planning, risk management, fund innovation, and day-to-day operations.

Independence of thought and investment processes

- The Group values its independence of thought. Liontrust's investment teams have the courage of their convictions, which are derived from their differentiated and rigorous investment processes. The Group believes investment processes are key to long-term performance and effective risk control. Staying true to their documented investment processes helps the investment teams to create an in-built risk control for their teams, especially in more challenging environments.
- Being clear and transparent on investment processes means investors in Liontrust funds and portfolios know exactly how each team manages the assets that Liontrust's clients entrust to them.

Diversity and culture

- Liontrust also believes that a diverse workforce promotes innovation and growth through independent thinking and new ideas. Group employees are responsible for supporting each other, collaborating and being open to challenge and debate. All employees have a responsibility to act in the best interests of investors and shareholders. Liontrust seeks to uphold the highest standards of integrity in all of its actions.

STEWARDSHIP AND GOVERNANCE RELATED REMUNERATION OVERSIGHT

EXECUTIVE SCORECARD

In accordance with the Group's Directors' Remuneration Policy for the period, which was approved by shareholders in 2022, the metrics used to assess the Executive Directors' performance comprise financial (70%) and non-financial metrics (30%). Non-financial metrics are set by the Group's Remuneration Committee and are linked with the Group's four strategic pillars. Pillar 1, 'Enhance the client experience and outcomes' includes stewardship activities.

Non-financial metrics for the financial year ended 31 March 2024 were as follows:

- Attraction and retention of talent (10% weighting), which included the following factors:
  - Articulation of Employee Value Proposition – the tangible and intangible benefits of working at Liontrust
  - Investment in training and development opportunities for all staff
  - Bringing to life the Liontrust Leadership Charter
- DEI (10% weighting), which included the following factors:
  - Establishment of a group-wide DEI strategy
  - Establishment of baseline DEI metrics for the Group
  - Continuing to offer DEI specific training
  - Ensuring there is a DEI component in hiring practices
- ESG Integration (10% weighting), which included the following factors:
  - Reporting on ESG integration for the Group's investment teams
  - Evidencing what we do across the Group in terms of ESG (reporting and making sure the activity is in place in the areas investors expect us to be active)

FY25 metrics will be disclosed in the Annual Report and Accounts 2025 when it is published in July 2025.

OVERSIGHT

Primary oversight of the investment stewardship and ESG is the responsibility of the Liontrust Investment Partners LLP Management Committee.

The Liontrust Asset Management Plc Board Sustainability Committee, chaired by the Senior Independent Director and ESG Champion (Rebecca Shelley), was established in 2024. The Committee's remit is to consider and review ESG and sustainability matters relating to the Group.

THE GROUP'S GOVERNANCE STRUCTURE

Liontrust Asset Management Plc: Board of Directors

Liontrust Asset Management Plc's Board of Directors is responsible for those aspects of ESG relating to the listed company, including reporting and obligations that the Plc has to related bodies, such as NZAM and TCFD reporting. Liontrust Asset Management Plc's Board is comprised of individuals who have experience covering the breadth of asset management. Members have experience across the environmental, communications, financial, investment, operational and leadership spheres. From time to time, the Board receives updates, informal training, and/or specific information relating to carbon emissions, proxy voting, diversity, consumer duty, cyber security, whistleblowing, employee training and benefits, employee mental health and wellbeing, and other topics for which the Board has requested information or for which it requires updates.

Board committees

Board committee	# of times it met in 2024	Function with regard to stewardship in 2024	Effectiveness in calendar year 2024
Audit and Risk Committee	6	• Oversees the Group's financial reporting, risk framework and the smooth functioning of internal controls. • Oversees the Group's tax policy and strategy.	**Successful** in oversight of risk and internal controls. No crystallisation of material risks. Oversight includes risks and exposures for the Group.
Remuneration Committee	8	• Determines Director and senior management remuneration and the Group's remuneration structure. • Oversees the link between executive pay and the management of the Group's key exposures, including those that are ESG-related. • Responsible for employee incentives and ensuring the fair remuneration of employees.	**Successful** in continuing ESG-weighted allocation to executive remuneration for 2024/25. **Ongoing** in terms of overseeing employees value proposition and communicating that internally.
Nominations Committee	6	• Responsible for the diversity, composition, and skill set of the Board. • Oversees diversity and recruitment policies of the Group. • Oversees Group HR policies.	**Successful** in terms of skill sets and DEI for board. **Ongoing** development of Group's DEI strategy. Successful in overseeing Group HR policies. No crystallisation of material risks.
Sustainability Committee	1	• The Committee was established in 2024 to consider and review ESG matters relating to the Group.	Successful in establishing the Committee's terms of reference.

MANAGEMENT COMMITTEES

The Group has set up two management committees to assist in the management of Liontrust Investment Partners LLP ("LIP") and Liontrust Fund Partners LLP ("LFP"), in accordance with the respective membership agreements. The Board of Liontrust Asset Management Plc regularly reviews the ongoing work of the management committees to ensure the implementation of the Group's purpose, values and strategy.

LIP Management Committee

The LIP Management Committee is responsible for the management and oversight of all activities performed by LIP, including (but not limited to): all responsibilities as a regulated firm, including investment management (investment decision-making, appointment of fund managers, investment process and performance); compliance with applicable laws and regulations, securities dealing, risk management; front office systems; data and research tools; investment compliance; investment operations; product development; sales and marketing activity (including the promotion and distribution of funds); as well as all other business management activities of the Group including human resources, finances, IT and compliance.

LFP Management Committee

LFP has been appointed as the authorised corporate director, AIFM or authorised fund manager of certain collective investment schemes. The LFP Management Committee is responsible for management and oversight of all activities performed by LFP, including (but not limited to): all responsibilities of a regulated firm, including ensuring the Liontrust funds are managed in accordance with the relevant prospectus and the regulations; the appointment and oversight of delegated investment managers; risk management; Consumer Duty and the Assessment of Value; client assets; product approval; oversight of sales and marketing activity; fund valuation and pricing; fund register and subscription and redemptions; fund management operations including the appointment and oversight of the Depository/Trustee of third-party administrators (including transfer agency and fund accounting): compliance with applicable laws and regulations; financial and regulatory reporting; and all other relevant business management functions.

Delegated Oversight of the Management Committees

The management committees each have several sub-committees that have been delegated oversight of specific areas and report on these areas to the respective management committee. The sub-committees have been established to help govern and manage the business and assist with the effective oversight of the implementation of the Group's strategy for the benefit of its stakeholders.

GOVERNANCE STRUCTURE CHANGES OVER THE PERIOD

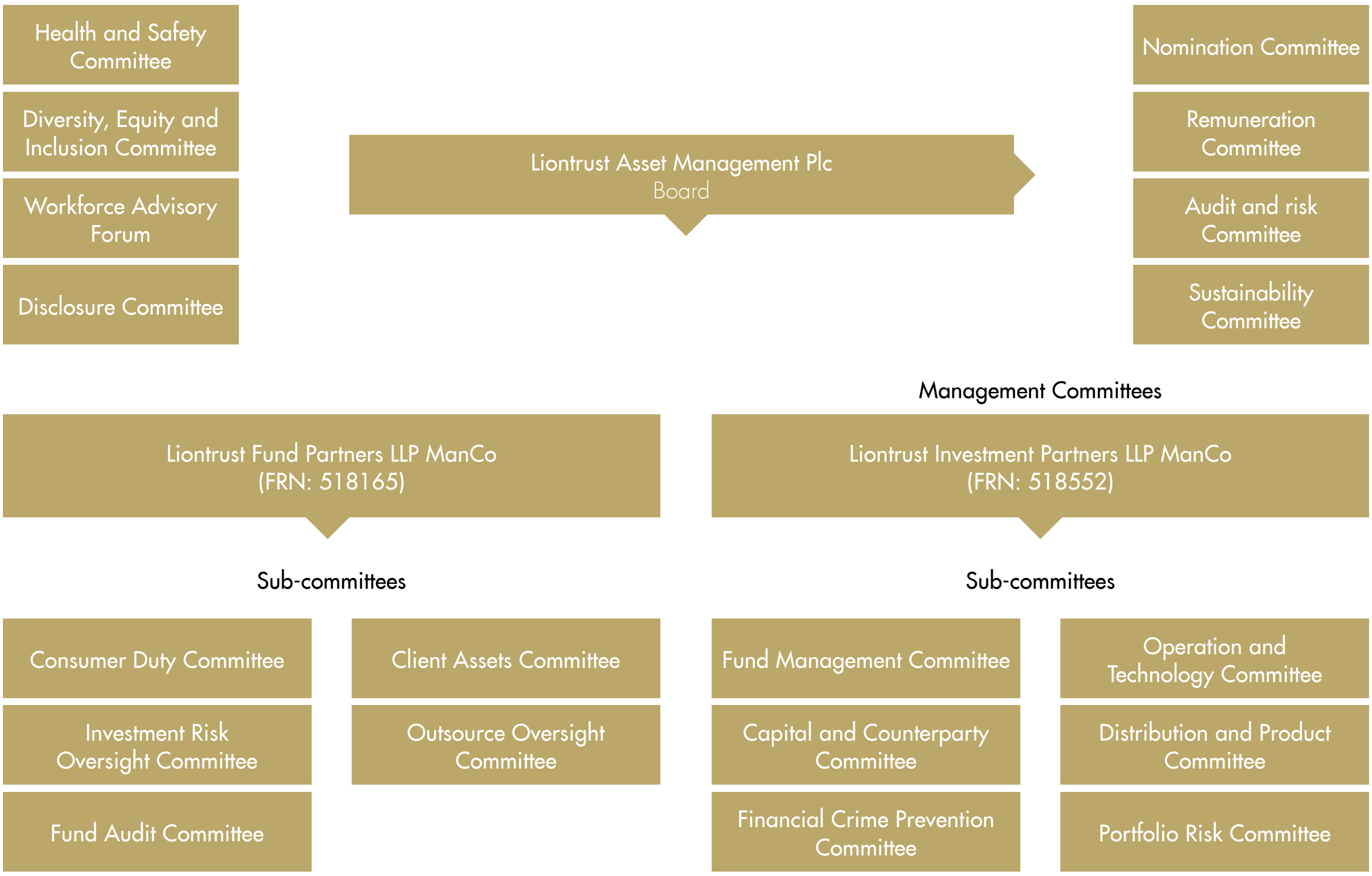
In March 2024, the management committees reviewed the membership, remit and duties of each sub-committee and established a new governance framework with effect on 1 April 2024. In addition, the terms of reference of each of the management committees were reviewed and updated. In this process, it was decided that oversight of the activities of the investment manager relating to sustainability and stewardship would be overseen by the LIP Management Committee.

In December 2024, it was decided that oversight of the Group's Health and Safety would be overseen by the Nomination Committee and the Liontrust Asset Management Plc Board.

In 2024, the Liontrust Asset Management Plc Board Sustainability Committee was formed, having oversight of the Group's approach to stewardship and reviewing the content, completeness and integrity of ESG-related reporting.

The Board established the Disclosure Committee to assist in identifying inside information under the UK Market Abuse Regulation (UKMAR) and in making recommendations as to how and when the Company should disclose this information in accordance with UKMAR.

The governance structure:



Portfolio Risk Committee ("PRC")

The PRC, a sub-committee of LIP, is responsible for the management of investment risk in the Group's regulated entities. This oversight encompasses portfolio risk management systems and operations, together with the monitoring of portfolio risk investment restrictions. The PRC also monitors portfolio performance and investment processes, establishing parameters for exception reporting and ensuring that appropriate client communications are prepared. The PRC ensures that investment teams have appropriate risk processes in place and that each fund has an agreed risk profile which details all the monitored risk controls and the risk limits. This process enables the PRC to monitor and measure the risk of Liontrust's funds' positions and their contribution to the Group's overall risk profile.

The PRC also oversees and reviews ESG integration into investment processes, ensuring that funds are run in line with stated ESG integration-related commitments. Exception reporting highlights if there is a gap between what is promised by each investment team and what is delivered.

EFFECTIVENESS OF OVERSIGHT OF ESG AND STEWARDSHIP

Governance component	What it did in 2024	Effectiveness with regard to ESG and stewardship
CEO, CFO	Provided strategic direction.	Effective in communicating to the business the Group's overall strategy and how ESG is part of that.
Sustainability Committee	First met in November 2024 The Committee reviewed various Group initiatives, established its terms of reference, and received ESG regulatory updates.	Helping companies provide mental health support to employees
LIP Management Committee	It was decided that the LIP ManCo will oversee the activities of the investment manager relating to sustainability and stewardship. The LIP ManCo approved the Proxy Voting policies, as well as the entity level TCFD Reports. The LIP ManCo received ESG Regulatory updates.	The Group remained compliant with all ESG related rules and regulations in 2024.
Responsible Capitalism Committee	Following a governance review, it was decided that the oversight of the activities of the investment manager relating to sustainability and stewardship would be overseen by the LIP Management Committee. Additionally, sustainability matters relating to the wider group would be overseen by the Sustainability Committee, a committee of the Liontrust Asset Management Plc Board of Directors. As a result of these changes, the Responsible Capitalism Committee was disbanded in late 2024.	Effectively oversaw and approved ESG-related reports and proposals (such as Liontrust's Stewardship Code submission; PRI submission; CDP submission). Also met in February 2024 to discuss ESG strategy for the Plc.
Responsible Capitalism team	Report on and evidence stewardship-related activities by investment teams. Updated related policies, and helped set ESG-related strategy for the Group. In early 2025, the Responsible Capitalism team joined the newly formed Product, Stewardship and Governance team.	Supporting Liontrust's investment teams with engagements and carbon-related topics, reporting for TCFD and other requirements.
PRC	Ensured each investment team adhered to its investment process and did what it says it does in all aspects of fund management.	Successful in overseeing SFDR regulations, adherence to investment processes, and monitoring investment and ESG risks. The PRC also provides oversight of independent screening services and monitoring of Carbon exposures.

ESG CONSIDERATIONS ACROSS THE GROUP

As part of their remit and oversight, Liontrust's department heads take into consideration a number of areas in which Liontrust has exposure, including attracting and developing talent, cyber and data security, adherence to regulatory requirements and ESG-related activities. These factors contribute to the Group's culture and the efficient running of its business and may be linked to pay. These include:

Area	Team(s)	Headed by	Duties and links to pay
Attraction and retention of talent	Human Resources (HR); Liontrust's individual departments	Head of HR; Each department has its own head	HR – leads the Group's efforts in terms of training, coaching, and welfare. Each department head is responsible for creating a culture that helps to retain staff and is responsible for using hiring practices that are fair.
Cyber and data security	IT department; All Liontrust employees	Chief Operating Officer	In addition to providing Liontrust with day-to-day IT support and training, this team oversees, with the help of the Group's virtual Chief Information Security Officer, Liontrust's technology and the safekeeping of its technology systems, platforms, and sensitive data. The IT team are only part of the solution for preventing cyber-attacks and data loss. All Liontrust employees are responsible for protecting data and for noticing and reporting anything unusual or irregular in terms of IT or cyber activity.
Adherence to regulatory requirements	Compliance and Legal teams	Chief Risk Officer and Head of Compliance	Both teams have responsibilities to ensure the Group adheres to all regulatory requirements in the jurisdictions in which it operates. These aspects are linked to pay for the teams and for their department heads.
Stewardship and governance-related activities	Product, Stewardship and Governance team	Head of Product, Stewardship and Governance	The team provides ESG information to and undertakes ESG-related engagements on behalf of some investment teams, responds to client queries in this area, manages a number of related projects for the Group, leads on the funds' net zero commitment, and produces ESG/sustainability-related annual reporting for the Group. These services are linked directly to the team's pay. The team is also remunerated on launching new funds and share classes for existing funds; closing funds; and keeping funds in line with regulations for launch or closure.
Sustainable Investment	Sustainable Investment team	Head of Sustainable Investment team	This team manages over one third of Liontrust's AuMA (as at the end of December 2024). It is responsible for adhering to its Sustainable Future investment process and for reporting SFDR and other requirements. The Head of Sustainable Investment and team members are remunerated on the basis of their individual responsibilities within the team's investment process. Team members have both financial and ESG integration components to their roles.

INVESTMENT IN DATA SOLUTION AND RESEARCH

In 2024, the Group strengthened its data management, delivery and analysis across the business through the implementation of an enterprise portfolio management system that is integrated with a new data ecosystem. The new technology solution improves investment and risk tools, enables productivity gains and enhances the information supplied to the Group's investment teams and clients. It has also strengthened reporting and digital services while providing scalability for the Group

The enhancements have been achieved by implementing an integrated solution through collaboration with BlackRock's Aladdin platform and The Bank of New York Corporation (BNY). The Group will leverage BlackRock's Aladdin technology in combination with BNY's Data Vault and other strategic partner systems to deliver comprehensive portfolio and risk management capabilities, built on the foundation of a unified and consistent source of investment data, and leveraged across fund management teams, asset classes and funds. This integration, which includes an enhanced middle office operating model with BNY, significantly enriches data quality and efficiency, streamlines analysis, and delivers scalable portfolio management tools for the Group's investment teams, establishing a robust operating model that supports the company's long-term growth.

The new single, integrated front-office solution is an important investment that has brought significant benefits to our investment management and risk teams. Our delivery and analysis of data is more efficient, which enables the Group to enhance the reporting and digital services we provide our clients, as well as increasing productivity across the Company. The solution has also enabled the Group to integrate emerging technology in the future.

This follows the introduction of the Group's Research Management System (RMS) in 2023 to help the investment teams record and have an audit trail for investment decisions, engagements, proxy voting and other stewardship-related activities.

In terms of research and analysis, Liontrust supports its investment teams by purchasing research (including ESG-related data and information) from brokers and other third-party research providers to enhance the investment analytics undertaken by the investment teams. This research (and cost) is reviewed annually to ensure the teams are receiving the most appropriate research for their needs.

CONFLICTS OF INTEREST

PRINCIPLE 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

As an asset manager, Liontrust has exposure to a range of conflicts of interest across its operations. The Group aims to manage these; its Conflict of Interest Policy is published on its website at: www.liontrust.com/regulatory

DEFINITION AND EXAMPLES OF POTENTIAL CONFLICTS

Conflicts of interest may arise in all activities that Liontrust undertakes. This section will refer only to a subset which are relevant in the context of ESG, and not to wider conflict management at the Liontrust Group level. For the purposes of this section, Liontrust defines a conflict of interest as a situation where the outcomes of one party are incompatible with the outcomes of other parties and where there is a risk of damage to the interests of one party.

EXAMPLES OF POTENTIAL CONFLICTS OF INTEREST

The below instances are for illustrative purposes:

Situation	Explanation
Liontrust's Fund manager(s) personally owning shares in companies they also hold in their funds	**Risk:** The fund manager could be inclined to engage with or vote the stock according to how they think would be in their own best interests, rather than in the best interests of Liontrust's clients/investors. **Example Controls:** • The Group's Personal Account Dealing Policy which requires pre-approval of all trades and states a minimum holding period. • The ability to add certain companies to the Aladdin Watch List (within our trading system) so that any trades in a conflicted stock are monitored by compliance • Staff training module on conflicts of interest to ensure staff are aware of where conflicts may exist and their obligation to report them.
A client is also a company in whose stock Liontrust fund(s) invest	**Risk:** Where Liontrust fund(s) hold the stocks of a large, UK-based Group which is also a client for whom Liontrust manages money the risk is that focus could be on maintaining the relationship rather than the investment. **Example Controls:** • Segregation of duties and responsibilities (relationship managers separate to the investment teams) • Investment process for each team • Requirement for investment rationales to be in place and retained
A Board member is a non-executive at a company whose shares are held in Liontrust funds	**Risk:** Board member may have inside information or may encourage investment in the company. **Example Controls:** • Requirement to disclose any conflicts at the start of meetings • Register of Directorships maintained by the Company Secretary team and reviewed by the Board annually • Conflicts register contains all instances including where additional controls (such as use of the Aladdin Watch List) may be required • Conflicts training required by the Board. • Members may recuse themselves from discussions where it is appropriate to do this.
Companies whose shares are held in Liontrust funds are also companies that provide services to Liontrust	**Risk:** Companies held in Liontrust funds may also provide services to Liontrust and the risk is that focus could be on the relationship rather than the investment. **Example Controls:** • Segregation of duties and responsibilities • Investment process for each team • Requirement for investment rationales to be in place and retained

MANAGING CONFLICTS OF INTEREST

The Group manages these (potential) conflicts through a conflicts framework, including a conflicts of interest register which is maintained by Liontrust's Compliance team. The register contains details on the:

- Nature of the conflict of interests
- Those employees, roles, or external individuals involved or potentially impacted by the conflict of interest
- Date(s) of the existence of the conflict of interest
- Ownership or oversight of the specific conflict
- Details on how the conflict is managed and audited

IDENTIFYING POTENTIAL CONFLICTS OF INTEREST

All employees receive conflicts of interest training and are aware of their responsibility to raise any conflict that they are made aware of. Investment team members are responsible for reporting any conflict in relation to a holding. Conflicts can be raised through a number of channels, and these are set out in the Conflicts of Interest Policy.

All new joiners, and all staff annually thereafter, are required to complete an Outside Business Activity attestation. The Compliance team determines if a conflict is present and if it therefore needs to be added to the register.

ESCALATING CONFLICTS OF INTEREST FOR THE PURPOSE OF FINDING A RESOLUTION

The Compliance team works with other departments to ensure conflicts of interest are properly raised and recorded. This is to ensure that any events determined to be conflicts of interest are managed effectively.

The process for raising and managing conflicts of interest is:

- Any employee (who may be a fund manager) alerts the Compliance team to a potential conflict of interest (using one of the available channels as set out in the Conflicts Policy).
- The Compliance team reviews the details of the conflict which includes:
  - Recording all relevant details including through discussion with the individual where required
  - Identifying a conflict owner (often the line manager)
  - Recording mitigating controls
  - Applying a risk rating
  - Recording any actions that are required as a result of the conflict
  - Saving the above details into a record in the conflict register
  - Setting a review date
- The conflict then goes to another member of the Compliance team to be reviewed and approved
- Material conflicts would be flagged to the Head of Compliance
- Conflicts of interest information is reported to the Consumer Duty Committee and other relevant committees as appropriate.

REDUCING THE GROUP'S EXPOSURE TO POTENTIAL CONFLICTS OF INTERESTS

All employees undertake training on joining the Group and then again on an annual basis on how to identify and report conflicts of interest so that the Group continues to act in the best interests of investors in every situation. The training is updated periodically; if a material change in the policy occurs, employees must attest that they understand and will fulfil the requirements of the updated policy.

CONFLICTS OF INTEREST AND STEWARDSHIP

Liontrust is aware of the importance of effectively managing conflicts of interest. Proper management of this area ensures the Group can maintain credibility across its own business operations; ensure the investment processes of its investment teams are followed; and provide an environment in which engagements with holdings and proxy voting follow each team's investment process as well as helping towards the stability of financial markets more widely. The Group maintains a comprehensive conflicts framework and keeps detailed information on any potential or actual conflict of interest for oversight and audit purposes.

PROMOTION OF WELL-FUNCTIONING MARKETS

PRINCIPLE 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

THE GROUP'S INVOLVEMENT

As an asset manager, Liontrust has spheres of influence in which it can be helpful to the market, its employees, stakeholders and the environment. Part of this influence comes in the promotion of well-functioning markets through its participation in market and market-related associations.

Liontrust takes several steps to play its part in ensuring markets function as efficiently as possible. It does so, partly, by working to mitigate risks concerning systemic or market-wide risks. Generally, these reflect situations or conditions under which an investor may experience a decline in value of their investment due to failings of the wider financial system, such as a bank collapse or exchange failure and may also include risks around broker-dealers placing erroneous orders on market exchanges. These risks might also include the collapse of an entire market or financial system.

How Liontrust identifies and assesses market-wide and systemic risks

As discussed in the section on Managing Risk, the Liontrust Enterprise Risk Management Framework provides a systematic framework for identifying, assessing, monitoring and reporting on risks. The Internal Capital Adequacy and Risk Assessment (ICARA) process sits within the Framework and provides a top-down view of risks including harms associated with market-wide and systemic risks. The ICARA details the risks and controls as well as performing scenario modelling to examine the impact of market-wide and systemic risks on Liontrust to demonstrate the Group's resilience.

MITIGATING RISKS

To play its part and help mitigate these risks, Liontrust:

- Manages its own risks by identifying and prioritising its inherent and residual risks. The Group published a heat map in the Liontrust Asset Management Plc 2024 Annual Report and Accounts that helps put these risks into context (with each other) and also publishes steps the Group takes to manage several of the issues it faces. The Board oversees this aspect of the Group's business.
- Reports to the FCA any suspicious trading activity as part of its monitoring processes.
- Provides training for fund managers on how to appropriately manage and avoid inside information and on acting in collusion to minimise the risk that either takes place.
- Considers the material risks and opportunities (including those that are ESG related) in many of the Group's investment processes. Potential exposures include, but are not limited to, climate change; biodiversity; DEI; supply chains; human rights.
- Remains well capitalised. As of March 2024, the Group had total shareholders' equity of £171million (March 2023: £221 million), helping to ensure the efficient running and protection of the business.
- Monitors Credit Risk. The Group monitors the credit risk within the overall market as well as the risk faced by our key counterparties. This aims to alert the business to any potential instability and proactively mitigate any significant risks, such as a primary bank failure.
- Controls direct market exposure. The Group has limited foreign exchange and interest rate exposure due to the fact that the business has no debt and largely deals within the UK.
- Works to minimise systemic risks through industry participation.

  Liontrust does this, in part, by:
  - Being members of industry associations to promote good market regulation and behaviour
  - Participating in specialist committees addressing market issues
  - Responding to market consultations on new regulations
- Assesses and works to reduce its emissions. Liontrust will continue to report via its TCFD entity level and product level reports on its emissions levels.
- Actively participates in finance-related groups and associations in the UK.

ESG AND RISK MANAGEMENT

ESG and the assessment of risk and opportunity go hand in hand, both in terms of the investments the Liontrust's investment teams make on behalf of clients (at the investment level) and at the Group level in terms of business operations.

Assessing investment risks

Liontrust monitors its funds to ensure prudent levels of risk are taken to meet the investment objectives and policies of the funds. Each fund has pre-determined risk controls and these are supported by the investment teams, the investment processes and by the Risk team. Each investment team, itself, also may assess risks and opportunities related to individual holdings. The degree and extent of this analysis depends on each team's investment process.

Assessing Group level risks and opportunities

Understanding the risks for the Group enables Liontrust to focus its efforts on mitigating material exposures so that its business, as an asset manager, is more efficient and able to service clients better. The Group thinks holistically about risk and is building in opportunity assessment into this framework. Liontrust reports extensively on its risk management processes and systems in the Liontrust Asset Management Plc Annual Report and Accounts. As noted in this report, Liontrust's Enterprise Risk Management (ERM) framework is overseen by the Risk team and is used to ensure the Group regularly reviews and monitors all the potential areas of risk to the business. The ERM framework enables management, the Audit and Risk Committee and the Board to be kept fully informed of potential risks to the business and how these risks would impact the Group's capital adequacy.

The Group's Risk structure

The diagram below summarises the key elements of the Group's ERM framework, which is based around these risk areas to ensure a consistent approach:

Risk identification and prioritisation process

The Group's ERM utilises a top-down, bottom-up and 360-degree approach. The ERM Risk Profile is compiled by conducting Risk and Control Self-Assessments (RCSAs) to create the ERM Risk Register, which comprises risks from across the Group. Each department is involved with identifying, prioritising and setting out plans for mitigating its key risks. These risks are given a likelihood within a specific time frame and within specific cost categories, which enables the Group to map them by degree of likelihood and impact to the overall business. This register specifies the controls for each risk. The ERM Risk Profile and the most material risks from the Risk Register go to the Board regularly for review. The Group's compliance and risk functions provide further assistance with identifying and prioritising issues by monitoring regulatory, legal and industry developments.

The function of the RAS, ICARA and the Enterprise Risk Report

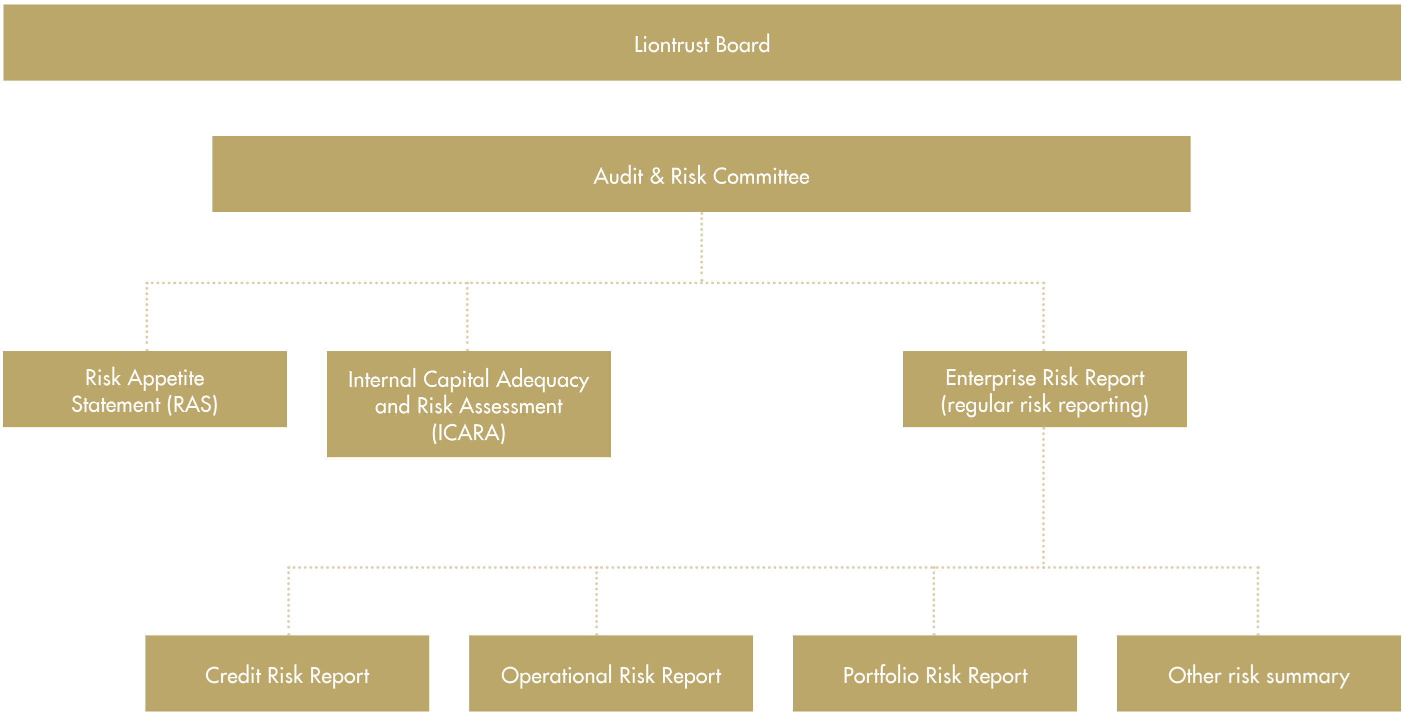
The Risk Appetite Statement ("RAS") identifies key risks, their materiality, and their likelihood of occurrence and sets the amount of risk the Group wants to take or is willing to accept to achieve its business objectives.

The ICARA combines the RAS and the Group's financials together with scenario analysis and stress testing to determine how the realisation of risks might impact on the Group's capital and regulatory requirements. (The ICARA replaced the Internal Capital Adequacy Assessment Process, or ICAAP, in 2022).

The Enterprise Risk Report brings together the ongoing risk identification, management, monitoring and reporting across the risk universe. This helps ensure that any change in the risk environment and the Group's risk profile is communicated effectively to the Board.

The Group differentiates between those risks that are within management's influence and risks that are outside it:

- Risks that are within management's influence include the expansion of the business, prolonged periods of underperformance, loss of key personnel, human error, poor communication and service leading to reputation damage and fraud.
- Risks outside the management's influence include pandemics, regulatory change, climate change, falling markets, terrorism, a deteriorating UK economy, investment industry price competition and hostile takeovers



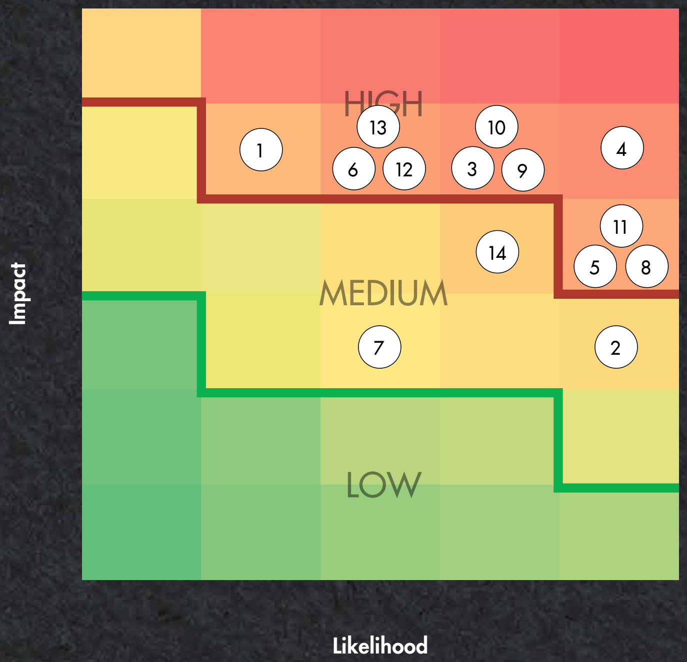
ESG-RELATED RISKS FOR THE GROUP

In the Liontrust Asset management Plc Annual Report and Accounts in 2024 the Group published its heat map for inherent risks (the level of risk the Group takes on to achieve its objectives) and residual risks (the level of risk that remains once Liontrust has put actions in place to mitigate its risks).

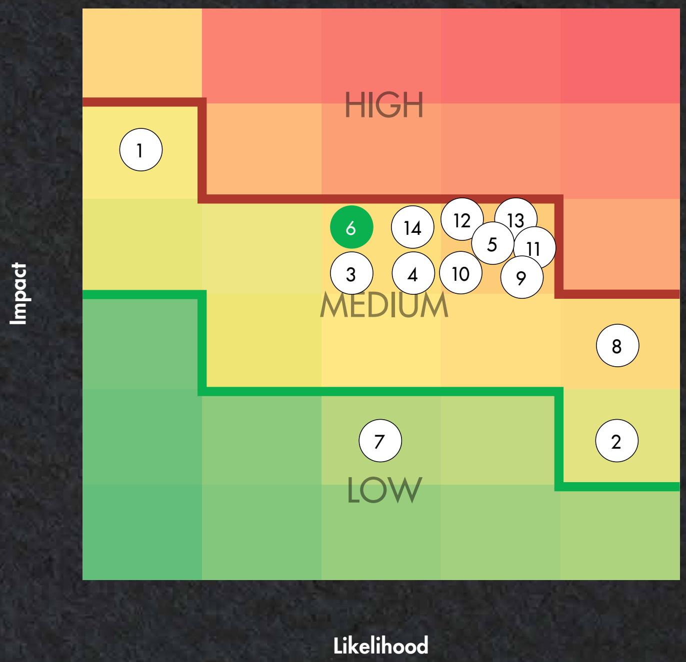
From this heat map, the key, ESG-related, residual risks which lie within the Group's influence include:

- People/talent management – losing and/or failing to attract and develop talented staff
- Client management – poor distribution and poor client service, client suitability and mis-selling
- Operational risk – employment practices and workplace safety
- Portfolio management, investment risk and liquidity
- Regulatory, compliance, conduct and financial crime

Inherent risk



Residual risk 2024



Risk Areas

1. Credit Risk
2. Market Risk
3. Operational risk – Internal Fraud
4. Operational risk – External Fraud
5. Operational risk – Employment Practices and Workplace Safety
6. Operational risk – Clients, Products & Business Practice
7. Operational risk – Damage to Physical Assets
8. Operational risk – Business Disruption & Systems Failures
9. Operational risk – Execution, Delivery & Process Management
10. Business risk
11. Client management
12. Portfolio Management, Investment risk and Liquidity
13. People / Talent management
14. Regulatory, Compliance, Conduct and Financial Crime

Related risk	Mitigation steps	Overall success of steps in 2024	
People/talent management	The Group completed its Senior Leadership programme and rolled out further one-on-one coaching. The DEI Committee has launched several initiatives and has attracted guest speakers from a variety of industries/backgrounds. An engagement survey is conducted annually to assess the overall satisfaction and wellbeing of employees. Liontrust offers a competitive benefits package. Liontrust has a Workforce Advisory Committee made up of employees of varied experience and from different departments to advise senior management of initiatives to improve satisfaction and engagement.	Successful	Continuing
Client management	Liontrust provides content for investors across its fund range via periodic (monthly, quarterly, bi-annual, annual) fund updates, ad hoc insights and thought leadership, videos and educational material Liontrust holds meetings and presentations with clients. Liontrust gains feedback from clients, research, a consumer panel, pop-up questions on the Liontrust website and client surveys.	Successful	Continuing
Operational risk – employment practices and workplace safety	Liontrust has robust and repeatable investment processes and regular updates on performance and the drivers of this performance. Liontrust's PRC is responsible for overseeing and monitoring risk and performance within the Group, including ESG risk, and has further enhanced its system controls around risk and liquidity monitoring over the year.	Successful	Continuing
Regulatory, compliance, conduct and financial crime	Liontrust is further developing its regulatory, compliance, conduct and financial crime provisions through the implementation of a new GRC (Governance, Risk and Compliance) system. Liontrust has implemented the Aladdin Order Management System for its pre and post-trade compliance monitoring. Liontrust has representatives at industry forums for compliance and financial crime.	Successful	Continuing

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate-related risks

While over the short to medium term, Liontrust does not have high exposure to climate change-related risks (compared to the exposure it has in other areas), the Group does have exposure to various risks related to climate change and global warming. These exposures are outlined in Liontrust's TCFD entity level report which was published on Liontrust's website in July 2024 and referenced in the Liontrust Asset Management Plc Annual Report and Accounts for the financial year 2023/24.

Integrating climate risk into Group risk frameworks

At Liontrust, climate-related risk is considered in terms of three main risk categories: Enterprise Risk, Investment Risk and Prudential Risk. These are discussed in more detail in Liontrust's TCFD entity level report, available on Liontrust's website.

REVIEW AND ASSURANCE

PRINCIPLE 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.

OVERSIGHT AND ACCOUNTABILITY

Liontrust's ESG and stewardship-related practices are divided into two. The ESG work for the Plc is overseen by the Board Sustainability Committee, and the Product, Stewardship and Governance team works with the investment teams on reporting how and the extent to which they integrate the consideration of ESG-related risks.

APPOINTMENT OF LIONTRUST INTERNAL AUDITORS

In the fourth quarter of 2021, the Group appointed Grant Thornton as third-party, external auditors to undertake a four-year plan of audits across Group departments. Audits began in August 2022, focusing on ESG and on the Group's culture. Preliminary reports on these first audits were provided to senior management in the first quarter of 2023.

INDEPENDENT LIMITED ASSURANCE OF LIONTRUST'S KEY ESG METRICS

Liontrust engaged KPMG LLP to perform independent limited assurance over selected metrics of its gender diversity, proxy voting and GHG Scope 1 and 2 information for the calendar year 2024. Specific metrics in scope for limited assurance are detailed in the KPMG Limited Assurance report. The delta symbol (Δ) used in this report denotes the specific metrics that were subject to independent limited assurance.

AUDIT OF INTERNAL CONTROLS

Liontrust engages an external auditor, on an annual basis, to carry out an internal controls assurance (Type 2 AAF 01/20 and ISAE 3402). As part of this audit, our processes and controls for proxy voting, as well as their operational effectiveness, are independently reviewed. No exceptions were noted in relation to these processes in the 2023-2024 audit.

INTERNAL ANNUAL REVIEW OF MATERIALS

In the first quarter each year, a review of proxy voting guidelines and related policies is undertaken. Updates to these were made in 2024. All updates and changes are approved by the LIP and LFP ManCos and are seen by the Board members who attend the Sustainability Committee meetings .

RATIONALE FOR THIS APPROACH

Liontrust has internal compliance approval processes to ensure adherence to required regulations and laws regarding marketing and providing information to clients, investors and wider stakeholders. The Group believes these processes and systems effectively monitor and ensure adherence to requirements. Liontrust employed the help of external auditors to ensure that its internal systems are functioning well and to understand how the Group can improve these, if at all, going forward.

EXTERNAL REPORTING ON ESG AND STEWARDSHIP-RELATED ACTIVITIES

Liontrust reports in a number of ways during the year on its ESG, sustainability and stewardship activities. A description of the reports that Liontrust produces for clients on these areas can be found in the next section on Principle 6.

ENSURING FAIR, BALANCED AND UNDERSTANDABLE REPORTING

Liontrust seeks to ensure that its reporting, marketing materials and communications with clients, investors and stakeholders are accurate. The Group aims to provide clear, relevant, engaging and useful communications. Liontrust tests communications with clients and a consumer panel to ensure we are meeting their requirements and communicating appropriately.

INVESTMENT APPROACH: CLIENT AND BENEFICIARY NEEDS

PRINCIPLE 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

BREAKDOWN OF ASSETS UNDER MANAGEMENT AND ADVICE (AUMA)

At the end of December 2024, Liontrust's AuMA stood at £24.6 billion (2023: £27.8 billion; 2022: £33 billion). This was broken down by type as follows:

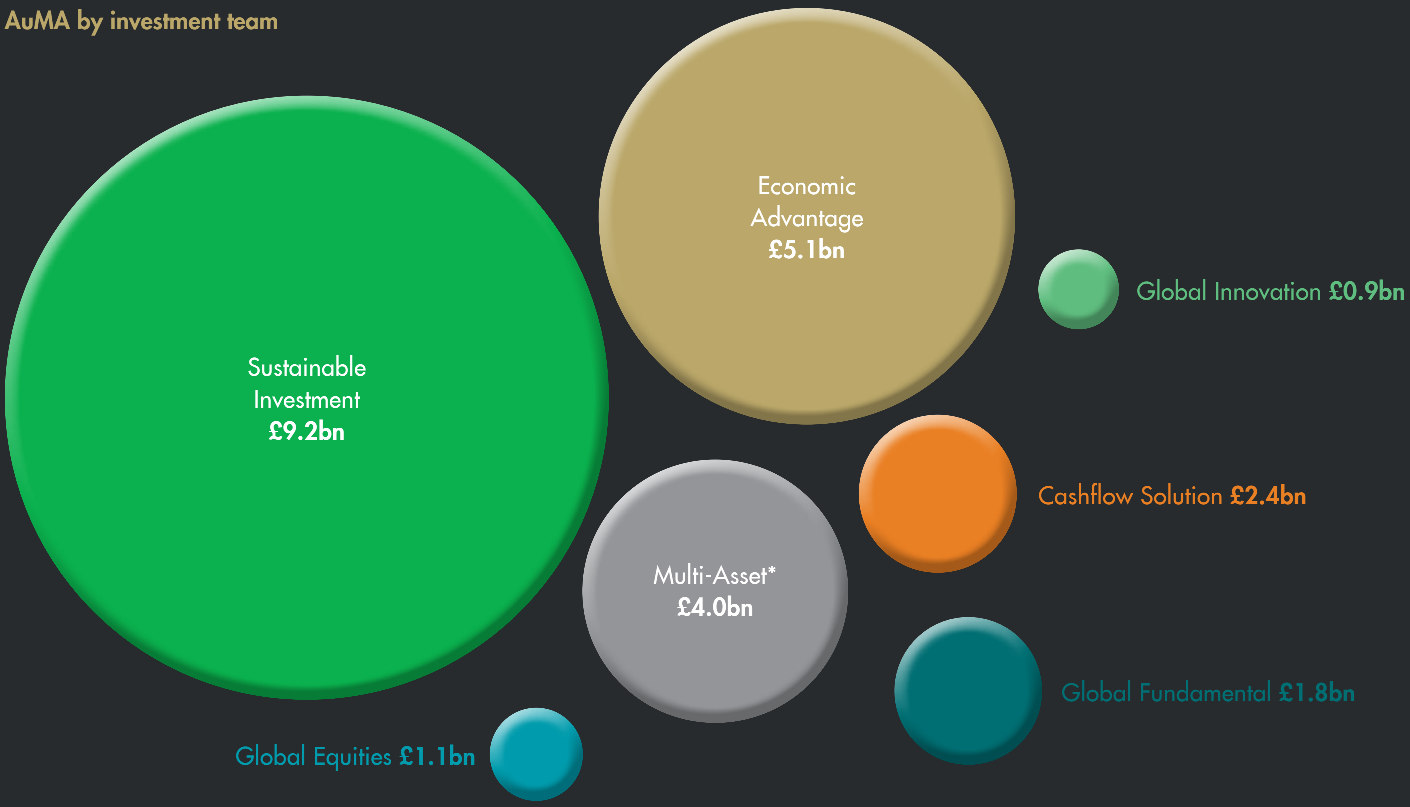
Process	Total	Institutional Accounts & Funds (£m)	Investment Trusts (£m)	UK Retail Trusts (£m)	Alternative Funds (£m)	International Funds & Accounts (£m)
Sustainable Investment	**9,218**	329	-	8,523	-	366
Economic Advantage	**5,126**	379	-	-4,667	-	80
Multi-Asset	**3,956**	-	-	3,791	80	85
Global Equities	**1,168**	-	-	1,146	22	-
Global Innovation	**862**		-	861	-	1
Cashflow Solution	**2,397**	513	-	1,539	161	184
Global Fundamental	**1,849**	225	1,153	471	-	-
Total	**24,576**	1,446	1,153	20,998	263	716

LIONTRUST'S CLIENTS

Liontrust services clients predominantly in the UK, but also internationally. At the end of 2024, the Group's clients were:

Source: Liontrust Asset Management Plc as at 31.12.24.

AuMA by investment team



Source: Liontrust Asset Management Plc as at 31.12.24. *Includes AuMA of Global Fixed Income Investment team which was integrated into the Multi-Asset Investment team at the start of 2025.

UNDERSTANDING CLIENT NEEDS

SEEKING CLIENT AND INVESTOR VIEWS

As in previous years, Liontrust has sought client feedback and views to ensure our communications and services are appropriate and as helpful and effective as possible. These included:

- Client surveys, with professional clients and retail investors
- Market research with professional advisers and retail investors
- Evaluating our communications, reporting and educational content with a consumer panel of retail investors
- Using pop-up questions on fund pages of the Liontrust website to ask retail investors, among other questions, if they can find the information they are looking for and do they have all the information required to make an investment decision
- Seeking feedback from professional clients on our communications, fund updates, reporting and service
- Analysing customer journeys on the Liontrust website and the success of our digital communications

Client surveys

Liontrust conducts regular surveys with our professional clients and retail investors. These surveys are effective in understanding what the Group does well for clients and what could be improved or introduced. The questions include how clients see Liontrust, its funds, the service it provides, communications, content, events, the website, the Liontrust brand, what they associate with Liontrust, what are our strengths and weaknesses, as well as clients' investment intentions, what sources of information they use and how they select funds. We also conduct a client survey once a year as part of the Assessment of Value. This seeks feedback on whether Liontrust is providing value for money, investors' satisfaction with the information Liontrust provides, how investors see the communications and literature that Liontrust offers, investors' experience of service from Liontrust, and their overall experience with Liontrust.

Market research

We conduct regular market research with professional advisers and retail investors.

Consumer panel

Liontrust is a member of an industry consumer panel along with other asset managers. This provides us with the opportunity to test our communications, content, reporting and educational content with a panel of retail investors. Sharing the panel with other asset managers enables us to enhance the level of feedback and insights we can gather; this is because we get the views of retail investors on our material and those of our peers. Among the material we have tested are educational literature, fund manager articles and videos, and a Consumer Facing Disclosure document for funds with a SDR label.

Pop-up questions on the Liontrust website

On each fund page on the Liontrust website, we have pop-up questions for retail investors. We use these to find out if visitors have been able to find all the information they are looking for and have all the information they need to make an investment decision. The pop-up provides the opportunity for visitors to add comments, including to tell us what can be improved or information they would like to be added to the website.

Feedback from professional advisers

We ask our clients for feedback on our communications, content and service. They provide feedback from their own perspective and from their retail clients.

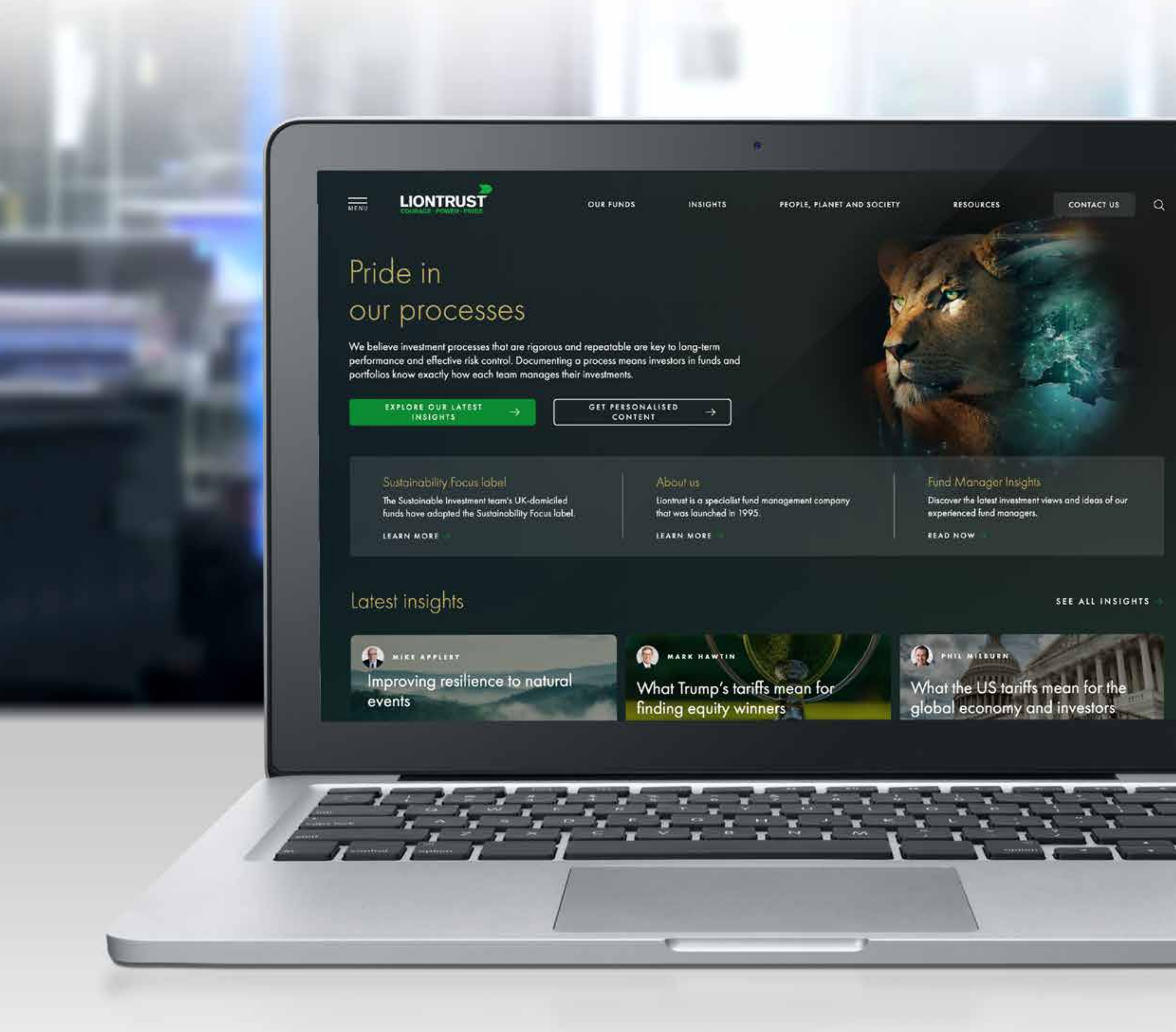
Customer journeys and digital communications

Liontrust is able to monitor how clients and investors interact with our communications and content via the website, emails, social media and other digital channels. This enables Liontrust to enhance customer journeys on the website and to develop content and communications that are most appropriate and useful to our clients.

Taking account of client views

As a result of the research and analysis of investor behaviour, Liontrust has:

- Made changes to the website to enhance the experience and ensure it is quicker and easier to find information, particularly for fund information
- Made changes to the content and information shown on the fund pages in response to investor feedback
- Enhanced our level of reporting, including new quarterly updates and attribution for the Multi-Asset and Sustainable Investment teams
- Encouraging clients and investors to sign up to receive regular investment insights
- Expanded the range of investment insights and educational content



COMMUNICATING WITH CLIENTS

During 2024, Liontrust undertook extensive reporting on its stewardship, sustainability, ESG integration and proxy voting-related activities. These reports or updates included:

Date	Item	Link	Topic	Effectiveness
April 2024	Responsible Capitalism report for calendar year 2023 – which has been renamed the Stewardship Report this year	In the People, Planet and Society section of the Liontrust website	Liontrust's response to the Stewardship Code. Contains information on the Group's ESG and sustainability-related activities, risk management, oversight of stewardship and participation in the financial community.	The master reference for all of the Group's ESG-related activities and processes.
Quarterly, one month in arrears	Proxy voting records	In the Planet, People and Society section of the Liontrust website	Each quarter, Liontrust publishes its proxy voting records on its website, one month in arrears. The voting is listed by holding.	Liontrust continues to consider how to make its proxy voting more standardised and helpful to clients.
June 2024	Sustainable Investment team's Annual Review for 2023	In the Sustainable Investment team section of the Liontrust website	Report highlights the team's investment performance and investee company engagement in 2023. Contains details on the team's 22 sustainable investment themes, including those that will be key in driving forward the changes needed for the world to achieve net zero.	Communicates the team's stewardship activities and investment process during 2023.
June 2024	Sustainable Investment team's Engagement and Voting: Annual Review 2023	In the Sustainable Investment team section of the Liontrust website	The Review details the engagement of the team with investee companies, the impact of this engagement, where more needs to be done, and the priorities of the team.	The Review communicates the impact of the team's engagement to clients, investee companies, third parties and other stakeholders.
July 2024	Liontrust's Annual Report and Accounts	In the Investor Relations section of the Liontrust website	Contains information on the Group's purpose, strategic objectives and values. Liontrust's net zero approach and summary of TCFD are included. The Group's key exposures are mapped, including those related to ESG. The report contains details of Liontrust's DEI initiatives, its engagement survey, and people.	Report communicates information for shareholders. The information is also useful for clients, employees and stakeholders.
July 2024	PRI annual submission	Liontrust submitted its annual self-assessment to the PRI in July 2024. This is not published on the Group's website.	Responded to the PRI's annual survey on Liontrust's activities around ESG integration, engagement and proxy voting.	The PRI evaluates the submission and replies with a Private Assessment Report.
August 2024	CDP annual submission	Liontrust submitted its annual self-assessment to CDP in August 2024. This is not published on Liontrust's website.	The report covered the Group's activities and approach to net zero.	CDP evaluates the submission and responds with a ranking for Liontrust.

ALIGNMENT WITH CLIENTS' STEWARDSHIP/INVESTMENT POLICIES

Liontrust manages a number of segregated client accounts which require alignment with clients' specific sustainability or stewardship policies or needs. For these, screening, engagement and/or proxy voting requirements are agreed as part of the Investment Management Agreement (IMA) and are adhered to by the investment team managing these accounts. Related client reporting incorporates these requirements.

Liontrust manages pooled funds in which retail and institutional investors may invest. Liontrust's Sustainable Investment team manages funds according to their Sustainable Future process while the Global Fixed Income team's funds integrate an ESG approach within their process.

MONITORING ADHERENCE TO SUSTAINABLE APPROACHES

Where the investment team takes a sustainable approach to investing, these parameters are set out in the documentation for the individual funds and are monitored by Liontrust's PRC.

The Sustainable Investment team's Advisory Committee also provides feedback on a regular basis on their sustainable themes and investments. The team is free to accept or reject the feedback provided by the Advisory Committee, depending on whether the analysis supports the needs and expectations of its clients.

INSTANCES WHERE LIONTRUST MAY NOT BE ABLE TO MANAGE ASSETS IN LINE WITH CLIENTS' POLICIES

Liontrust manages a number of pooled funds for which individual client (stewardship, voting, and/or engagement-related) policies cannot be adhered to. This is because, by their nature, pooled funds consist of (often) many underlying investors, all of whom may have varying views on stewardship, proxy voting and/or engagement practices. Therefore, Liontrust states that it cannot manage an array of policies and, instead, follows its own policies in managing these pooled funds. Should institutional clients need their own, specific guidelines to be followed, then Liontrust can potentially manage a segregated mandate for them.

INVESTMENT TIME HORIZONS

Each of Liontrust's funds sets out in its prospectus and legal documentation the minimum time horizon that is considered appropriate to be invested. Each time horizon reflects the investment approach of the fund and the target market for investors.

STEWARDSHIP, INVESTMENT AND ESG INTEGRATION

PRINCIPLE 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

LIONTRUST INVESTMENT TEAMS

Liontrust investment teams apply their own distinct investment processes to the management of their funds and portfolios. The investment processes also determine each team's engagement and how to vote their proxies. The following section looks at the teams, their processes, their engagement examples (as appropriate), and the funds that each team has dedicated to Liontrust's net zero commitment (where appropriate). As at the end of December 2024, Liontrust's eight investment teams were:

Sustainable Investment

Economic Advantage

Multi-Asset

Global Fundamental

Cashflow Solution

Global Innovation

Global Fixed Income

Global Equities

SUSTAINABLE INVESTMENT TEAM

TEAM FACTS

- Funds managed by this team equate to approximately 38% of Liontrust's AuMA (as at end December 2024)
- 17-member team led by Peter Michaelis
- Team manages a range of equity, fixed income and managed funds using its Sustainable Future investment process
- Team's investment process has been applied to the management of its funds since 2001

COMMITMENT TO NET ZERO

The Sustainable Investment team has committed its funds to net zero in three ways:

1. Committing funds to Liontrust's pledge to NZAM to achieve net zero by 2050
2. Launching its 1.5 Degree Transition Challenge in 2020 and engaging with investee companies and bond issuers to encourage them to increase their ambition to decarbonise. The team wants its investments to transition in a timely, just and profitable way .
3. Joining the Montreal Carbon Pledge – the Sustainable Investment team's funds became a signatory to this in 2021 and the team continues to report along this commitment.

NZAM commitment

The team's funds that are committed to net zero are listed in the table below.

Note that the fund WACI numbers for the end of 2024 and the end of 2023 are computed with the actual AuMA of the fund in US Dollars as at the end of December for each respective year. This differs from the fund WACI numbers to the end of 2022 when the total AuMA of each fund was assumed to be $1 billion instead of using the actual AuMA of the fund. Liontrust started using actual AuMA figures as the technology allowed for this change. Going forward, Liontrust will continue to use actual AuMA when computing WACI numbers so that more accurate, year-on-year comparisons can be made.

Funds	Benchmark used for carbon analysis	Benchmark WACI end 2019	Fund WACI end 2022	Fund WACI end 2023	Fund WACI end 2024	End 2024 fund WACI lower than 2019 benchmark WACI by
EQUITY AND MANAGED FUNDS						
Liontrust Sustainable Future Managed	Customised	138.2	42.9	32.9	29.2	79%
Liontrust Sustainable Future Global Growth	MSCI World	168.2	27.3	24.8	20.2	88%
Liontrust Sustainable Future Managed Growth	MSCI World	168.2	26.4	24.8	21.9	87%
Liontrust Sustainable Future UK Growth	MSCI UK	111.1	41.4	28.4	38.4	65%
Liontrust Sustainable Future European Growth	MSCI Europe ex UK	161.7	54.9	36.4	9.9	94%
Liontrust GF Sustainable Future Global Growth	MSCI World	168.2	26.4	24.8	19.8	88%
Liontrust GF Sustainable Future Pan-European Growth	MSCI Europe	148.5	49.1	28.6	9.1	94%
Liontrust UK Ethical	MSCI UK	111.1	58.6	40.4	49.3	56%
GF Sustainable Future US Growth Fund	MSCI US	167.7	(Launched in 2023)	32.3	21.9	87%
FIXED INCOME FUNDS						
Liontrust Monthly Income Bond	iBoxx Sterling Corporates 5-15	128.8	80.4	65.4	53.6	58%
FIXED INCOME AND MANAGED FUNDS WITH SOVEREIGN DEBT						
Liontrust GF Sustainable Future European Corporate Bond	IBoxx Euro All Maturities	146.0	112.8	83.4	79.0	46%
Liontrust Sustainable Future Corporate Bond	iBoxx Sterling All Maturities	150.5	86.4	70.1	60.0	60%
Liontrust GF Sustainable Future Multi Asset Global	MSCI World	103.2	51.8	41.3	33.8	67%
Liontrust Sustainable Future Defensive Managed	Customised	107.5	49.6	40.0	36.9	66%
Liontrust Sustainable Future Cautious Managed	Customised	117.0	47.2	36.7	37.4	68%

ENGAGEMENT

Engagement is integral to how the Sustainable Investment team ensures it invests in high-quality companies. Engaging with companies on key ESG issues gives the team greater insight and helps it to identify leading companies and bond issuers and encourage better business practices.

In the team's experience, continued engagement over a longer period is more likely to achieve better outcomes than over a yearly reporting cycle, so engagement often builds on work that began in previous years.

Through making specific requests for change and raising ESG issues, the team challenges and encourages companies to proactively manage the wider aspects of their businesses, which, in turn, protects their longer-term prospects.

The team has actively engaged in this way since 2001 on a range of issues including: driving membership of and disclosure under the UN Global Compact; promoting decent work within supply chains; seeking the end of modern slavery; and a range of collaborative engagements around palm oil, tax and nutrition.

The team prioritised four proactive engagement initiatives in collaboration with its Advisory Committee for 2024. Over the year, the team met and corresponded with companies relating to these proactive engagement initiatives as well as more reactive or company-specific issues. The team made 176 specific requests for change with 131 companies on a number of key ESG issues, raising a total of 393 ESG issues with companies. The success of this activity is assessed in the team's 2024 Annual Engagement and Voting Review.

Under the four proactive engagement initiatives, the team continued to request that companies outline strategies and action plans to cut their carbon emissions in line with its 1.5 degree transition challenge, promote better understanding and reporting of natural capital impacts and dependencies, encourage worker wellbeing and corporate diversity, and engaging with insurance companies to better understand best practice and encourage responsible investment and underwriting policies.

Lastly, highlighting the scope of its activity, the team also engaged on a broad range of other, more reactive topics such as animal welfare, asking companies to improve the lifecycle of their products and several controversies.

Proactive initiative 1: Preventing irreversible damage from the climate crisis

1.5-degree Transition Challenge

The team continued to encourage companies to adopt strategies to reduce absolute carbon emissions at a rate consistent with limiting global warming to 1.5 degrees. Since the engagement began in 2020, the team has met with 98 companies to challenge them on their decarbonisation targets to ensure they are in line with the science and they remain competitive in an ultra-low carbon world.

In 2024, the team met with 27 companies and made 13 specific climate-related requests for change.

Banking sector fossil fuel financing

In 2024, the team met with four banks to discuss their policies and exposures around financing the oil and gas sector and, specifically, new oil and gas exploration activities.

This engagement has helped to further frame what should be considered sector leading policies with respect to Oil & Gas financing, which will be used as part of ongoing engagement to attempt to drive better practice across the industry. It also highlighted potential added complications around banks located in geographies where Oil & Gas exposure is a politically sensitive issue (such as Norway). The team will take the feedback provided to prioritise engagement targets within the sector and incorporate it into potential refinements to investment eligibility criteria.

Examples of engagement on this topic during 2024 include:

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
Alcon AG	Health Care Enabling healthier lifestyles	9 January 2024 1 May 2024	Climate crisis	The team requested a meeting to discuss Alcon's climate strategy and targets to ensure carbon emissions are reduced in-line with its 1.5 degree target. The company has set a stretching target to be scope 1 and 2 neutral by 2030 by utilising over 140 energy efficiency programmes and sourcing 100% renewable energy in the US, EU and Asia. In the US, the company is already meeting these targets through virtual PPA sourcing agreements, whereas in the EU and Asia the company is investing in on-side solar. The team also heard that Alcon has implemented a software programme and is rolling this out to gather data and measure carbon emissions in its supply chain.	The company has said it would consider signing up for SBT initiative, but has not yet set a date. Overall, the team is reassured by the progress made on this topic and will follow up with the company over 2025. The management quality rating and the holding was maintained.
Core & Main Inc.	Industrials Improving the management of water	24 June 2024	1.5 degree Transition Challenge	The company claims to be in the process of conducting a carbon assessment and developing a carbon reduction target. Given they are a distributor and don't manufacture themselves, the key driver of emissions will be in transport. Whilst the team acknowledges that the company only listed in 2021, as a more recent holding, greater disclosure on this amongst other topics will be needed over time. The team requested that the company disclose Scope 1, 2 and 3 emissions data, that it launch emissions reduction targets, specifically noting how it intends to reduce carbon emissions from transport.	The lack of reporting on this topic is one of the reasons the company has a lower than average management quality rating. The team will press for greater disclosure on emissions and reduction targets together with a timeline. The company's sustainability rating was maintained until progress is demonstrated.

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
Otis Worldwide Corporation	Industrials Building better cities	26 September 2024	1.5 degree Transition Challenge	In 2023, the team initially concluded that the company was more focused on scope 1 and 2 emissions than scope 3, despite this aspect being the most significant component of emissions. The team met the company to discuss the scope for introducing targets for improving the energy efficiency of its equipment. In its 2024 review, the team was pleased to read that Otis has set targets to reduce its scope 3 emissions by 33% by 2033, compared to a 2021 baseline. The team requested that the company better understand the likely contribution from Use of Sold Products and explain any potential resulting improvements on energy efficiency. The company explained that scope 3 emissions are currently being assessed, but the Use of Products Sold emissions are difficult to influence, given that they depend on the source of electricity used.	The team is encouraged to see progress on this key topic and the sustainability rating was upgraded to reflect this change.
DNB Bank ASA	Financials Financing housing	16 September 2024	Oil and gas exposure and targets	The team spoke to the company's Group Sustainability team to discuss the bank's exposure to the oil and gas industry, its targets, and the factors that went into setting them. The company explained that over time, DNB has become less reliant on the oil and gas industry with its loan book exposure now $7 billion compared to the $20 billion of 10 years ago (4% exposure). The team welcomed the company's approach in setting absolute levels of reductions over conventional intensity ones. DNB Bank targets reducing its total committed loan obligations to upstream oil and gas by 18% from 2019 to 2030. The only major push back is that the company is already 14% lower today, so the remaining target feels very manageable. Also discussed was how these targets need to be balanced against political expectations of the EU and Norway with regards to remaining a stable source of energy, particularly in light of Russia's war in Ukraine. The company's intensity-based targets for the shipping industry acknowledge that it is currently the lowest carbon method of shipping products around the world but are already ahead of the Poseidon Principles, of which it is a signatory. For its mortgage book, the company targets intensity based emissions reductions of 47% from 2019 to 2030 on Scope 1 and 2 emissions. The team sees this as an aggressive target requiring multiple stakeholders across the industry coming together to think about affordable solutions for homeowners to upgrade their houses.	Overall, the team was impressed by the detailed nature of the bank's target setting and level of disclosures in light of the domicile country where 24% of GDP is linked to oil and gas, and therefore well positioned to succeed over the long run. The company clearly continues to be very well managed regarding key sustainability issues and the meeting reiterated our thesis on the sustainability credentials and matrix rating.

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
HSBC Holdings	Financials Financing housing	25 June 2024 3 July 2024	Involvement in financing of oil and gas extraction activities	The team was alerted to a controversy relating to the company's involvement in the financing of oil extraction projects in the Amazon region. In April 2024, Amazon Watch published a report alleging a negative enviornmental and social impact brought by multiple banks, including HSBC Holdings PLC, in financing Talara Refinery and North Peruvian Pipeline projects in Peru and the Amazon region. According to the report, the projects have been facing alleged criticisms regarding unresolved environmental liabilities and growing community opposition, particularly from indigenous and fisherfolk communities. The team sought clarification from the company as to how and why the above financing does not constitute a breach of their energy policy.	HSBC confirmed that the financing provided was not for exploration or production activities and therefore was not a breach of the company's energy policies. The company's policy is not to finance, or provide advisory services for oil and gas exploration, appraisal, development and production projects in environmentally critical areas is in line with banking peers. The use of proceeds is for financing the modernisation of the refinery and not for any exploration and production activities, with the refinery a mid-stream asset, located on the Peruvian coast outside the boundaries of the Amazon. The company responded to confirm that its involvement in these activities did not warrant a breach of its energy policy commitments. HSBC had a joint bookrunner role, but did not underwrite the bond or act as a trustee. As such, the sustainability rating and the position was maintained.
ING Groep NV	Financials Financing housing	22 July 2024 30 July 2024	Policies and exposure to financing the oil and gas sector	As part of the team's recent sustainability review of ING Groep, it welcomed the announcement in December 2023 that the bank will phase out the financing of upstream oil and gas by 2040, making it one of very few banks to have taken this important step forward. The team met with the company to clarify the details of this commitment, asking whether ING will provide any new financing for upstream oil and gas from 2024 onwards, whether it will include financing for diversified oil and gas majors where upstream is a smaller proportion of overall activities, and whether there are any restrictions in place for financing diversified oil and gas majors. Although the company confirmed that the phase out won't prohibit it from providing new finance for upstream activities until 2040, because of its target to reduce upstream exposure by 35% by 2030, any new financing is expected to be minimal between 2024 and 2040.	ING continues to be proactive relative to peers in managing its oil and gas exposure. Whilst the team is pleased to see the company moving in the right direction in terms of tightening its policies and continuing to demonstrate a more proactive approach relative to peers, the fact that this does not prevent further financing of upstream oil and gas between now and 2040 means that overall the company's sustainability rating has been maintained rather than upgraded.

Proactive initiative 2: Preserving and restoring nature

Natural capital impacts and dependencies

Liontrust is participating in Nature Action 100, a global investor-led initiative working to drive the necessary corporate action to reverse nature loss. Letters were sent to participating companies in September 2023, notifying them that they are a company of focus along with the Investor Expectations for Companies. These expectations, which were released in June 2023, outline the specific actions investors are calling on companies to take to help reverse nature loss. Over 2024, the Sustainable Investment team participated in engagement meetings with three companies as part of this initiative.

UK Water companies

The team continued its engagement with two water companies in which it is challenging them on their performance and closely linking remuneration incentives to environmental performance.

The team increasingly believes that the solution to find meaningful improvements to the way in which UK water assets are managed lies in a broader group of stakeholders than the water companies alone. To this end, the team is exploring how investors can engage with the numerous regulators of the water industry and, as part of this work, the team met with Water UK, the industry association representing the UK water operators.

The team looks forward to any additional clarity from the new government review of the sector and how it is governed as well as the final determination for the next period of investment from the regulators.

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
Trex Company, Inc.	Industrials Delivering a circular materials economy	20 March 2024	Wood sourcing	We discussed the sourcing of waste wood, which is currently uncertified. We heard that some of this will come from wood that is certified. We requested that we'd like to see more information on this sourcing and the supply chain. Trex has committed to look into this with a view to providing more information and gave an example that some of the waste wood comes from orchards when trees are cut down at the end of their fruitful life (and was otherwise burned).	The company has since reported on the proportion of waste wood that is from certified sources (98%) in its most recent sustainability report, giving us yet more confidence of its sourcing practices and exposure to the circular materials economy theme.
Roche SE	Healthcare Enabling innovation in healthcare	6 June 2024	Nature Action 100	We discussed the Nature Action 100 Investor initiative and introduced the investor group to the company, outlining the initiative's objectives and ways of working and the areas the group would like to focus its engagement on. We had the opportunity to hear from Roche about its current frameworks and methodology and the extent to which it uses environmental risk assessments for legacy pharmaceuticals and risks within the product design phase. The group had several follow ups over email on more specific aspects of its framework.	The team will continue this engagement now that the benchmark assessment has been released by Nature Action 100 and had plans to meet the company in early 2025. The company's management quality rating has been maintained.
Yorkshire Water Services Ltd.	Improving the management of water	10 January 2024	Water company performance and incentives	The team continued its engagement on this topic, focusing on the same four key priorities – ensuring a credible path to environmental improvements that will restore public perception, having strong biodiversity measures and a willingness to commit to the TNFD framework recommendations, placing defined and measurable links between executive pay and environmental performance, and showing innovation in tackling sectoral issues beyond what the regulatory framework requires. Yorkshire Water take the issue of combined sewer overflows seriously, with a lot of work being done to reach Ofwat's targets of spills, but also placing a priority on targeting the worst overflows from an environmental impact perspective, rather than focusing on reducing only the largest number of spills, which is reassuring. The company's nature-first initiative has led to many innovative nature-based solutions, with many more in the pipeline as it uses them in helping with flood risk, carbon sequestration, and improving rivers' ecological status.	Following the downgrade of the sustainability rating in 2023, the company's management quality rating was maintained after our meeting, reflecting the team's relative comfort with the investment case and the pace of improvement the company is making.

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
Severn Trent PLC	Improving the management of water	23 July 2024	Water company performance and next steps	The team met again with Severn Trent prior to deciding its next steps on water company engagement; Severn Trent is an industry leader in attempting to improve the poor performance record of the sector. The team discussed the draft determination, how it contributes to a better water and waste system and where it falls short. Also discussed was how best to engage on this topic, and the scope to engage with wider stakeholders to improve outcomes.	Within the team's analysis, Severn Trent remains the sector leader and this meeting reaffirms this stance. As such, the sustainability rating and position were maintained.

Proactive initiative 3: Ensuring worker wellbeing

The Workforce Disclosure Initiative (WDI) currently has the support of 35 institutions that collectively manage $7.5 trillion in assets and aims to improve corporate transparency and accountability on workforce-related issues.

Over 2024, the team requested that 103 companies participate in the WDI. Of these, 35 (34%) companies participated in the WDI survey. The team was cited as the leading contributor to the initiative in terms of the number of companies it engaged with. However, there was a decrease in the number of companies from last year, which we believe is in part due to can improve regulations so we will be reviewing how we approach improving data from corporates on workforce-related issues for 2025. Aside from our requests to respond to the WDI, the team made seven additional requests for change linked to the initiative.

Examples of engagement on this topic during 2024 include:

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
Porvair plc	Industrials Better monitoring of supply chains and quality control	1 July 2024	Training and development Employee turnover	The CEO has previously stated that the best outcome from its focus on sustainability has come from an improved employee engagement process. We asked for examples and heard that the move to bilingual Spanish and English plants in the US had a positive impact on the improvement in culture within the organisation. The focus on employees also enabled the company to better address divisions between departments in plants and revealed wage discrepancies. We were encouraged by this conversation and anecdotes and asked for greater disclosure on training and development, promotion from within and employee turnover.	The CEO indicated that he would consider reporting on this for the next sustainability report. When the team conducted its annual review of the company, we were pleased to see that it now discloses an additional metric of the 'voluntary quit rate' which stood at 9% for 2023 versus 12.2% in 2021, demonstrating a clear improvement.
Ambu A/S Class B	Health Care Enabling innovation in healthcare	19 June 2024	Employee turnover and culture	As Ambu underwent management changes and workforce shifts in its pivot to a more sustainable business, the company saw a spike in voluntary turnover. Given the business' expertise and strong emphasis on innovation, motivated people are key to unlocking this success and it is important they are retained in the business. The team asked the company about this and the wider organisational culture. Ambu explained that the voluntary turnover rate has been improving over time, reaching highs of 27% turnover in 2022 in white collar and 30% in all employees, which fell to 18% in white collar and 25% in all employees in 2023.	While we were encouraged to hear that the rate is trending in the right direction, it is still far from the company's normalised target of 9-12%. Thus, the team will continue to monitor this key metric and its return to normalised targeted levels. The sustainability rating and position was maintained.

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
London Stock Exchange Group plc	Financials Transparency in financial markets	30 July 2024 6 August 2024	Ethnicity pay gap reporting	The team participated in a ShareAction call with LSEG on ethnicity pay gap reporting. The team supported the group in encouraging it to use standard methodology and report UK-specific data, disaggregated by ethnicity, a narrative and an action plan. The team reiterated this request at a later meeting with the CFO and IR.	The team gained a clearer understanding from LSEG as to the difference in the methodology that it uses and felt that the company was willing to report using standard methodology over time and in addition to the reporting it currently publishes which is positive. The company's sustainability rating and position was maintained.

Proactive initiative 4: Encouraging the transition to sustainable investment

Insurance companies

The team contacted 22 insurance companies in relation to their underwriting and responsible investment policies. Following this, the team met with 16 companies – Admiral Group plc, Allianz SE, Aviva plc, Beazley Plc, Direct Line Insurance Group Plc, Gjensidige Forsikring ASA, Kinsale Capital Group, Inc., Lancashire Holdings Limited, Markel Group Inc., Pension Insurance Corporation Group Ltd., Phoenix Group Holdings plc, Royal London Group, Sampo Oyj, Topdanmark A/S, Tryg A/S and Zurich Insurance Group Ltd.

The purpose of this engagement was to better understand approaches and to encourage best practice across the industry. The engagement also helped the team's analysis, in particular the confidence (or lack of) in the current management quality ratings for this set of companies. Meetings tended to be with companies' Head of Responsible Investment, ESG Managers and/or Investor Relations.

The team's initial research uncovered differing approaches within the sector and inconsistency of disclosure. To that end, the team sought clarification on underwriting practices with respect to how ESG factors are taken into consideration, any exclusions on specific business lines or industries for which companies will not write business and areas which are deemed sensitive and subject to extra scrutiny. The team asked companies about the proportion of underwriting exposed to oil and gas production, exploration, diversified oil and gas majors, coal-based power production, and coal mining/extraction. Lastly, it asked about whether companies offer any incentives in their pricing structure that allows for more sustainable behaviours (such as energy efficient buildings).

The team asked companies to outline their responsible investment policies and how ESG factors are taken into consideration in the investment decision-making process, how this policy has evolved, details of exclusionary criteria and rationale, how these have evolved over time, and whether there have been any engagement wins. It also asked whether companies have targets in place, such as with respect to carbon intensity and whether this has changed the composition of their investment portfolios.

This engagement allowed the team to gain a better understanding of the role of these companies in the energy transition and other environmental issues. There were a couple of companies that stood out as market leading in terms of their statements and unwillingness to insure companies on new (or renew) upstream, midstream or thermal coal generation or mining, with Allianz SE's commitment being very strong in this area.

Overall, while policies across the board were not as 'responsible' as hoped, the team received a positive response from the majority of companies it met with and were encouraged by progress that some companies are making. The team is in the process of collating and distilling what it has learned and will report on these findings in due course.

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
Markel Group Inc,	Financials Insuring a sustainable economy	22 May 2024 28 May 2024 5 August 2024	Underwriting and responsible investment policies	The team discussed underwriting and responsible investment policies with the company. After its initial optimism about the potential to engage to improve and encourage best practice here, it became clear that the chances of any future improvements on these policies were unlikely. Overall, the company was deemed somewhat of a laggard on this topic, certainly relative to the standards of many of the European insurers that the team engaged with. The team also voted in favour of a shareholder proposal to improve the disclosure of the company's climate-related risks from its underwriting, investment, and insurance activities.	As a consequence of this work, and a management quality downgrade earlier in the year, the team exited its position across the funds.
Zurich Insurance Group Ltd.	Financials Insuring a sustainable economy	28 May 2024 31 July 2024	Underwriting and responsible investment policies	Showed a lot of progress on the underwriting side with respect to exclusions and engagement with clients, but the team felt that this has not been mirrored on the investment side.	We will be following up with Zurich to clarify some questions regarding some of its exposures and exclusions. We will review the management quality rating to reflect where the rest of the industry is catching up. Under review.

Other examples of engagement

The team also engaged with investee companies on a range of other topics including improving corporate diversity, sustainability strategy and reporting, remuneration and incentives, as well as gaining more detail around specific controversies.

Animal testing practices

The team emailed 11 companies regarding their animal testing practices to better understand their approach and to encourage best practice. Several of the companies have since responded and dialogue with Siemens has included sending over best practice. The team will collate and update on progress with this engagement in due course.

The companies contacted on this issue include Agilent Technologies, Inc., Alcon AG, Bunzl plc, GN Store Nord A/S, ICON Plc, Siemens Aktiengesellschaft, Spectris plc, Straumann Holding AG, Syncona Ltd, TransMedics Group Inc and Veralto Corporation.

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
Nagarro SE	Information Technology Improving the resource efficiency of industrial and agricultural processes	19 March 2024	Board diversity	The team met with the company to discuss the size, composition, independence and gender diversity of its Board, requesting that it increase the size of its Board, primarily with more women to provide a greater level of oversight and scrutiny. A further request was that the company consider changing its Chairman given the lack of independence due to his tenure and prior relationship as Nagarro's parent company CEO. Finally, the team suggested hiring Board members that do not have personal relationships with the management team in order to provide a greater level of scrutiny and challenge.	The company was not particularly welcoming of these suggestions. To date, the team has maintained the sustainability rating and position in the funds, as the rating reflects the concerns raised. We will continue to push for improvements on the Board.
Gym Group Plc	Consumer Discretionary Enabling healthier lifestyles	5 February 2024	Remuneration and incentives	Over the year, the team met frequently with the board of Gym Group, consulting on its new remuneration policy. The team supported the inclusion of ESG targets particularly for customer and employee satisfaction scores, but challenged the company to include a return on capital metric, rather than simply growth in profits, to encourage a long-term perspective to capital allocation.	The company has taken our view on board and incorporated a returns metric and ESG metrics on customers and employees, such that the team felt able to support the new remuneration policy at the company's AGM. The company's rating and position in the funds was maintained.
Ringkjøbing Landbobank A/S	Financials Enabling SMEs	7 March 2024	Audit and Oversight	The team engaged with the company regarding its decision to abstain on ratifying PwC as auditors at the 2024 AGM due to non-audit consulting fees being more than 33% of the total audit fees. The team explained that this raises concerns because when a firm is paid excessive consulting fees on top of those paid for auditing services, this can compromise the integrity of the auditor's relationship with the company.	The company acknowledged this and will strive to keep it below the 33% limit going forward. The company's rating and position in the funds was maintained.

Company	Sector/Theme	Date(s)	Discussion topic	Discussion points	How this impacted rating/ investment decision, if at all
InterContinental Hotels Group PLC	Consumer Discretionary Leading ESG management	17 January 2024	Corporate behaviour	The team met with IHG's Human Rights director and Investor Relations to discuss the company's employment process in the Middle East. The company noted that from a broad perspective, it is content with its approach but are fully aware of the risks involved with employment and have had a focus on reducing the risks of forced labour for a number of years. The company explained its risk assessment and how it addresses migrant worker risk and collects data to improve its visibility of risks, understanding controls and any deficiencies in processes/ procedures. IHG described the standards that it is rolling out globally and the high-level investigation conducted, which included contacting owned and managed hotels in the countries and regions in question, and ensures that hotels do not use such practices with immediate effect. IHG's confidential employee line did not highlight any issues relating to this matter; however some hotels had guarantor requirements for extended leave, posing exploitation risks. This practice is now being stopped.	The team was reassured that the company's proactive actions ensured the risks of exploitation of workers are mitigated from its hotels through tightening its policies and procedures. The company's rating was maintained, however the position has now been exited.
Rotork plc	Industrials Better monitoring of supply chains and quality control	7 August 2024	Impact metrics – Methane emissions reduction	Rotork supplies actuators for fluid handling. Almost half of its business is in oil and gas where it supplies critical safety equipment. One emergent positive aspect is that it is helping to control methane emissions from production facilities, particularly in the US where new legislation has come into force. Sales from this division are currently at 8% of total sales and growing fast.	We requested estimates for the emission reductions achieved at a typical site.
Veralto Corporation	Industrials Improving the management of water	9 February 2024 7 May 2024	Impact metrics – PFAS	The team met Veralto to encourage the company to better disclose how its monitoring products are differentiated from competitors. The CFO explained that under the Hach brand, Veralto's monitoring equipment tests over 100 parameters (an example of one parameter is a type of bacteria such as e. coli and legionella,). The company claims that this is two to three times more parameters than the next largest competitor. The more parameters are able to be tested, the more harmful microorganisms can be managed and tracked in water.	The team feels comfortable that the company has strong leadership in the analysis of water, which has outsized environmental and social benefits. The company's sustainability rating was upgraded following this greater understanding of the company's impact.

Global Compact related controversies

Below is a list of four companies held by the team that have been flagged by MSCI as failing or being on the watch list for controversies against the Global Compact for 2024:

Company	Status with MSCI	Topic	Discussion points on issue	How this impacted rating/investment decision, if at all
Deutsche Telekom AG	Watch list	Impact on local communities	T-Mobile, US: Lawsuit over alleged negligence in operation in 2020 Silverado Fire	There has been no official response from the company as of yet. The lawsuit accuses T-mobile's lashing wire coming into contact with Edison's infrastructure, causing the fire. The team is monitoring the ongoing progress of this investigation into the potential cause of the fire. As and when the court findings are announced, the team will consider the impact on the management quality rating of T-Mobile's parent company, Deutsche Telekom.
Smurfit Westrock	Watch list	Biodiversity and land use; Impact on local communities	Colombia: Alleged biodiversity loss and environmental impact of pine and eucalyptus monoculture in Cauca and Valle del Cauca regions Colombia: Indigenous Misak and Nasa communities reportedly displaced amidst claims of human rights abuses and violent suppression of protests	The team is aware of these issues and has been engaging with the company for many years on this. It is a complex situation with serious accusations from the Misak and other NGOs. The company claims to have responded to these and to have participated fully in the mediation. For now, the team continues continue to monitor the situation and encourages the company to find a solution that takes account of all stakeholders.
Unilever	Watch list	Biodiversity and land use	The company has been criticised by NGOs over its alleged contribution to global plastic pollution.	The team is meeting with the company to discuss this issue and press for an improved strategy with regard to single use plastics. It will also be engaging collaboratively through the Nature Action 100 initiative and the Plastic Solutions Investor Alliance.
Next Group Plc	Watch List	Worker Wellbeing	UK: Equal pay claim over alleged pay disparity between female store workers and male warehouse workers; tribunal ruled in favour of retail workers in the equal pay dispute.	An employment tribunal ruled against Next for the pay differential between male warehouse employees and female retail workers from 2012 to 2023. The tribunal stated that this is not down to direct discrimination, conscious or unconscious influence of gender on pay decisions. Next are appealing against the ruling. Workers at five other UK retail outlets are also pursuing similar equal pay cases.

ADHERENCE TO LIONTRUST'S CONTROVERSIAL WEAPONS POLICY

Liontrust's controversial weapons policy excludes investment in companies with involvement in cluster munitions, anti-personnel land mines, biological weapons and/or chemical weapons.

- Liontrust's Sustainable Investment team adheres to this policy.

The policy is in the People, Planet and Society section of the Liontrust website.

The team's funds:

- Exclude companies that are major producers of full weapons systems or critical components of weapon systems. Major producers are defined as having >5% of turnover and/or >£100 million revenue from offensive weapons systems
- Exclude companies with any confirmed involvement in "controversial weapons", which are defined as anti-personnel mines, cluster munitions, biological weapons or nuclear weapons. This includes manufacturing or supplying key components used in or the selling of controversial weapons

SUSTAINABLE INVESTMENT TEAM'S ADVISORY COMMITTEE

The Sustainable Investment team's external Advisory Committee provides advice specifically to the Sustainable Investment team about its funds and holdings. This advice does not overlap with Liontrust's business, overall Group strategy or with the views of Liontrust's other investment teams.

Investment process for equities

The Sustainable Investment team's investment process is a high-conviction, bottom-up approach whereby sustainability is explicitly integrated throughout. The process is designed to capture long-term investment opportunities from transformative changes in the global economy, tied to the idea that over time economies become more sustainable. The investment process follows two core stages:

STAGE 1

Identifying superior stocks for the equity portfolios

STAGE 2

Constructing resilient portfolios

The first stage – stock selection – has four key filters: thematic analysis; sustainability analysis; business fundamentals; and valuation. For idea generation, any investment needs to satisfy these four key filters to be eligible for investment.

1. **Thematic analysis:** the team works to better understand the big sustainable trends that are happening and analyse these themes to check which companies will be potential winners or losers from major multi-decade changes in different parts of our economy. Why is this relevant to investors? This helps identify potential areas of the economy and the companies that will experience structural growth, and helps inform the investment decisions and give the team conviction in the businesses they own. The team feels most investors under-estimate the speed, scale and persistency of such trends within our economy. The team therefore looks at the world through the prism of three mega trends:

   Better resource efficiency (cleaner): using our resources more efficiently (water, recycling of waste, lower-carbon energy sources and energy efficiency)

   Improved health (healthier): improving quality of life through better education, healthier lifestyles and diet or better healthcare

   Greater safety and resilience (safer): making the systems consumers rely on safer or more resilient, including car safety, keeping our online data safe with cyber security and spreading risk through appropriate insurance mechanisms

   The team then examines 22 themes within these and identifies companies with significant exposure to at least one of these themes.

2. **Sustainability analysis:** While a company might have significant exposure to a theme, the team also has to check how sustainable the rest of its activities are. For each business, the team determines the key ESG factors that are important indicators of future success and assess how well these are managed via the team's proprietary Sustainability Matrix.

Every company held in the portfolio is given a Sustainability Matrix rating, which analyses the following aspects:

- Product sustainability (rated from A to E): Companies assessed by the team are assigned a score based on the overall products and services provided by that business and to what extent this supports sustainable development using an A (high) to E (low) scale. An "A" rating indicates products and services are very strongly supporting sustainable development because they directly address widely recognised key social and environmental challenges An "E" rating indicates products and services being at odds with the sustainability objective and not supporting sustainable development. Companies that provide services with large negative externalities are assigned one of the lowest two sustainability matrix product scores of D or E.
- Management quality (rated from 1 to 5): The team assesses how companies manage the key material ESG impacts for the operations of each business (which will vary on a case-by-case basis) to determine the management quality score using a 1 (high) to 5 (low) score. This ranks the degree to which the company is well-managed with respect to the material ESG factors which affect that industry.

At least 70% of the companies in the team's funds must meet the sustainability objective by having at least 50% of their revenues aligned with one or more of the sustainable themes and have a Sustainability Matrix rating of C1 or better. Eligible but not contributing companies do not have 50% of revenues aligned with the sustainable themes but are not at odds with the objective or are rated C2 or C3 on the Sustainability Matrix rating. Not sustainable investments include cash held for liquidity reasons or government bonds for liquidity and efficient portfolio management.

3. & 4. Business fundamentals and valuation analysis: Companies in which the team invests have robust business fundamentals with a proven ability to deliver high returns on equity (RoE) through sustaining margins and asset turnover. Typically, these companies have a maintainable competitive advantage through scale, technology or business model. For any stock in the team's portfolios, the team would expect to find the following:

- **Growth:** theme-driven: growing addressable market, market share gainers, structural tailwinds
- **Resilient returns:** high-quality companies – high barriers to entry, aligned management team, sustainable and a competitive advantage that will endure
- **Quality of earnings:** resilient, dependable – recurring revenues, cash flow conviction. The team then predicts the likely sales, earnings and other financial returns it expects to see from these companies over the next three to five years, integrating a view of its quality into these.

Applying the relevant valuation multiple allows the team to derive a price target achievable over a five-year investment horizon. When this shows significant upside (the team typically looks for greater than a 10% return a year), the investment is recommended as a buy and available to be included in the funds.

Building resilient portfolios

From the superior stocks identified, the team builds portfolios combining the best 40 to 60 names to diversify risk and reduce volatility of returns. This results in exposure across a wide variety of industry sectors (via a spread of the team's sustainability themes) and benefits from potentially distinct and uncorrelated growth drivers. Outperformance will come from the stocks the team chooses, while disciplined portfolio construction aims to minimise the volatility of returns. There is low turnover in the portfolios, with holding periods typically greater than five years. Apart from continual monitoring of relevant news, research and price movements, there are also annual reviews of every position's investment thesis. The team prefers to sell a stock when it reaches a valuation where it cannot see further upside, and where the case for selling and recycling it into an investment with greater return prospects is compelling. The alternative case is when the future does not turn out quite as envisaged and events reveal a side to the company or sector the team did not anticipate. Where this negates the original investment thesis, the team will sell the stock. The team will not formulate new reasons to hold on to an underperforming investment. Although selling is sometimes necessary, the team looks through short-term fluctuations in markets or share prices and focuses on the long-term investment horizon. The depth and rigour of the research gives the team the confidence to stand firm if the fundamentals are strong, even when the market moves against it.

Screening criteria

These can be found in the *How we Invest* document in the literature section of the Sustainable Investment team page.

Investment process for fixed income

Macroeconomic analysis is used to determine the team's top-down view of the world and this helps shape all aspects of portfolio construction and appetite for risk. After this, the managers aim to focus on high-quality issuers and believe this can reduce bond-specific risk. The team's assessment of quality is a distinctive part of the process, in which it combines traditional credit analysis with a detailed sustainability assessment based on the proprietary model.

STAGE 1: IDENTIFYING SUPERIOR BONDS

First, the team selects the bonds that it believes will generate superior investment performance. The team focuses on high-quality issues and believes this can enable the team to reduce bond-specific risk.

A. Find high quality companies

The in-house research includes the following:

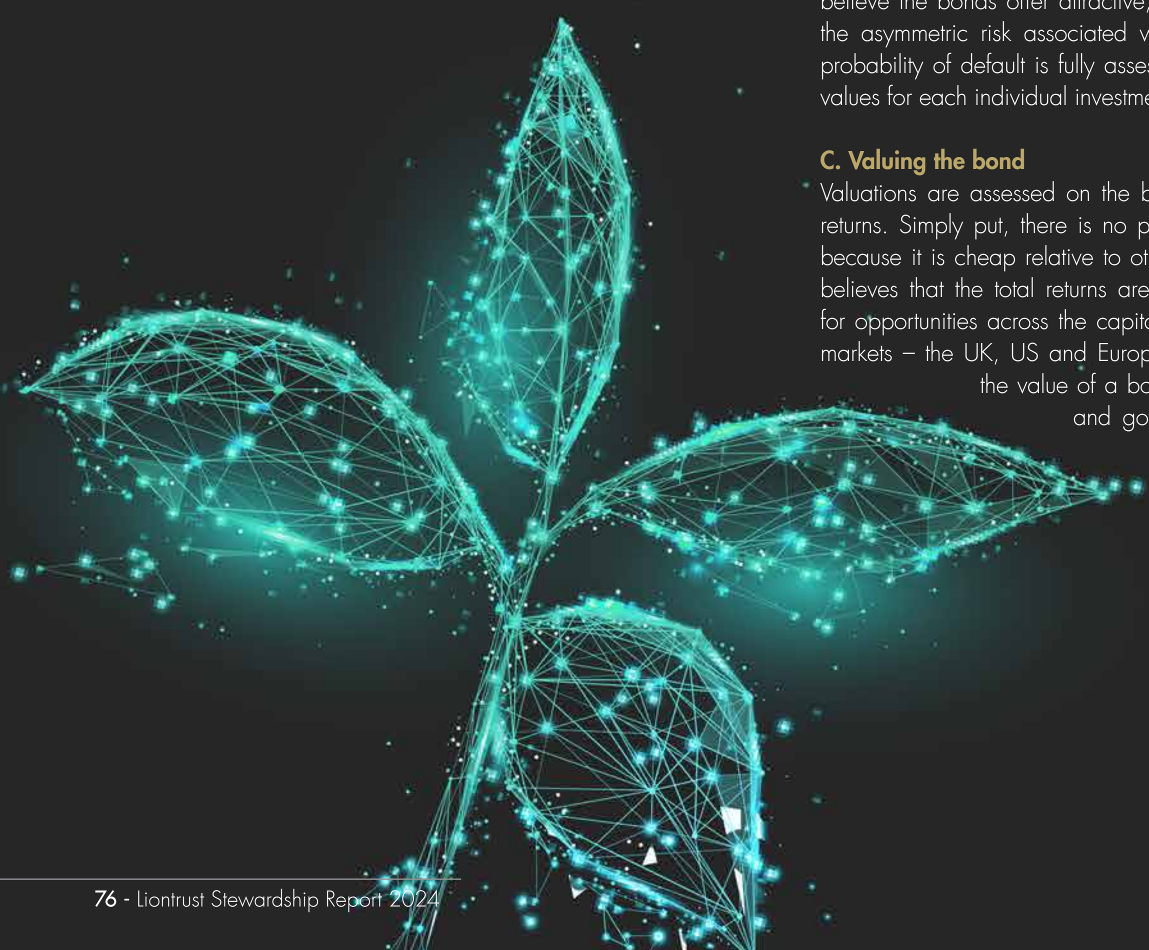
ESG analysis

For each company, the team determines the key ESG factors that are important indicators of future success, and assesses how these are managed. The team does this through its proprietary Sustainability Matrix, which is used by both the bond and the equity teams. Where relevant, the team aims to identify companies whose core products or services are making a positive contribution to society or the environment in some way. The team believes that evidence of excellent company management is instrumental to avoiding issues where tail risk is under-priced. Reducing tail-risk is a key element that drives long-term returns in the team's bond portfolios.

Credit analysis

This involves a fundamental review of the company to identify its ability to meet its debt obligations. The team looks at:

- The company's management in terms of its track record, its consistency, level of cross involvement, level of control exercised and make up of non-executives
- Company performance from earnings stability to growth patterns to relative performance and pricing power
- The business strategy such as its investment strategy, funding and foreign currency policy, type of growth (such as M&A versus organic) and the business risk
- Industry factors including barriers to entry, and industry threats and patterns



Macroeconomic analysis

The team formulates strategy by looking at the interest rate positioning, asset allocation and aggregate credit rating exposures based on macro views. This approach ensures that the investment process remains balanced, incorporating top-down views as well as bottom-up analysis. The team also incorporates other macro influences into the analysis, including political factors, economic analysis, regulatory issues and ESG analysis. For government bonds, this involves a review of the sovereign from an ESG perspective to assess its suitability for investment. MSCI Sovereign rating data is used as an input into the process, overlaid with the team's own analysis. The team specifically focuses on the following:

- **Environment** – fossil and nuclear fuel usage, water usage, energy management
- **Social** – education and technology, provision of basic needs and the economic environment
- **Governance** – financial capital and management, political governance and democratic rights
- **Controversies** – general controversies, involvement in armed conflicts and international sanctions. This information is distilled into a sovereign rating (completed annually) and presented to the broader team for discussion and approval.

B. Assessing returns versus downside risk

The fund managers assess individual bonds to determine whether they believe the bonds offer attractive, long-term returns. However, given the asymmetric risk associated with corporate bond investing, the probability of default is fully assessed alongside a view of recovery values for each individual investment.

C. Valuing the bond

Valuations are assessed on the basis of both absolute and relative returns. Simply put, there is no point in investing in a bond merely because it is cheap relative to other bonds in the sector if the team believes that the total returns are not attractive. As such, they look for opportunities across the capital structure of an issuer and across markets – the UK, US and Europe. Within this, the team evaluates the value of a bond relative to both other corporate and government bonds. This approach is consistent with the principal aim of delivering attractive long-term returns to investors.

Sustainability Matrix

Every corporate debt issuer identified for inclusion in the portfolio is given a Sustainability Matrix rating, which analyses the following aspects:

- Product sustainability (rated from A to E): Companies assessed by the team are assigned a score based on the overall products and services provided by that business and to what extent this supports sustainable development using an A (high) to E (low) scale. An "A" rating indicates products and services are very strongly supporting sustainable development because they directly address widely recognised key social and environmental challenges. An "E" rating indicates products and services being at odds with the sustainability objective and not supporting sustainable development. Companies that provide services with large negative externalities are assigned one of the lowest two sustainability matrix product scores of D or E.
- Management quality (rated from 1 to 5): The team assesses how companies manage the key material ESG impacts for the operations of each business (which will vary on a case-by-case basis) to determine the management quality score using a 1 (high) to 5 (low) score. This ranks the degree to which the company is well-managed with respect to the material ESG factors which affect that industry.
- At least 70% of the companies in the team's funds must meet the sustainability objective by having at least 50% of their revenues aligned with one or more of the sustainable themes and have a Sustainability Matrix rating of C1 or better. Eligible but not contributing companies do not have 50% of revenues aligned with the sustainable themes but are not at odds with the objective or are rated C2 or C3 on the Sustainability Matrix rating. Not sustainable investments include cash held for liquidity reasons or government bonds for liquidity and efficient portfolio management.

STAGE 2: CONSTRUCT RESILIENT PORTFOLIOS AND CONTROL RISK

Portfolio construction

From the available "buy" recommendations identified in Stage 1, the team selects the best combination of 60 to 100 bonds for inclusion in a focused portfolio that is constructed to safeguard against sustained downside risk. Investment managers are expected to deliver positive investment performance relative to a relevant performance measure over the medium term while adhering to defined risk parameters and fund-specific investment restrictions. Portfolio construction is reviewed continually to ensure that it reflects the high-level strategy of the team and is consistent with the policy objective. The funds are also assessed to ensure they have appropriate levels of diversification and to identify correlation within the portfolios, with consideration given to factors such as asset allocation, duration and yield curve, sector positioning and stock selection. Portfolio positioning is reviewed by an independent performance and risk team via both daily analysis and a more formal review cycle.

Active management

The portfolios are actively managed using a high-conviction approach with a focus on access to market liquidity. The team believes that having a more concentrated, lower turnover approach improves investment performance.

Risk controls

The team ensures that it minimises unwanted risk, but will use risk where there is a high level of conviction in a particular bond or theme. The team considers the risk return potential of each position and aims to deliver a return that is commensurate with the level of risk undertaken. In addition, consideration is given to the risk profile of the portfolio as a whole and each holding's contribution to the overall risk.

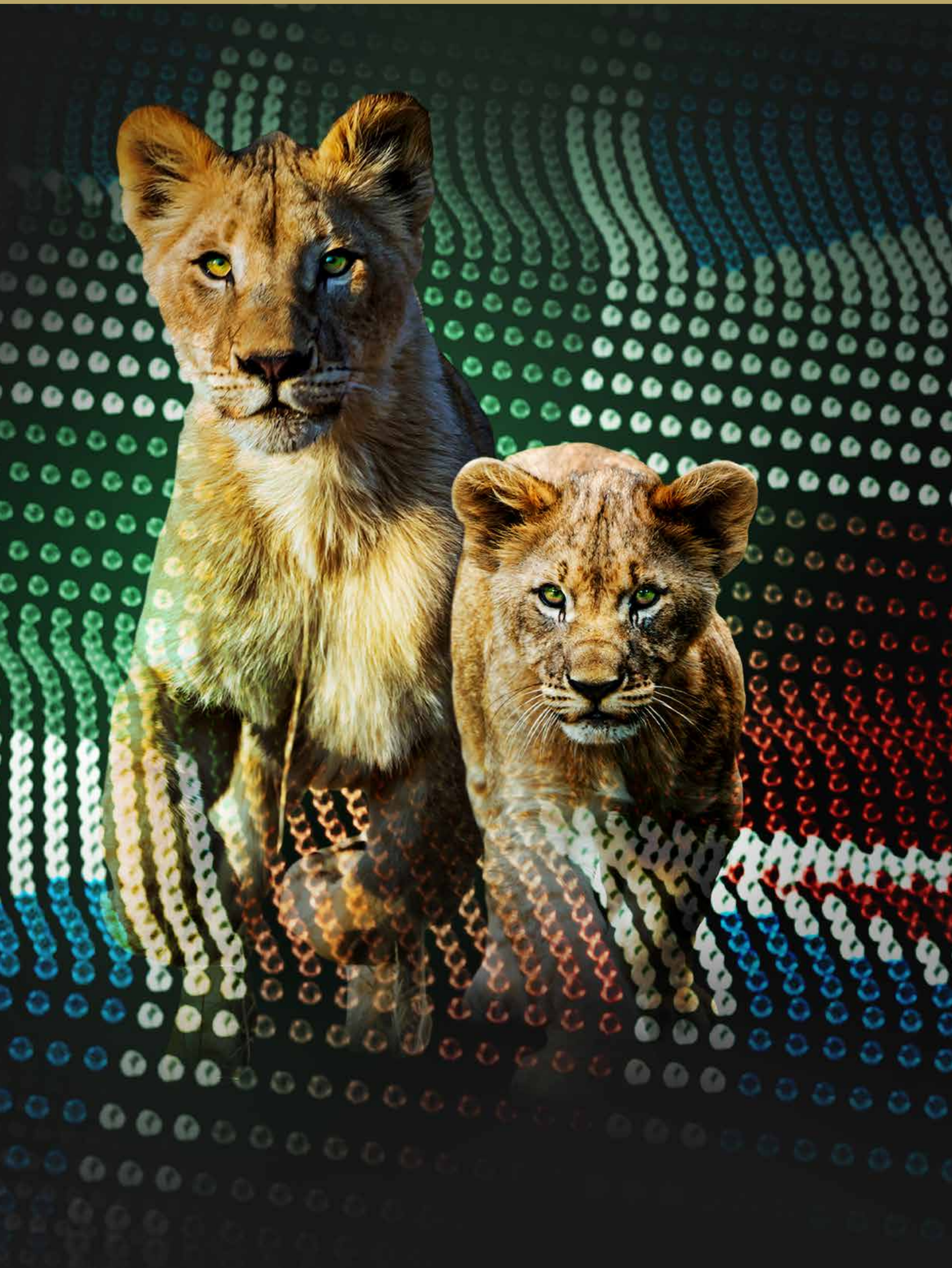
Screening criteria

These can be found in the *How we Invest* document in the literature section of the Sustainable Investment team page.

ECONOMIC ADVANTAGE TEAM

TEAM FACTS

- Funds managed by this team equate to approximately 21% of Liontrust's AuMA (as at the end of December 2024)
- Seven-strong investment team led by Anthony Cross
- Team has a long track record of successfully identifying companies with strong economic advantage. This has delivered strong relative performance across different market environments.
- Investment process applied since 1998.



ENGAGEMENT

Engagement with government/legislators/industry bodies

The Economic Advantage team has been engaging with the UK Government and other policy makers and influencers to raise concerns about the health of the UK equity markets and to call for policy intervention. Central to this has been discussing and evidencing the importance of UK equity markets to the wider economy through the jobs they create and tax revenues they pay.

Finding ways to boost the market on both the supply and demand side is an essential part of 'going for growth'. This activity has included meeting with officials at Number 10 (while Rishi Sunak was Prime Minister) as well as HM Treasury. The team is also actively involved in the QCA's (Quoted Companies Alliance) investor committee feeding back on consultation responses. The team also met several times with the Investment Association as well as the CBI to discuss their positioning on this issue.

Engagement with holdings

The Economic Advantage team regularly engages its holdings on factors material to its investment process.

Commitment to net zero

The Economic Advantage team has not committed its funds to Liontrust's support for NZAM. The team does consider any material risks regarding carbon climate change when making investment decisions and does engage its holdings on this topic when the team deems this to be relevant to its investment process.

Engagement on climate change

During the year, the team engaged its holdings on a variety of climate change-related issues, including:

Company	What the group does	Date(s)	Discussion topic	Discussion summary	Impact on investment decision (if any)
Wood Group (John)	Engineering and consulting	24 January 2024	Environmental, capital allocation, strategy, ESG risk, financial risk, IP, use of AI, culture	Site visit by the team with divisional heads (operations, projects and consulting). The meetings focused on the new management team's strategy, (given underperformance by previous management), including balance sheet risks, off-balance sheet performance bonds, the move away from LSTK projects, allocation of capital and opportunities from the energy transition. Divisional meetings included an examination of the unique competitive advantages of each business, culture, proactive steps management were taking to change it and the future of Wood.	The team exited the position in 2024.
Shell	Energy company	16 April 2024	Corporate Strategy, AI, Environmental, IP, Regulatory change and culture	Liontrust met with the Shell executive responsible for Downstream and Renewables. The meeting covered the intellectual capital strength across the business – focusing on IP and the importance of the distribution of the business for trading and optimising energy flows. He also explained the high grading process going on within his own portfolio – as with the upstream business – ensuring a sharper, more disciplined focus on returns. The team took him through the Quest profile for Shell to understand their views on this. The meeting also covered the cultural change required to meet the sprints the business is going through and how he manages it across his business.	These discussions help underpin the investment thesis.
BP	Energy company	15 February 2024	Acquistion risk, Corporate strategy, Environmental, Regulatory Change	Liontrust met with BP's new CFO to discuss the company's results. The conversation centred around her views on the intangible asset strength of the business and how they provide BP with a competitive advantage, as well as the cash flow return on capital of the business overtime. Also discussed was the company's focus on operationalising the strategy, having made several key acquisitions in recent years.	These discussions help underpin the investment thesis.

Engagement on other ESG-related topics

The team also engaged its holdings on other ESG topics, where these were deemed to be material to the investment process. Examples include:

Company	What the group does	Date(s)	Discussion topic	Discussion summary	Impact on investment decision (if any)
Support services company (anonymous for the purposes of reporting)	Support services	12 September, 10 and 13 December 2024	Governance – remuneration and board composition	Liontrust met with the Remuneration Committee Chair followed by the Chair and Senior Independent Director to raise concerns about the wage bill of the Board, which was especially pressing as the company faces a challenging market backdrop. The discussions also centred around Board effectiveness and composition with requests for change made on both the remuneration and Board.	The team has not added to the position.
Hargreaves Lansdown	Financial Services	2 July 2024	Governance, takeover	The Economic Advantage team met with the Chair of the company to discuss the proposed takeover. The discussion focused on the governance of the approach and how the rollover element of the deal was factored into the Board's thinking.	Considered as part of the team's decision on the deal. The team voted against the deal but did feel the board had acted appropriately.
LTG	Talent management and workplace digital learning	10 October 2024	Corporate strategy, Capital allocation and Governance	The Economic Advantage team engaged extensively on the deal, the first meeting of which was with the Senior Independent Director. Upon understanding that the independent members of the Board had not sought independent advice, nor met without management (who have large shareholdings in the business) before announcing that they were minded to recommend the deal, we fed back that we did not believe they had taken the appropriate steps. The independent Non-Executive Directors (NEDs) later reported that they had sought independent advice and come to a view without management.	Led to the team not selling any shares in the run up to vote against the deal (on valuation grounds) with the full force of the holding.
Animalcare	Veterinary pharmaceuticals	6 August 2024	Governance, capital allocation, financial risks	The Economic Advantage team met with the new Chair and CEO. They discussed the Board composition and effectiveness as well as the balance sheet and views of the team about appropriate levels of gearing.	Influenced the company when making an acquisition about how much leverage they should take. This then influences the risk scoring of the business and thus the position size.

Adherence to Liontrust's controversial weapons policy

- Liontrust's controversial weapons policy excludes investment in companies with involvement in cluster munitions, anti-personnel land mines, biological weapons and/or chemical weapons.
- Liontrust's Economic Advantage team adheres to this policy.
- The policy is in the People, Planet and Society section of the Liontrust website.

ECONOMIC ADVANTAGE TEAM'S INVESTMENT PROCESS

"Economic advantage" is the collection of distinctive characteristics of a company that competitors struggle to reproduce, even if those competitors have understood the benefits arising from those characteristics. It is the managers' key belief, backed by their long-term experience exploiting companies with economic advantage, that only distinctive and hard to replicate intangible assets can form the basis of a sustainable competitive advantage. These characteristics provide a barrier to competition, thereby protecting profitability. In the team's experience, the hardest characteristics for competitors to replicate are three classes of intangible assets:

Intellectual property

Strong distribution networks

Significant recurring business

Other important, intangible strengths the team look for include: franchises and licences; extraction rights; good customer databases and relationships; effective procedures and formats; strong brands and company culture. However, possession of these alone are not enough for consideration under the process.

Identifying intellectual property

- Intellectual property assets include patents, copyrights, extraction rights, trade secrets and know-how.
- Patents are property rights that are granted by the state to an inventor. The inventor has exclusive rights for a period of time that prohibits others from imitating the invention.
- Copyrights protect the expression of ideas, not the ideas themselves.
- Extraction rights are legal permits allowing an individual or business to extract a resource from a specified area. Trade secrets represent pieces of information that are held within a company and not released to the outside world. They are often protected by non-disclosure clauses in employee contracts.
- Know-how relates to the particular knowledge that individuals have in a certain business area. This can range from the knowledge of how to perform a particular manufacturing process to service skills such as scientific translation.
- Intellectual property assets, particularly patents, copyrights and extraction rights, are often protected in law. In the case of patents and copyrights, this protection helps deliver significant product pricing power. Frequently, intellectual property assets are created and enhanced through a high level of expenditure on research and development (R&D). A company's accumulated R&D helps to enforce a barrier against competition.

Identifying strong distribution networks

Distribution channels can be physical or digital. A physical distribution channel can either be formed through a network of appointed distributors or via a company's own distribution sites. When a company owns its distribution, as opposed to using distributors, it is able to benefit directly from giving its customers strong local service and in return build up valuable local knowledge. A physical distribution channel takes time to build and can provide a powerful barrier to competition.

Increasingly, particularly in areas such as media and information technology (IT), companies are developing digital distribution channels. Market research and IT companies, for example, can send data direct to clients electronically. Once data connections are set up, and particularly when they become embedded in client systems, it becomes difficult for competitors to dislodge incumbents and hence a powerful barrier to competition is created.

Identifying companies with significant recurring business

Recurring business can result from the strength of a company's product, from the convenience of its distribution network, or from strong customer relationships and brand. Certain companies are guaranteed a level of recurring business through the strength of their customer contracts and service agreements. A significant volume of repeat business (which the team defines as at least 70% of annual turnover) gives a company a high degree of earnings visibility. This visibility helps companies plan and drive long-term growth. Furthermore, contracted revenue will tend to have pre-arranged pricing structures. This limits sudden competitive pricing. Contracted recurring revenue is a powerful barrier against competition.

Mutual reinforcement of economic advantages

The intangible assets that create an economic advantage are often mutually reinforcing. Strong intellectual property, for example, can be best exploited through an established distribution network. A brand will be strengthened by good customer relationships and culture. Repeat business will be aided by a strong brand. That is why companies with a real depth and breadth of intangible assets tend to have a significant economic advantage.

Companies with economic advantage – the investment universe

Identifying companies with these assets gives the team a list of companies which can withstand competitive pressures. The team believes that these companies have the ability to deliver sustained earnings growth ahead of the market's expectations which in turn will lead to long-term share price outperformance.

Financial advantage

Having identified whether a company possesses an economic advantage, it is next assessed for evidence of this theoretical advantage showing up as superior financial returns. The team assesses this using the Quest database (owned by Canaccord Genuity) which examines the cash flow return on capital (CFROC) to measure the economic return on gross invested capital. CFROC is real, post-tax and takes asset life and asset mix into account. For a company (or indeed any project) to be economically successful, it must make a higher return than the cost of the capital invested in it. Quest uses a long-run weighted average costs of capital (WACC) based on the capital asset pricing model (CAPM) as the benchmark against which CFROC is measured. A company which can earn a CFROC higher than its long-run cost of capital, and then reinvest this return back into the business, will benefit from compounding, which in the long run should lead to equity value creation and strong share price performance. The process will only invest in profitable companies.

The role of valuation

Valuation is deliberately put last in the investment process. For FTSE 350 companies, five standard valuation metrics are used – P/E, EV/Sales, EV/EBITDA, Dividend Yield and Free Cash Flow Yield – the objective being to purchase a new holding at a discount to the market on at least one of these five measures to avoid overpaying. For small (non-FTSE 350) companies, a more pragmatic approach is adopted: assessing the value of a business relative to a basket of peers with similar attributes. By investing in value-generating companies with a long-term time horizon, the valuation paid at entry is somewhat less important to the share price return than the ability of the business to compound equity value. Often, potential investments lack long-term financial return data and are in emerging industries or technologies. At this end of the market, a qualitative, rather than quantitative, approach is therefore preferred, although as all companies must first be profitable, it is at least possible to have something on which to assess this value. A range of standard valuation metrics are used to look at potential investments from several different angles and the potential growth rate in earnings is also considered. The aim is not to overpay for the asset, and although some are acquired at relatively 'full' prices, 'bubble' type valuations are avoided due to perceived valuation risk.

Equity ownership for smaller companies

The Economic Advantage team requires every smaller company to have at least 3% of its equity held by senior management and main Board Directors. The team monitors the equity ownership and a position will be sold if the shareholding of directors and senior management falls below 3%.

The team believes that equity ownership motivates key employees, helps to secure a company's competitive edge and leads to better corporate performance. It aligns the interests of employees with outside shareholders. The team also finds that an 'owner-manager' culture creates a more risk-averse approach with a focus on organic growth over acquisition-led growth and a healthy aversion to debt.

Risk scoring (contains ESG component)

Risk scoring of investee companies determines stock weightings within the funds. Each company is graded against nine criteria to understand if the value of the investment could be materially negatively impacted by any of the following:

1. financial risk (including balance sheet, accounting risk, capital requirements and financial gearing)
2. product dependency
3. customer dependency
4. pricing risk
5. regulatory change
6. licence dependency
7. acquisition risk
8. valuation
9. ESG

These criteria are continually assessed so that stock weightings can be managed dynamically. Thus, while ESG factors do not exclude from consideration any investment which would otherwise qualify on account of its strong economic advantage credentials, they will be taken into account in determining the position size.

Data sources and identification of risks

The team uses a third-party data provider, MSCI, to assist in identifying and understanding the ESG and sustainability risks of a proposed investment. The team is able to override the MSCI score if the score is inconsistent with the team's knowledge or understanding of a business, in either direction. For smaller companies not within the MSCI universe, the team will score for perceived ESG risk.

Monitoring and analysis

The team monitors potential ESG issues associated with an investment. These may include the impact of company operations, governance practices and/or products and services that allegedly violate national or international laws, regulations, and/or other commonly accepted global norms. The team may also conduct fundamental analysis on each potential investment to further assess the adequacy of ESG programmes and practices of a company to manage the ESG risks it faces. In addition, the team monitors ESG risks on an ongoing basis through reviewing ESG data published by the company (where relevant) or selected data providers to determine whether the level of ESG risk has changed since the initial assessment was conducted. Where there is an increase in ESG risk, the exposure to the relevant security may be reduced, taking into account the best interests of investors in the fund.

Impact on weighting/portfolio sizing

The information gathered from this analysis will be taken into account in deciding the size of the position that the investment team might take through the risk scoring process outlined above. The investment team may grade securities differently to data providers where the investment team believes that their ESG rating does not fully reflect the position of the relevant company or has not captured recent positive ESG-related changes which have been implemented by the relevant company. Equally, the team may impose an ESG risk score on an issue not identified by MSCI.

Difficulties of limited data

Some companies (for example smaller companies) may not be rated or covered by data providers and may publish little information on their ESG policies and sustainability risks. In these cases, the team's scope for analysis of ESG risk will be more limited.

FOCUS AREAS FOR THE TEAM IN 2024

While the Economic Advantage process selects resilient companies with strong barriers to competition and a resilient balance sheet, 2024 presented significant challenges for certain holdings, attributed to adverse macroeconomic conditions and complications with the UK equity market. Throughout this period, the team has engaged extensively with companies that were impacted. Typically, the team identifies necessary engagements through regular analysis that highlights areas of concern, while other engagements are initiated upon company requests.

The undervaluation of the UK market has resulted in the high prevalence of inbound takeover interest for UK listed companies, given their attractive absolute and relative valuations. Considering this undervaluation, it is frustrating to see long-term portfolio holdings targeted in an opportunistic fashion at share price premia which fall short of their full valuation potential and for boards to be recommending such takeovers. Consequently, the team had numerous meetings with Chairs and NEDs to communicate their perspectives and, in certain instances, have made specific requests for change. Additionally, the team has exercised voting rights to oppose attempts to take companies private at levels the team does not feel appropriately value them.

The team also collaborated closely with investment peers, brokers, and trade associations to advocate for policy support for the UK market. The UK is home to some outstanding companies, and it is crucial for the long-term prosperity and growth of the UK to sustain a vibrant stock market. Therefore, policy intervention is urgently needed. The team looks forward to continuing its lobbying efforts in 2025.

MULTI-ASSET TEAM

TEAM FACTS

- Liontrust's Multi-Asset team manages around 16% of Liontrust's AuMA (as at the end of December 2024)
- The team manages five ranges of risk targeted funds and portfolios and a range of returns focused funds. The team is led by John Husselbee
- On 21 November 2024, it was announced that Liontrust's Global Fixed Income team would be integrated into the Multi-Asset investment team from 1 January 2025. As the teams have functioned separately for the 2024 calendar year, the Multi-Asset team and the Global Fixed income team have separate sections in this report for 2024. However, for 2025, the teams will have one section.

COMMITMENT TO NET ZERO

In 2024, the Multi-Asset team gained information on carbon intensity on its underlying holdings. This enabled the team to report on its funds and portfolios from a TCFD product level perspective.

The team is working out the WACIs of the funds' and portfolios' benchmarks that can be used for this purpose. Once this is completed, the team will be better placed to decide whether or not to include its funds and portfolios in Liontrust's net zero commitment with NZAM.

ENGAGEMENT PURPOSE/OBJECTIVES

The Multi-Asset team engages with the managers of its underlying funds and portfolios during regular updates on portfolio positioning and performance. During 2024, the Multi-Asset team engaged with its managers on

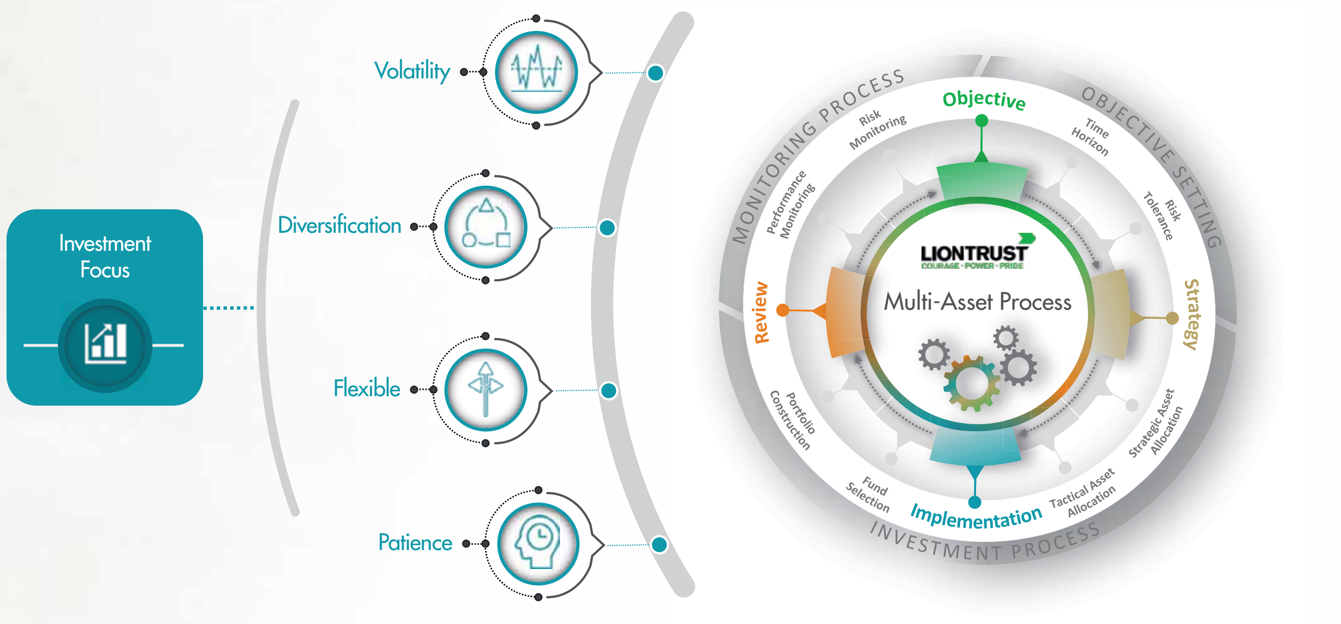
- Controversial weapons
- Net zero

The team has opted not to include any engagement examples for the 2024 calendar year.

ADHERENCE TO LIONTRUST'S CONTROVERSIAL WEAPONS POLICY

- Liontrust's controversial weapons policy excludes investment in companies with involvement in cluster munitions, anti-personnel land mines, biological weapons and/or chemical weapons. The policy is in the People, Planet and Society section of the Liontrust website.
- The Multi-Asset team cannot adhere to Liontrust's controversial weapons policy as it does not have the relevant information for all the underlying holdings of the actively managed funds and portfolios in which it invests for clients. In addition, the Multi-Asset funds and portfolios hold passive vehicles which generally invest in all stocks in an index and therefore potentially breach this controversial weapons policy. If the Multi-Asset team signs up to this policy, it may exclude passive vehicles from the commitment.

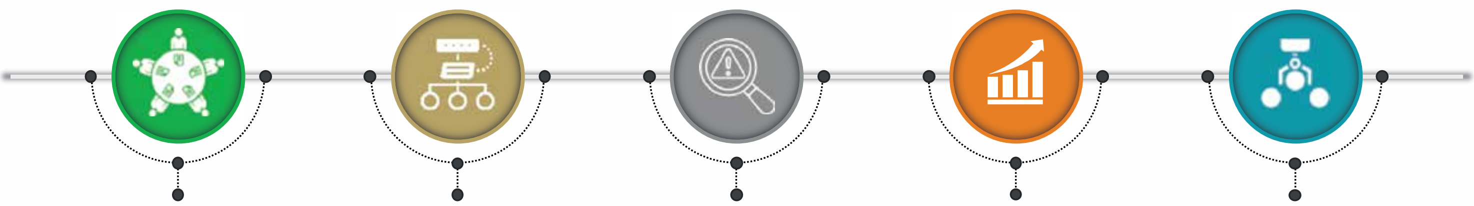
Investment process



Strategy and implementation

SAA	TAA	Asset Class	A/P Splits	Factor	Manager	Portfolio
Strategic Asset Allocation	Tactical Asset Allocation	Asset Class & Sub Asset Class Targets	Active & Passive Splits	Factor Targets	Manager Selection Manager Splits	Portfolio Targets
Time Horizons	Quant Scoring	Policy	Portfolio Construction	Define style blends	Manager Targets	Portfolio Construction
Risk Profiles	Team Anonymous Survey	AA Targets	Implementation	Apply tactical tilts		
	TAA Meeting (Debate)					
	TAA Scores (First Cut)					
	Independent Challenge					
	Final scores					
	TAA Policy Underweight/ Overweight / neutral					

Identifying managers for their merits in isolation and how they fit into the blend



Team

- Resources
- Experience
- Additional responsibilities
- Remuneration structure

Process

- Differentiator vs. peers
- Key metrics driving selection
- Portfolio construction decisions add value

Risk

- Culture
- Oversight and Governance
- Investor concentration
- Portfolio construction
- Liquidity

Performance

- Consistent with the process
- Strategy that supports downside protection
- Track record andreturn attribution

Fund recommendation

- Underpinned by investment due diligence
- Operational due diligence

Every stage of the Liontrust Multi-Asset investment process is actively managed. The stages are the Strategic Asset Allocation (SAA), Tactical Asset Allocation (TAA), fund selection and portfolio construction.

For example, while the majority of the underlying vehicles within the Dynamic Passive funds and portfolios are passively managed, the decision on which ones to include and in what proportions are still active decisions. The team chooses passive vehicles from across the market, as they do for actively managed funds.

The TAA enables the funds and portfolios to adapt to changing economic and market environments, which can impact their risk and return profile over the short to medium term.

The team enhanced the SAA two years ago to ensure they could meet the challenges and opportunities posed by their belief that investing over the next few years will be different from the last 15 years. Arguably, we are facing an unprecedented political environment, which will impact economics and markets. This is especially the case in fixed income markets and is one of the reasons why expertise in this area has been added to the Liontrust Multi-Asset team.

DRIVERS OF RETURNS

The Multi-Asset team believes investment markets are inefficient to varying degrees, with the most efficient being government bonds and indices with low cross-sectional volatility or high concentration. Sentiment can cause market prices to move away from their fundamental value over the short term and revert to levels that are justified by their fundamentals over the long term. Good active management will, over the long term, outperform passive exposures as they exploit inefficiencies and mispricing in investment markets. Equity markets are the key driver of long-term real returns. Within equity markets, factors such as growth, value, quality and size in isolation are volatile. But when combined within portfolios, these factors should outperform the broader index over time.

STRATEGIC ASSET ALLOCATION (SAA)

Numerous studies have demonstrated that SAA informs the majority of the risk and return of a portfolio over the long term.

The SAA is essentially the default asset allocation should the fund managers have no views about the relative attractiveness of different asset classes.

- In determining the SAA, historical returns and volatilities of a range of asset classes, as well as their correlations with each other, and other market dynamics are collated and studied.
- Each Multi-Asset fund and portfolio has its own SAA, which is a function of its suitability, which in the context of target risk funds focuses primarily on the investment risk preferences of investors.
- The SAAs for the Multi-Asset funds and portfolios are updated annually and have a long-term (15 years) time horizon. Where the Multi-Asset team perceives there to be meaningful departures of market pricing from fundamentals, they may decide to exploit these mispriced securities through the Tactical Asset Allocation.

TACTICAL ASSET ALLOCATION (TAA)

TAA is the process through which the Multi-Asset team has an overweight or underweight exposure to an asset class or sub-asset class when compared to the SAA.

- The TAA may increase or decrease overall strategy risk depending on the Liontrust Multi-Asset team's view of the stage of the market cycle.
- Even if the Multi-Asset team decides to adopt a neutral risk position, it is still possible to express a view between asset classes and sub-asset classes without meaningfully altering the overall portfolio risk from neutral to the SAA. The Multi-Asset team refers to this as an efficient allocation (EA).

The TAA is reviewed and updated quarterly and follows these four steps:

STEP 1: SECRET SCORING

- Multi-Asset team members provide a score for each asset class, sub-asset class, the overall market environment and a handful of other factors. The scores are between 1 and 5, with 1 being the most negative, 3 neutral and 5 being the most positive.
- Each team member scores more than 20 different categories and provides a justification for their scores. The scores are collated ahead of the TAA meeting at which the scores are debated.

STEP 2: QUANTS

- Ahead of the TAA meeting, the team collates and digests a range of quantitative inputs. These are designed to provide either justifications for – or arguments against – the thrust of the views expressed in the secret scoring.
- The quants data cover a wide array of asset classes and sub-asset classes and provide a quantitative perspective on, for example, the relative attractiveness of an equity market both against other markets and against its own history.
- The output and component parts of the quants are assessed in the TAA meeting and are used as an objective complement to the more qualitative inputs from the secret scores.

STEP 3: TAA MEETING

- In the TAA meeting, the Multi-Asset team collates all of the inputs from the above two steps and debates alongside other views expressed. Every team member is encouraged to contribute.
- The output from the TAA meeting is the first cut of the team's asset class scoring grid, with each of the asset classes and sub-asset classes allocated a score of between 1 and 5.
- The overall market environment is also scored out of 5.

STEP 4: INDEPENDENT INPUT

- The Multi-Asset team is acutely aware of the risks of "group think" and of anchoring to previous quarters' scores.
- To reduce these risks of this, the team comprises a group of individuals with different backgrounds and experiences to ensure there is a significant amount of cognitive diversity.
- To further combat the risks of group think and anchoring, the Multi-Asset team employs an independent consultant to challenge the first cut of the asset class scoring.
- At the conclusion of the TAA process, scores that have stood up to scrutiny are accepted and those that have not may be adjusted modestly.
- The output from this meeting is the final TAA scorecard for the quarter.
- This scorecard informs the risk budget and the over- and under-weights that the Multi-Asset team expresses through portfolio construction

PORTFOLIO CONSTRUCTION

- The purpose of portfolio construction is to take a fairly abstract concept in the form of a TAA and to express it in an investable form for each strategy that the Multi-Asset team manages.
- Portfolio construction takes account of the output from the TAA as well as the input from the manager selection process.

Portfolio construction consists of four steps:

STEP 1: FACTOR SELECTION

- Different equity factors such as value, growth, quality or size have significantly different performance characteristics. The team believes these factors have inherent tailwinds to long-term performance predominantly due to behavioural investment shortcomings or due to other inefficiencies, such as shortcomings inherent in market cap weighted market indices.
- These factors have demonstrated long-term outperformance when compared to market cap weighted indices but the performance of each factor when viewed in isolation can have significant tracking errors and outperformance can be sporadic.
- Blending factors can overcome some of these shortcomings and result in a performance profile more akin to the market cap weighted reference while maintaining good prospects for long-term outperformance.
- The team believes it is essential to apply a rigorous research process to the combination of different factor blends in each region rather than rely on arbitrary weightings methodologies.
- The team tests the performance and interaction of factors versus each other over the long term and identifies a blend which it believes will provide the most effective risk-adjusted exposure to the equity region in question.
- This blend forms the target factor allocation which the team implements through manager selection.
- The outputs from this process are reviewed annually but the Multi-Asset team may undertake tactical deviations away from the long-term targets as part of the quarterly TAA process.

STEP 2: ACTIVE AND PASSIVE

- The majority of Liontrust's Multi-Asset funds and portfolios make use of active and passive vehicles.
- The decision of where to use passive vehicles depends on two main considerations: availability and suitability.
- Due to the significant growth in passive vehicles over the past couple of decades, there is now a wide range available, meaning that most asset classes or sub-asset classes can be invested in passively
- Suitability is, therefore, the prime determinant of whether a passive or active vehicle is chosen.
- Suitability can depend on a wide array of factors such as the time horizon and the nature of the asset class, such as its efficiency, liquidity and index composition.
- Within equity markets, active managers have historically found more success in some regions than others.
- The Liontrust Multi-Asset team has developed a robust and repeatable method through which to identify the appropriate blend between active managers and passive vehicles in different equity regions. The three key inputs are:
  1. Cross-sectional volatility of a given index.
  2. The percentage of stocks that have historically outperformed the index.
  3. The level of index concentration.
- Indices that demonstrate high cross-sectional volatility, a high percentage of stocks out-performing, and a low level of index concentration have tended to provide the greatest opportunities for manager outperformance.
- The outputs from this step are target percentage allocations to active managers or passive vehicles which are embedded in the portfolio targets.
- The outputs from this process are reviewed annually but the Multi-Asset team may undertake tactical deviations away from the long-term targets as part of the quarterly TAA process.

STEP 3: TARGETS SET

- The combination of TAA aligned with factor selection and decisions on active managers and passive vehicles creates a detailed set of parameters to inform portfolio construction.
- The output from these stages combined with the manager selection are consistent target manager allocations for each region, asset class or sub-asset class.
- Each asset class or sub-asset class is assigned a weight through the TAA process, and the combination of the target manager allocations and the TAA weights provides a target holding size for every manager in each of the Liontrust Multi-Asset funds and portfolios..

STEP 4: RISK CHECKS

- Multi-Asset funds and portfolios are managed to carefully considered mandates and risk parameters and, ahead of implementation, the team tests the new portfolio targets to ensure they comply with all appropriate portfolio rules and restrictions.

MANAGER SELECTION

The Manager selection process contains a number of distinct steps.

STEP 1: UNIVERSE FILTERING

- Investors in funds or managers are fortunate to have tens of thousands of potential investments available to them. The potential downside of such an abundance of choice is that, without effective filtering, it is possible for a research process to become overwhelmed.
- The Multi-Asset team has access to a number of industry recognised databases which enable effective, proprietary, universe definition and filtering.

STEP 2: QUANTITATIVE AND QUALITATIVE RESEARCH

- The overall manager selection process cannot rely solely on quantitative or qualitative inputs. Rather it is a blend of both forms of analysis that underpin the Liontrust Multi-Asset team's investment manager choices.
- Managers are subjected to significant levels of quantitative analysis to ensure that the Multi-Asset team understands current and past positioning in detail.
- This aids the team in interpreting the manager's true investment style and whether that style has been expressed persistently in the past.
- Past performance is a useful indicator of past success but it cannot be relied upon as an indicator of future performance.
- Indeed, analysis of past performance is less about the outright level of performance – although serial underperformers would not be attractive to the team – but more about are the characteristics within performance. This relates to the stylistic exposure of managers, which is assessed through holdings-based style analysis. Performance is also considered on a disaggregated basis to identify the attributed drivers of performance.
- Active managers should demonstrate skilful stock picking over and above other factors which can be more akin to luck. The qualitative side of fund manager research is extremely helpful in this regard.
- The sorts of areas that the Liontrust Multi-Asset team will consider are manager philosophy and process, team structure, business structure and incentivisation, stock selection process, portfolio construction, historical and current positioning.

STEP 3: OPERATIONAL DUE DILIGENCE AND SECURITY SET UP

- Operational Due Diligence (ODD) is an often overlooked element of the manager selection process. In fact, it is an essential part of taking on managers to ensure that the funds are appropriate from non-investment related considerations and to ensure that trading and implementation take place seamlessly.
- ODD matters because without it the ability of the Multi-Asset team to efficiently trade and rebalance the funds and portfolios would be reduced.
- ODD is split into two main areas – initial DD and ongoing DD – and the purpose is to ensure that the selected funds are suitable not just from an investment perspective but also from an operational and compliance perspective.
- Dealing information and specific questions are answered to ensure the investment is possible and also suitable for the MultiAsset funds and portfolios, such as whether the Fund is a UCITS regulated scheme and is there a minimum investment.
- Once invested, ongoing DD is performed.

Implementation

- The implementation process varies slightly between Liontrust Multi-Asset funds and portfolios.
- The principles behind the implementation of either are the same, however, ensuring the Multi-Asset team implements in a manner that treats customers fairly, creates consistency across the ranges wherever possible, finding an optimal balance between trading and portfolio turnover, and ensuring the implemented holdings reflect the Liontrust Multi-Asset team's views generated through the investment process.
- Underpinning all of this is the need to remain suitable for investors from a risk and mandate perspective.
- While the Liontrust Multi-Asset team takes its fiduciary duty to investors extremely seriously, it also ensures there are effective checks and balances internally. These include pre and post-trade compliance checks and regular performance reviews.
- This ensures the Liontrust Multi-Asset funds and portfolios are scrutinised and reviewed to verify that the team is fulfilling its commitment to investors.

CASHFLOW SOLUTION TEAM

TEAM FACTS

- Team manages around 10% of Liontrust's total AuMA (as at the end of December 2024)
- Funds are managed by James Inglis-Jones and Samantha Gleave
- Team uses quantitative and qualitative factors in its investment decisions and for one fund takes long and short positions in companies

COMMITMENT TO NET ZERO

The Cashflow Solution team has not committed its funds to Liontrust's support for NZAM. This is due in large part to the lack of reliable data on carbon emissions for the team's holdings.

The Cashflow Solution team does, however:

- incorporate into its stock screen an indication of climate-related risks as they relate to all stocks in the team's investable universe. It does this by evaluating climate-related risks for companies identified by the Cashflow Solution investment process.
  - The team uses MSCI ESG ratings and reports as indications of climate-related risks.
  - These reports contain a detailed assessment of holdings' carbon emissions, climate change vulnerability, financing environmental impact and carbon footprints.
- engage with companies where there is cause for concern (or a company's climate score is particularly poor) in its management of climate-related risks.
- monitor and act upon any unexpected changes to profits (arising from a number of extraneous sources, some of which may be as a consequence of climate risks) through the use of the team's Secondary scores.

ENGAGEMENT

- The team undertakes engagement with those holdings which are flagged by MSCI as having potential controversies relating to human rights, business practices, high carbon emissions or other (potentially controversial) issues.
- For these, the team engages with holdings to understand the company's perspective on its potential involvement or behaviour in these areas. The team also seeks to understand what companies with higher carbon emissions are doing to reduce their footprint.

Engagement on climate change

During 2024, the team engaged its holdings on a variety of climate change-related issues, including:

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
Deutsche Bank AG	German multinational investment bank and financial services company	15 July 2024	Net zero, science-based targets, biodiversity	The discussion largely centred on environmental issues, with the development of the Group's net zero sector pathways a key area of focus. It was positive to note that executive remuneration is linked to achieving these sector pathways targets. The Group is not currently planning to have its targets validated by the SBTi as it sees CSRD as a much larger priority. Work is ongoing on Deutsche Bank's approach to biodiversity, with the establishment of a dedicated nature workstream.	None

Engagement on other ESG-related topics

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
UBS Group AG	Multinational investment bank and financial services company based in Switzerland	17 July 2024	Controversies as identified by MSCI, net zero, biodiversity	The meeting focused primarily on controversies associated with the Group as outlined by MSCI. Many of these are long-standing and are associated with the acquisition of Credit Suisse (CS) in 2023. UBS was keen to draw a distinction between the CS of the past and the company today, which has undergone a complete change in business model. Net zero and biodiversity were also briefly discussed. UBS set decarbonisation targets for 2025, 2030 and 2035 after the CS acquisition, and therefore it is still fairly early days in terms of their implementation. The Group is keeping a close eye on developments with regard to biodiversity, having committed to being an early adopter of TNFD.	None
Next plc	British multinational clothing, footwear and home products retailer	24 July 2024	Controversies as identified by MSCI, net zero, biodiversity	The meeting focused on controversies identified by MSCI, including allegations of pay disparity, payroll system errors and forced labour in China. Next provided detailed and thorough responses, and while risks remain, particularly with regards to the supply chain in China, the Group appears to have taken measures to deal with and/or respond to the controversies identified. Climate-related targets and Next's approach to biodiversity were also discussed. The Group is making good progress with its targets and continues to develop its approach as new brands such as Joules and Reiss have come onboard. Next's approach to biodiversity is intrinsically linked to work already being done and is continually evolving as frameworks such as the TNFD develop.	None
GSK plc	British multinational pharmaceutical and biotechnology company	23 May 2024	Controversies as identified by MSCI, climate-related targets, biodiversity	GSK provided updates on key controversies as highlighted by MSCI, most notably the Zantac lawsuits. GSK emphasised that numerous independent studies have shown no causal link between Zantac and cancer. It was positive to note that GSK is making good progress with its climate-related targets, and that efforts to produce a low carbon alternative to Ventolin (which accounts for a substantial proportion of the Group's emissions) are progressing. As one of the first companies to adopt SBTN, GSK appears to be taking a proactive role in developing its approach to nature and biodiversity. The Group also has both near term and net zero targets approved by the SBTi.	None
Kingspan Group plc	Building materials company based in Ireland	23 July 2024	Controversies as identified by MSCI, net zero	The majority of the meeting focused on the Grenfell Tower public inquiry. While the Group recognises the immense human tragedy, it does not believe that it should be held responsible. It also does not anticipate any financial ramifications. Kingspan does, however, take responsibility for shortcomings identified as part of phase one of the public inquiry and has taken actions to overcome these. Kingspan's climate-related targets were also discussed. While good progress has been made, the Group is considering whether a restatement of its scope 1 and 2 targets may be appropriate given the acquisitive nature of the business.	None

ADHERENCE TO LIONTRUST'S CONTROVERSIAL WEAPONS POLICY

- Liontrust's controversial weapons policy excludes investment in companies with involvement in cluster munitions, anti-personnel land mines, biological weapons and/or chemical weapons.
- The Cashflow Solution team adheres to this policy.
- The policy is in the People, Planet and Society section of the Liontrust website.

Investment process

The Cashflow Solution process focuses on the historic cash flows generated and invested by companies to support their forecast profits growth. As forecasts are often unreliable, the scale of cash invested to support forecasts is key.

In the team's experience, companies that generate significant free cash flow after investments prove to be rewarding stock-market purchases.

Companies that invest significantly more cash than they can produce to back bold forecasts of future growth often disappoint. Therefore, the team pays particular attention to both the quality and sustainability of company cash flow and the valuation investors attach to it.

For long/short portfolios, the aim of the investment process is to complement the team's long investments with short sales of expensive companies run by company managers who combine over-confidence in their forecasting ability with a willingness to back their forecasts with substantial growth in operating assets such as property, equipment and stock.

They tend to generate very significant cash outflows after investments and carry significant forecast risk. If their profit forecasts prove too optimistic, the blend of high financial leverage as a result of significant cumulative cash outflows, falling profitability and an expensive valuation can negatively impact share price performance.

STAGE 1

DEFINING INVESTABLE UNIVERSE

The first stage is to define the investable universe of companies with sufficient liquidity within the target geographic region.

STAGE 2

CREATING THE CASHFLOW CHAMPIONS WATCHLIST

In order to identify companies' annual cash flow, balance sheet development and valuation efficiently across all equity markets, the team uses a screen as a starting point for further qualitative analysis. The investment screen consists of two cash flow ratios that are combined equally to highlight the characteristics that the team seeks.

The first is a quality screen (cash flow relative to operating assets) and the second is a value screen (cash flow relative to market value).

- **Cash flow relative to operating assets:** This ratio gives the managers a good idea of cash flow profitability and the scale of asset investment that has been undertaken. It provides them with a good sense of management prudence, financial leverage and sustainable growth potential.
- **Cash flow relative to market value:** The second ratio ranks companies according to how investors value a company's cash flow. It provides the managers with a good indication of investors' expectations regarding forecast growth and the potential stock return if those forecasts are wrong.

The ratios have been developed over a number of years and contain the managers' own proprietary definition of operating assets and cyclically adjusted, normalised cash flow (in a normal year excluding temporary or exceptional items).

Stocks are ranked in order of attractiveness across the two screens. The top 20%, or quintile, comprises the Cashflow Champions from which stock selections will be made for long-only portfolios. The top 20% of the list contains companies that are cheaper than the market (as measured by cash flow yield) with cash returns on operating assets that are better than the market.

STAGE 3

FUNDAMENTAL RESEARCH AND SECONDARY SCORING

The team's entire focus for the long-only investments is on this Cashflow Champions list. The team then conducts fundamental research on these stocks, scrutinising their annual report and accounts.

Cash flow data and balance sheet changes are often subject to large exceptional items or reflect a particular business cycle or accounting change. The aim at this qualitative stage is to make sure that the cash flow ratios accurately reflect the investment opportunity the managers are looking for.

They work through all the accounts, notes and annual commentary. They look closely for any changes in accounting policies, unusual revisions to prior year accounts, the focus of remuneration policy and the stated forecasts for growth. The team wants to understand the management culture of the company. They do not attempt to understand a company's operations in enormous detail but do want a clear understanding of the importance they attach to cash flow generation and forecast risk. Companies are assessed according to four 'secondary scores', refining their cash flow attributes and style factors within the team's screen:

- **Momentum:** Businesses with strong momentum, high margins (indicative of an economic moat) and self-funded growth.
- **Cash Return:** Stable businesses with robust balance sheets, returning cash to shareholders through share buybacks, debt paydown and dividends (shareholder yield)
- **Recovering Value:** Recovering businesses with management focused on reining in capital expenditure and imposing working capital control, eager to return cash to shareholders. Investors are generally sceptical, hence the low conventional valuation
- **Contrarian Value:** Companies that have experienced prolonged tough trading conditions, with management responding by restructuring and selling off assets. Investors are very sceptical.

Once a shorter list has been generated through the application of secondary scores, the fund managers undertake qualitative analysis on these companies. The team:

- undertakes fundamental research, scrutinising the companies' annual report and accounts
- updates the data with any changes stemming from balance sheet changes impacted by large exceptional items or reflecting a particular business cycle or accounting change
- assesses the Group's management culture
- checks the MSCI ESG score for the stock to understand if there are concerns about the company from an ESG perspective

STAGE 4

MARKET REGIME INDICATORS

The managers apply a set of key proprietary indicators which allow them to designate the prevailing market regime. This, in turn, allows the team to optimise portfolio construction, targeting growth or value exposure as appropriate by emphasising different secondary scores within stock selection. For long/short portfolios, net market exposure is also dynamically adjusted according to the market regime indicators. The key indicators the managers analyse include valuations, investor anxiety, corporate aggression and market momentum.

STAGE 5

PORTFOLIO CONSTRUCTION

The final stage of the process is to select stocks for portfolios. For long-only strategies, the managers believe the best returns are achieved through concentrated portfolios of 30 to 50 stocks that are equally weighted at inception. The managers focus on selecting stocks for portfolios from a diverse list of different industries with the uniting common thread of strong cash flows and the best secondary score attributes as identified by their regime indicators.


Serengeti

GLOBAL FUNDAMENTAL TEAM

TEAM FACTS

- The Global Fundamental team manages approximately 8% of Liontrust's AuMA (as at the end of December 2024)
- The three-strong team is led by Imran Sattar.
- The team manages the Edinburgh Investment Trust, and the following funds: UK Equity, UK Focus and Income.

COMMITMENT TO NET ZERO

The team's funds that are committed to net zero are listed in the table below. Note that the fund WACI numbers for the end of 2024 and the end of 2023 are computed with the actual AuMA of the fund in US dollars as at the end of December for each respective year. This differs from the fund WACI numbers to the end of 2022 when the total AuMA of each fund was assumed to be $1 billion. Liontrust started using actual AuMA figures when the technology allowed for this change and will continue to use actual AuMA to compute WACI numbers so accurate, year-on-year comparisons can be made.

Funds	Benchmark used for MSCI ESG analysis	Benchmark WACI end 2019	Fund WACI end 2022	Fund WACI end 2023	Fund WACI end 2024	End 2024 fund WACI lower than 2019 benchmark WACI by
LF Liontrust UK Equity Fund	FTSE All Share	125.0	84.4	63.0	49.5	60%
LF Liontrust UK Focus Fund	FTSE All Share	125.0	68.4	24.9	27.7	78%

ENGAGEMENT PURPOSE/OBJECTIVES

Global Fundamental funds undertake engagement with holdings and/or potential holdings to:

- Understand how a company manages the key risks and opportunities identified by the team as being material to the company over a fund's investable time horizon
- Understand the financial, strategic, and/or competitive position of a company
- Help support or refute the team's conviction in a holding and/or its investment rationale for holding the stock

Engagement on climate change

During the year, the team engaged its holdings on a variety of climate change-related issues (see examples below).

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
Rentokil	Pest control and hygiene and wellbeing services company based in the UK	3 June 2024	PFAS ('forever chemicals'), climate-related targets, biodiversity	Rentokil believes that its exposure to PFAS is very low but is waiting for more definition/clarity on what constitutes PFAS, particularly in the US where the definition varies by state. While there are some challenges on EV (electric vehicle) infrastructure, the Group is on track to meet its climate-related targets and Rentokil's new environment plan, which was developed to help achieve the 2025 intensity target and the 2040 net zero target, is progressing well. Rentokil is working with a Danish consultant to understand its biodiversity reporting requirements and is looking for a software platform for biodiversity data.	None
Centrica	Integrated energy company operating in the UK and Ireland	14 May 2024	Climate-related targets, net zero strategy	The Group appears to be making good progress on the majority of its climate targets but explained that in some areas, such as the rollout of EVs and heat pumps, the ambitious nature of Centrica's plans has meant that targets are not currently on track, despite significant action and progress. Centrica explained the difficulty in obtaining approval from the SBTi given the delay in guidance for companies with any involvement in oil and gas. Biodiversity is not currently considered a material exposure by Centrica but it will be relevant for upcoming CSRD reporting.	None
Greggs	Greggs is a UK-based food-on-the-go (FTG) retailer	3 June 2024	Net zero and climate targets, PFAS regulation, biodiversity	Food and ingredients represent Greggs' biggest exposure to carbon emissions. The Group is engaging with suppliers to benchmark where they are and has introduced a scope 3 engagement measure in the LTIP for senior management. Greggs has been working with the British Retail Consortium on PFAS as it is an industry-wide issue. The Group is on track for all of the aims set out for specific commodities in its Responsible Sourcing- Deforestation policy.	None

Engagement on other ESG-related topics

During the year, the Global Fundamental team engaged holdings on other ESG-related topics, including:

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
Spirax	Specialised engineer of thermal energy and fluid technology solutions.	24 April 2024	Outlook for the business, specifically shorter-term challenges in: • Steam Thermal Solutions (STS) • Synergies between Electric Thermal Solutions (ETS) and STS divisions • Operational improvement potential	The Steam Thermal Solutions division faces shorter term headwinds from weaker industrial production in China and Germany, and a weaker EV market in China following the imposition of tariffs. There is a longer term opportunity to simplify the organisational structure, to improve productivity and governance. Spirax has a unique position with having both steam and electrification capability to help customers with their decarbonisation requirements.	None
Tesco	British multinational groceries and general merchandise retailer	25/07/24	Clubcard only pricing, PFAS, net zero and biodiversity	Tesco is fully co-operating with the 'Loyalty pricing in the groceries sector' CMA review. The Group emphasised that Clubcard is just one part of Tesco's value proposition. On net zero, Tesco is making good progress on the targets it has set and has introduced an internal carbon pricing policy to factor in the emissions impact of future business decisions. Tesco launched its Nature Programme in November 2023. It aims to build on current initiatives and look at innovative ways to take a landscape-based approach. Tesco welcomes the EUDR legislation but notes that there are still unanswered questions from the Commission.	None

ADHERENCE TO LIONTRUST'S CONTROVERSIAL WEAPONS POLICY

- Liontrust's controversial weapons policy excludes investment in companies with involvement in cluster munitions, anti-personnel land mines, biological weapons and/or chemical weapons.
- The team adheres to this policy.
- The policy is in the People, Planet and Society section of the Liontrust website.

Investment process

The Global Fundamental team takes a deep analytical approach to identify mispriced investment opportunities across the style spectrum within a long-term flexible investment approach. The objective is to build an all-weather portfolio spanning multiple sectors, with the aim of outperforming in all market conditions.

The team identifies companies they think are underappreciated by the market through in-depth fundamental research. These companies can be across the style spectrum, broadly in three buckets. Generally the team has a slight bias to the first bucket – businesses with durable economic moats and exposure to structural growth.

Growing profit pools – companies operating in industries with growing profit pools where the business has sustainable competitive advantages that will support compounding returns to shareholders, and where we believe the market underestimates the longevity of growth and returns. The primary driver of shareholder returns here will be compounding earnings.

ii) Stable profit pools – companies operating in industries with static profit pools. Here there could be both market share opportunities and self-help strategies which could drive earnings growth and valuation improvements. The primary drivers of shareholder returns here will be earnings growth, shareholder distributions (dividends, share buybacks), and valuation improvement.

iii) Declining profit pools – companies operating in struggling industries but where there is a catalyst to see a significant improvement in operational and financial delivery. The primary drivers of shareholder returns here will be an inflection in earnings and valuation multiple rerating.

Through extensive bottom-up research across a wide range of sectors, the team gains valuable micro-level insights that help shape a perspective of the macro environment. This Macro from the Micro perspective is complemented with a top-down overlay to help inform a well-rounded view of the market. This enables the fund managers to identify attractive opportunities across the market and tilt the portfolio's positioning towards a modest bias for growth or value, depending on the prevailing environment.

The team's approach to materiality has two primary steps:

- Assessing resiliency
- Assessing conviction

RESILIENCY

For each portfolio holding the team makes an assessment of a company's key material risks and opportunities; and ones which may become material over the investment time horizon. The team then makes an assessment of how well these risks are being managed, and the opportunities capitalised on. This resiliency assessment is monitored and updated.

Resiliency scores may rise or fall when a group improves, or, equally, slips in the management of its key issues. Resiliency scores can also change with the prioritisation of new areas or exposures which may or may not be managed effectively. The resiliency score may feed directly into the conviction score for a holding.

PORTFOLIO CONSTRUCTION AND CONVICTION

Conviction in an individual company holding in a fund is a function of a number of variables such as fundamental company specific variables (some of which will be captured in the resiliency score), valuation, macroeconomic factors, and competition for capital in the portfolio.

While the team does not use a set equation for the conviction score, the conviction scores, together with other factors such as liquidity and company size, may have an impact on the weightings of each holding in a fund(s). The rise and fall of the team's conviction scores may also lead to an increase or decrease in a stock's weighting.

RISK MONITORING

Risk monitoring of the team's funds is undertaken by the team and Liontrust's Portfolio Risk Committee (PRC). The PRC meets regularly and, for the Global Fundamental team, reviews the conviction and resiliency scores of the holdings in the team's funds.

GLOBAL EQUITIES TEAM

TEAM FACTS

- The team manages approximately 5% of Liontrust's AuMA (as at the end of December 2024)
- Mark Hawtin leads this 7-member strong team

COMMITMENT TO NET ZERO

The Global Equities team's funds that are committed to net zero are listed in the table below. Note that the fund WACI numbers for the end of 2024 and the end of 2023 are computed with the actual AuMA of the fund in US Dollars as at the end of December for each respective year. This differs from the fund WACI numbers to the end of 2022 when the total AuMA of each fund was assumed to be $1 billion. Liontrust started using actual AuMA figures when the technology allowed for this change and will continue to use actual AuMA to compute WACI numbers so accurate, year-on-year comparisons can be made.

Funds	**Benchmark used for MSCI ESG analysis**	**Benchmark WACI end 2019**	**Fund WACI end 2022**	**Fund WACI end 2023**	**Fund WACI end 2024**	**End 2024 fund WACI lower than 2019 benchmark WACI by**
Global Alpha Fund*	MSCI AC World	185.9	16.0	41.8	26.8	86%
Balanced Fund	MSCI World	168.2	12.4	41.5	45.6	73%
US Opportunities Fund	S&P 500	165.9	–	15.5	27.8	83%
Liontrust GF US Equity Fund**	S&P 500	165.9	18.4	15.5		
Liontrust GF International Equity Fund**	MSCI AC World ex USA	201.7	75.1	53.7		
India Fund	MSCI India	502.8	497.9	664.0	684.2	36% higher
Emerging Markets Fund	MSCI Emerging Markets	315.8	114.5	131.0	250.8	21%
Latin America Fund	MSCI EM Latin America	247.7	240.7	227.4	340.5	37% higher
Japan Equity Fund	Topix Japan	99.8	285.0	97.5	89.1	11%
China Fund	MSCI China	234.0	94.3	94.2	52.9	77%

*The GF Global Equity Fund and Liontrust Global Focus Fund were merged into the Global Alpha Fund in Febuary 2024.

**GF International Equity and GF US Equity closed on 17 October 2024.

The Global Smaller Companies Fund is not committed to net zero due to the lack of carbon data on the Fund's holdings. The Fund has been managed by the Economic Advantage team since January 2025 using their investment process that has been applied to the UK Smaller Companies Fund since 1998.

ENGAGEMENT

The Global Equities team undertakes engagement with holdings and/or potential holdings in part to:

- understand their strategies for managing ESG risks and opportunities, and how these strategies contribute to long-term value creation.
- evaluate the effectiveness of a company's ESG initiatives in enhancing operational efficiency, positive change and stakeholder trust.

Engagement on climate change

During the year, the team engaged its holdings on a variety of climate change-related issues (see examples below).

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
JSW	Power generation	18 September 2024	Renewable energy investments	At the meeting with the company at the Jefferies India Investment Conference in Gurgaon, the team discussed how the management sees 7% growth in country-level power demand, requiring at least 35-40GW of annual capacity addition. Given thermal plants take four to six years to set up, renewable energy will play a significant part in both India's and JSW's investment plans. JSW has a generation portfolio of 10GW today, with 61% renewable capacity, and is aiming to double this capacity to 20GW by 2030, with an exclusively renewable project pipeline featuring wind, solar and hybrid energy. The company is also investing in energy storage solutions, taking capacity from 0GWh today to 40GWh by 2030. This will help to address excess day-time solar production in the country and allow solar to take care of evening peaks. JSW is looking to commission Asia's largest battery storage plant in Rajasthan in the first half of 2025.	None

Engagement on other ESG-related topics

During the year, the Global Equities team engaged holdings on other ESG-related topics, including:

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
Gentera	Microfinance	19/01/24	Regulation – interest rate caps	Gentera generates very high margins by charging high interest rates to economically disadvantaged segments of the population. As such there is often concern about the introduction of interest rate caps, as has happened in Peru. The alternative view is that they are providing credit to customers who couldn't access it elsewhere – by providing working capital loans to very small and informal businesses, they are creating opportunities for these groups to grow their incomes. Interest rate caps at around 80% in Peru resulted in far less competition, as it wasn't profitable for new lenders to enter the market, and reduced lending from incumbents (undermining financial inclusion). The regulator quickly moved them up, now above 100%, which allows Gentera to continue lending but still deters new competition. There doesn't appear to be an imminent risk of rate caps in Mexico. The new government has other priorities and, arguably, being on the left they better understand the segment of the population Gentera serves – the need for credit and the competitiveness versus alternatives (including loan sharks).	None

ADHERENCE TO LIONTRUST'S CONTROVERSIAL WEAPONS POLICY

- Liontrust's controversial weapons policy excludes investment in companies with involvement in cluster munitions, anti-personnel land mines, biological weapons and/or chemical weapons.
- The Global Equities team adheres to this policy.
- The policy is in the People, Planet and Society section of the Liontrust website.

Investment process: developed markets

The Global Equities team uses both fundamental research (what security to buy) and technical research (when and how to buy the security) to create a highly differentiated and robust process in its stock selection.

The team's process is focused on identifying both better and poorer performing companies. To do this, the team uses an initial screening process to reduce the target investment universe and then undertakes in-depth fundamental company analysis on the remaining names. As a core part of the investment process, the team examines the intrinsic value of a company (using discounted cash flow, or "DCF", modelling or by examining companies relative to their peers).

Once the target list of better and poorer performing companies is identified, the team uses technical analysis and risk overlays to construct and manage the portfolios to meet their objective and risk profiles.

The team differentiates itself by separating the two key investment decisions – screening and deep fundamental research – to determine which companies the team wants to gain exposure to (what to buy), and to define when and how to obtain exposure to those companies (when and how to buy) through technical research and risk management.

WHAT TO BUY

The team follows a systematic approach to create a manageable number of investment targets. The team starts with a global equity universe of over 500,000 companies. The team applies a systematic selection screen which uses both quantitative and qualitative criteria such as company market value, average daily turnover and company indebtedness to narrow this universe to what the team consider to be a truly investable universe of around 650 companies.

Long positions

These around 650 companies are subject to the teams proprietary, agentic AI research platform. The use of AI agents allows the team to increase the volume of information researched and the research tool incorporates both top down and bottom-up criteria to filter in or out companies that may be impacted by , for example, changing macro trends, network effects or digitalisation. This helps the team determine what companies could potentially benefit or suffer from the selected criteria, determining inclusion or not into a shortlist of focus companies which generally numbers anywhere from 80 to 100.

This focus list is then subject to rigorous fundamental research relying on detailed analysis and valuation work which includes three key drivers of stock selection:

1. knowing the (sub)industries and key players really well. This is achieved through industry research and the expert network group infrastructure that allows highly targeted sector research.
2. knowing the companies on the focus list intimately. The team does this by engaging with as many companies on a one-to-one basis as possible; building relationships with key management of companies and ensuring management understands the corporate culture and strategic thought processes of the companies they manage.
3. reducing any qualitative or emotional bias by employing an analysis of intrinsic stock valuation. For this, the team uses DCF modelling which estimates the value of an asset based on its expected future cash flows to ascertain whether its current price is undervalued or overvalued. The team views this as the best way to assess the long-term value of a company's business.

An investment target will only be considered for investment if the company value as predicted by the DCF model is higher than the current value (represented by market capitalisation) at the time.

Short positions

The team identifies investments it wants to short through thematic analysis (a research method that organises qualitative data into a series of themes). The team considers short opportunities that complement long ideas and makes pair trades (matching a long position and short position of highly correlated stocks). The team undertakes opportunistic trading that aims to capitalise on short-term market inefficiencies or temporary market dislocations. The team does not have a specific industry or sector focus.

WHEN AND HOW TO BUY

The team uses technical research as a tool for deciding when to invest, how much to invest, and how to manage an active position in its funds. This technical analysis references measures such as share price, volume and relative strength indicators. Together with the fundamental analysis and the team's experience and interpretation of the technical readings, the team forms an opinion on when and how to buy based on a weight-of-evidence approach when applying technical analysis.

The team uses technical analysis for identifying potential long and short investments as follows:

1. Position sizing of equity or equity-related securities of a company;
2. Idea augmentation and diminution (allocating additional monies to an investment);
3. Identifying sell candidates (raising cash for use by the fund);
4. Understanding market structure (landscape analysis); and
5. Creating regular reports and portfolio reviews to keep the team informed and focused on the performance of the fund.

Investment process: emerging markets

The team selects Emerging Leaders through a five-stage process:

ONE DEFINING INVESTABLE UNIVERSE

The first stage is to define each fund's investable universe. The team will only invest in companies doing the majority of their business in the relevant region, be that emerging markets or specific countries for some funds. Companies must have a market capitalisation of at least $500 million at the time of purchase.

TWO IDEA GENERATION

The team screens the universe of investable companies for the quantitative characteristics that they seek, aiming to identify the companies in each sub-sector that are able to generate superior profitability due to an attractive industry structure, management vision and sufficient financial resources. The outsized economic returns allow them to reinvest profits back into the business at attractive rates of return, further increasing the value of the business over time.

THREE COMPANY ASSESSMENT

The team rigorously test the ideas generated. For each stock, the team balance both share price opportunity and business risk elements via their Risk & Opportunity (R&O) Framework. The team assess businesses and management on their potential to adapt to disruptive forces and create shareholder value with a focus on the optionality (latency) in the business within a relative risk framework – this covers structural growth, economic moat, management quality, financial returns and robust balance sheet. The opportunity element involves comparing the current market price against the team's estimate of intrinsic value.

FOUR PORTFOLIO CONSTRUCTION

- Before initiating a new position, a review of the current portfolio enables the team to consider the current risk exposures – this aligns with the philosophy that stock selection drives relative performance and not sector or country allocation.
- Once a stock is selected, the target weight will be determined by the R&O assessment and the level of risk introduced by the stock into the portfolio (both business and share price risk – diversification and volatility). The maximum position size is 5% relative to the relevant benchmark.
- The team's preferred holding period is three to five years. Stocks will generally be sold when the opportunity is fully reflected in the valuation or there is a change or breakdown in the investment thesis.

FOUR RISK OVERLAY

Finally, the team want to ensure that stock specific risk is the predominant driver of overall active risk and that factor exposures are limited. The risk overlay feeds back into the portfolio construction stage and consists of regular reviews of individual active risk exposures, stock specific risk, country and sector active risk, and style risk.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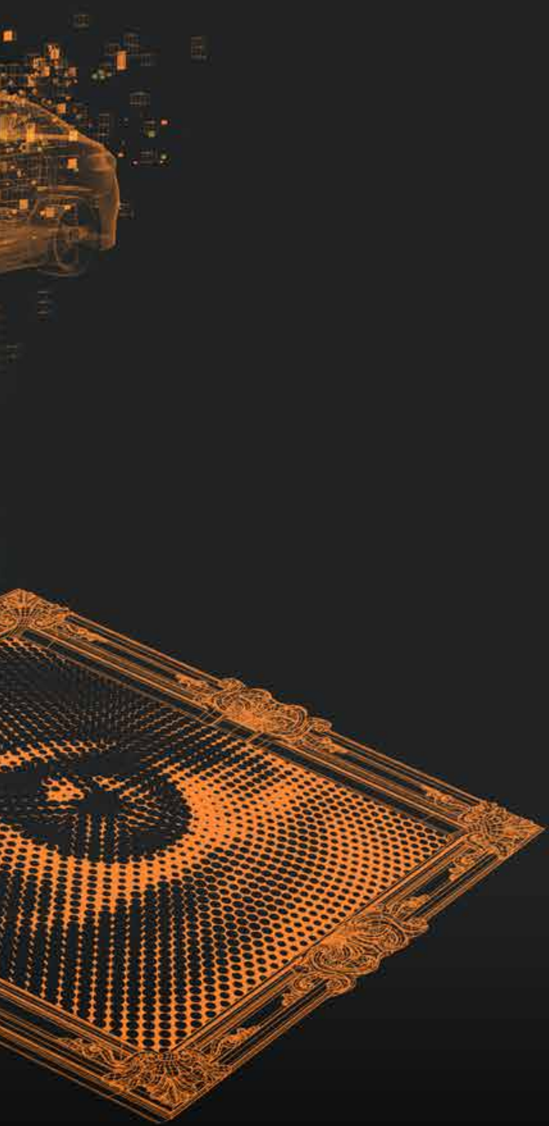


GLOBAL INNOVATION TEAM

TEAM FACTS

- Team manages approximately 4% of Liontrust's AuMA (as at the end of December 2024)
- Team of three headed by Storm Uru and Clare Pleydell-Bouverie
- Team manages the Liontrust Global Innovation Fund, Global Dividend Fund, and Global Technology Fund. Irish-domiciled versions of the three funds were launched in November 2024
- Team's investment process originated in 2017

COMMITMENT TO NET ZERO

The Global Innovation team's funds committed to net zero are listed in the table below. Note that the fund WACI numbers for the end of 2024 and the end of 2023 are computed with the actual AuMA of the fund in US Dollars as at the end of December for each respective year. This differs from the fund WACI numbers to the end of 2022 when the total AuMA of each fund was assumed to be $1 billion. Liontrust started using actual AuMA figures when the technology allowed for this change and will continue to use actual AuMA to compute WACI numbers so accurate, year-on-year comparisons can be made.

Funds	Benchmark used for MSCI ESG analysis	Benchmark WACI end 2019	Fund WACI end 2022	Fund WACI end 2023	Fund WACI end 2024	End 2024 fund WACI lower than 2019 benchmark WACI by
Liontrust Global Innovation Fund	MSCI AC World	185.9	48.5	21.7	36.6	80%
Liontrust Global Dividend Fund	MSCI World	168.2	32.5	35.2	45.3	73%
Liontrust Global Technology Fund	MSCI World*	168.2	16.3	22.9	28.8	80%
Liontrust GF Global Innovation Fund	MSCI AC World	185.9	_	_	36.6	80%
Liontrust GF Global Dividend Fund	MSCI World	168.2	_	_	44.7	73%
Liontrust GF Global Technology Fund	MSCI World*	168.2	_	_	27.3	84%

*The Liontrust Global Technology Fund and the Liontrust GF Global Technology Fund use the MSCI World index for the purpose of tracking their net zero commitment as this index is comparatively less concentrated than the funds' benchmark for performance purposes – the MSCI World Information Technology Index.

ENGAGEMENT PURPOSE/OBJECTIVES

The team engages with its holdings to:

- Primarily understand their innovation, barriers to competition, management quality and returns on invested capital
- Understand other relevant aspects of the business and risks

Engagement on climate change

During the year, the team engaged its holdings on climate change-related issues, including:

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
Costco Wholesale Corporation	Membership warehouse and e-commerce site operator	13 June 2024	SBTi/Paris alignment, progress with 2030 and 2035 targets, net zero target setting, CDP Supply Chain	Costco has not adopted science-based targets but it does use SBTi guidance. The Group is on track to achieve its 2030 and 2035 targets but has decided against setting a net zero target. Costco participated in CDP Supply Chain and believes that it is an effective and helpful initiative. 61% of the Group's top 500 suppliers disclose their emissions to CDP.	None

Engagement on other ESG-related topics

The team also engaged holdings on other ESG related topics, including:

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
Shell plc	Energy and petrochemical company.	1 May 2024	Progress on carbon targets, SBTi, technology, the 'green skills gap', biodiversity	Despite the adjustment of the net carbon intensity target and the removal of the 2035 target, Shell appears to be making progress with its energy transition-related targets and stressed the importance of having and maintaining a net zero by 2050 target. Shell is supportive of the SBTi and intends to have its targets SBTi-approved when a framework for oil and gas is established. In 2023, over half of R&D spend was on transition technology. Energy requirements from AI are becoming an increasing area of focus. Shell is taking several actions in its control framework on biodiversity.	None

ADHERENCE TO LIONTRUST'S CONTROVERSIAL WEAPONS POLICY

- Liontrust's controversial weapons policy excludes investment in companies with involvement in cluster munitions, anti-personnel land mines, biological weapons and/or chemical weapons.
- Global Innovation team adheres to this policy.
- The policy is in the People, Planet and Society section of the Liontrust website.

Global Innovation team's investment process

The Global Innovation team believes innovation is a major driver of companies and stock returns, as has been demonstrated by academic evidence and reflected in the team's own extensive experience.

The team invests in innovative companies with strong growth and barriers to competition. It seeks innovation that creates significant value for customers by driving down the prices or driving up the quality of products. Innovative companies that achieve this can create strong customer demand and a competitive advantage, driving strong stock returns.

The team selects innovative companies through the following four-stage process:

STAGE 1: The team sets its investible universe to only those companies that are listed, liquid (with a market capitalisation above $1billion at the time of purchase) and have the resources to innovate (based on metrics of financial strength).

STAGE 2: The team manages the Global Innovation 200 watchlist, a list of the most innovative companies around the world across all sectors and regions.

Every company that makes it onto the list has four attributes:

1. **Innovation:** Creates value for customers by driving down the prices or driving up the quality of products.
2. **Barrier:** Has strong barriers to competition to capture value for shareholders.
3. **Management:** Has good management with the right incentives to execute.
4. **Return on invested capital:** Can convert its investments in innovation into cash.

The team adds approximately 10-20 new companies to the Global Innovation 200 watchlist each year and removes approximately 10-20 laggards.

STAGE 3: The team identifies the price it is willing to pay for a company using a 10-year discounted cash flow model. The hurdle to invest is an anticipated 15% annual compound return. As part of valuation, the team conducts a risk assessment, including ESG factors.

STAGE 4: The team manages the funds based on the following principles:

- Stock weights are determined by each stock's current valuation upside, risk and contribution to the diversification of the portfolio.
- Portfolio fundamentals are monitored through management meetings, company earnings results and other communication and industry research. Risks are monitored and managed using statistical risk models.
- The team's typical intended holding period is three to five years. Stocks are sold for three reasons: they hit their target price, a better opportunity is identified on the watchlist or there is a breakdown in fundamentals.

The team invests across the innovation life-cycle of companies. It invests in 'innovative leaders' – best-in-class companies continually innovating to stay ahead, generating income and capital growth for shareholders – for income and capital growth.

This approach to investing for income differs from the traditional approach of investing in companies with high dividend yields. The team believes many such companies today face considerable structural challenges due to the pace of innovation and change in the economy and, whilst their high yields are otherwise attractive, present significant risk to investors. The team's approach invests in lower-risk companies delivering both income and capital growth.

The team invests in 'innovative disruptors' – innovative companies with significant growth opportunities – for high long-term capital growth. This approach to growth investing differs from that of general growth investing, which groups innovation alongside other sources of growth. The team believes innovation can create more robust growth with higher long-term profitability, as evidenced by higher returns on invested capital for investments in innovation, enabling strong long-term stock returns.

The team believes the technology sector is the most innovative sector in the economy and can achieve particularly high returns applying its philosophy to investing in this sector. It believes the best technologies dramatically drive down costs for companies and the prices of products for consumers, growing the market, creating a competitive advantage and driving strong stock returns.

The team takes an evidence-based approach to investing and is guided by a robust academic literature studying the positive effect of innovation on company fundamentals and stock returns.

GLOBAL FIXED INCOME TEAM

It was announced on 21 November 2024 that the Global Fixed Income (GFI) team was being integrated into the Multi-Asset team from 1 January 2025. As the teams operated separately for the 2024 calendar year, this section appears separately from that of the Multi-Asset team.

TEAM FACTS

- Team manages approximately 0.4% of Liontrust's total AuMA (as at the end of December 2024)
- Phil Milburn and Donald Philips head this team of three
- The team's investment process has been in place since 2018 when the Liontrust funds were launched

COMMITMENT TO NET ZERO

The GFI team's funds are committed to net zero and are listed below. Note that the fund WACI numbers for the end of 2024 and the end of 2023 are computed with the actual AuMA of the fund in US Dollars as at the end of December for each respective year. This differs from the fund WACI numbers to the end of 2022 when the total AuMA of each fund was assumed to be $1 billion. Liontrust started using actual AuMA figures when the technology allowed for this change and will continue to use actual AuMA to compute WACI numbers so accurate, year-on-year comparisons can be made.

Funds	Benchmark used for MSCI ESG analysis	Benchmark WACI end 2019	Fund WACI end 2022	Fund WACI end 2023	Fund WACI end 2024	End 2024 fund WACI lower than 2019 benchmark WACI by
BOND FUNDS						
Liontrust GF High Yield Bond	ICE BAML Global High Yield Bond	420.2	156.6	125.7	154.0	63%
CONTAINS SOVEREIGN DEBT						
Liontrust Strategic Bond	Bloomberg Barclays Global Aggregate	276.1	124.4	41.5	52.2	81%
Liontrust GF Strategic Bond	Bloomberg Barclays Global Aggregate	276.1	128.2	47.5	64.0	77%
Liontrust GF Absolute Return Bond	Bloomberg Barclays Global Aggregate	276.1	126.9	57.2	55.4	80%

The team engaged its issuers on ESG-related topics, including:

Company	What the group does	Date	Discussion topic(s)	Discussion summary	Impact on investment decision (if any)
Millicom	Produces cable, fixed line, and mobile telecom services in Latin America and Africa	August 2024	Bondholder governance	The team engaged with Millicom management regarding bondholder governance. The company's largest shareholder owned a 29% stake of the company and had made a bid to buy out other shareholders of Millicom. Had the shareholder's bid been successful, they would have owned more than 50% of the group, triggering a Change of Control covenant. This covenant acts as a protective covenant for bondholders. The company tried to remove the covenant for a small fee, but this would not have been suitable for the team; the team did not feel the compensation was attractive enough to accept such a change. The team engaged with the company to say that it thought the suggested changes were aggressive and the fee would not suitably compensate a bondholder to give up protective covenants. On this occasion, despite the team's protestations, the company proceeded with the bondholder vote. Millicom needed a majority of bondholders to vote in favour of the consent for it to go through. The team voted against it and other bondholders gave similar feedback, resulting in a failed vote and no changes going through.	None

ADHERENCE TO LIONTRUST'S CONTROVERSIAL WEAPONS POLICY

- Liontrust's controversial weapons policy excludes investment in companies with involvement in cluster munitions, anti-personnel land mines, biological weapons and/or chemical weapons.
- The team adheres to this policy.
- The policy is in the People, Planet and Society section of the Liontrust website.

Global Fixed Income team's investment process

STEP 1

ESG-RELATED SCREENING

The team excludes from its investable universe bond issuers that have involvement with:

- Controversial weapons (cluster munitions, land mines, biological weapons, chemical weapons, nuclear weapons, white phosphorous/blinding agents and depleted uranium) (zero tolerance)
- Civilian weapons (conventional weapons and weapons systems) (de minimis)
- Tobacco products (including the production, distribution, supply and sale of these) (no more than 5% of annual revenue)
- Thermal coal or own thermal coal reserves (no more than 20% of revenues from this)

Or which are:

- deemed by MSCI to be non-compliant with the Global Compact and which have not provided an acceptable explanation or rationale.

The team also excludes from its investable universe sovereign (government issued) debt that has an MSCI ESG rating of BB or lower (these tend to be emerging market issuers where the fund is not focused)

When considering sovereign debt, the team focuses on G7-issued debt where transparency is high and the rule of law is applied in a consistent manner.

STEP 2

QUALITY HURDLE

Once the screens have been applied, the team undertakes macroeconomic analysis (top down) and examines issuers (bottom up) for indications of high transparency, competitive advantages, access to capital and liquidity, good governance and sustainability factors. The team uses the same framework to garner a thorough understanding of the economic environment and for bottom-up stock analysis: fundamentals, valuations and technicals (FVT). These three factors are examined regardless of whether the managers are considering a duration position or an investment in a speculative grade rated company. For each investment, fundamental, ESG, valuation and technical factors are considered to ensure consistency in decision making and to provide a flexible approach to bond investment. This means that the level of interest rate and credit risk within the portfolio can be expected to vary materially within the cycle.

The team examines a large range of global macroeconomic variables comprising both hard (official economic data) and soft data (forward-looking activity surveys/indicators). This combination is used to challenge the managers' macroeconomic view and ensure central assumptions about growth, inflation and the economic cycle are still valid. Any topical issues, ranging from sovereign crises to commodity price fluctuations, can be reviewed within this context and their potential to have a meaningful impact suitably gauged. The FVT framework is then applied to the main markets in which the team invests. Fundamentals, a first factor, are crucial but cannot be viewed in isolation. Absolute and relative valuations, a second factor, are considered: is a bond or market cheap in its own right, and does it offer value against history or any other fixed income asset? Is the investor being compensated for default risk and is there a sufficient illiquidity premium in credit spreads?

Technicals comprise the third factor and analysis here helps determine the timing of entry into and exiting of positions. The team reviews and analyses sentiment and volatility indicators along with surveys showing investor positioning. Structural distortions, such as central bank quantitative easing, are also considered. The team then conducts a line-by-line review of each of the funds' investments. This ensures that each holding is still applicable given the prevailing macroeconomic backdrop and provides a valuable feedback loop to challenge the team's top-down view. Additionally, this helps the cross-fertilisation of ideas across the funds, both at the stock level and through the interpretation and extrapolation of any of the team's highest-conviction investment ideas. For example, a strong view on interest rates can have meaningful ramifications for banks based in the respective jurisdiction. If a riskier holding is no longer offering a meaningful upside, the team will look to rotate the position into a new opportunity. Should significant new information arise, the team will react quickly to either protect portfolios or take advantage of market dislocations.

Three key sources of portfolio alpha: rates, allocation and selection

The three main drivers for fixed income portfolios are rates, allocation and selection. The three categories have numerous alpha sources underlying them, and the team optimises portfolio positioning by adjusting these sources of risk and return. They can be used to target alpha, beta or risk management depending on a fund's mandate.

Rates

Duration, the interest rate sensitivity of a bond or fund, is one of the biggest traditional drivers of fixed income performance. However, there are so many other levers that can be pulled to aid performance. Yield curve positioning is tremendously useful through the monetary cycle; frequently when short rates rise, longer-dated bonds outperform their shorter-dated cousins (the assumption is the central bank rate rise will reduce longer-term growth). The managers can capture yield curve positions in a duration neutral fashion, thereby prioritising rates' alpha over beta. Cross-market duration trades across developed economies' government bonds are a good alpha source.

As well as conventional fixed income securities, the team can also invest in floating rate debt, which benefits when rates rise, and inflation-linked securities. The difference between the conventional bond and the index linked bond's yield, the breakeven, is another potential performance source.

For core markets, the rates positioning flows straight from the FVT framework. To examine cross-market opportunities and yield curve opportunities, the managers use a quantitative screen. Fundamental and technical analysis is then married with this to evaluate whether the valuation anomaly can easily be used to capture some alpha.

Allocation

Economic conditions rarely hinder all parts of the fixed income universe. For example, areas with higher credit risk react positively to strong growth, whereas this is a headwind for quality sovereign debt. The managers use quantitative screens, as well as their experience of managing through the cycle, to aid in identifying opportunities. Key to managing through the cycle is avoiding accumulations of sustainability and thematic risk such as exposure to energy prices, changing technologies or financial sector contagion. Examples of sectors that may be removed from the investment universe on the basis that they pose too great a sustainability risk are weapons and arms, tobacco and coal.

Selection

In judging whether a company is an attractive long-term investment, the managers analyse the following factors, which they call their PRISM:

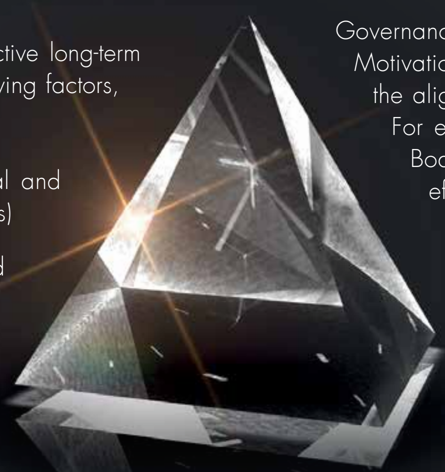
P = Protections (which include operational and contractual, such as structure and covenants)

R = Risks (such as credit, business and market)

I = Interest cover (leverage and other key ratios)

S = Sustainability (ESG component)

M = Motivations (ESG component covering ownership and governance)



The Sustainability or S part of the PRISM contains another ESG component in the team's investment process. The team analyses the ESG-related processes undertaken by the issuer.

Environmental and social factors include:

1. environmental risks and resulting contingent liabilities (which should feature as part of any credit analysis)
2. the Board and overall employee mix of an issuer is examined for its diversity
3. relationships with customers; this is analysed as part of the broad understanding of how all stakeholders are treated
4. the accumulation of thematic risks (during portfolio construction, the team seeks to avoid this as it can increase a bond fund's exposure to downside risk, like defaults and stressed prices).

Examples of thematic risks include:

– Commodity price risk in the energy sector where companies are typically highly correlated to the oil price. A rise or fall in the oil price can create a risk or fall in concert based on one exogenous factor.

– Orphan finance risk faced by the coal industry. Investment in companies which have a large part of their revenue coming from the production of coal stand to be cut off from financing options going forward.

– Disruption from technological obsolescence risk.

Governance factors (which are also included in the Motivation or M part of the PRISM analysis) include: how the alignment of interests specifically impacts creditors. For example, investors don't normally consider small Boards lacking independence to be demonstrative of effective governance. Yet creditors may appreciate owner-managed businesses and the care and diligence that can come with a high degree of employee ownership.

BIASES IN THE TEAM'S FUNDS AS A RESULT OF THE INVESTMENT PROCESS

The GFI team tends to invest in high-quality issuers which are or demonstrate:

- high levels of transparency (for both historical data and the strategic direction of the companies it lends to)
- public market businesses (within its bond issuers)
- a strong competitive advantage
- high market capitalisation, which also tends towards greater access to capital and liquidity

The team's funds tend to avoid or be underweight:

- the parts of the market with lower-quality credit ratings
- all commodity cyclical sectors, including energy, mining, metals and chemicals (these tend not to have much competitive advantage and can have exposure to ESG-related risks)
- large aggregate exposures to combustion engines and bricks-and-mortar retailers

MONITORING MANAGERS AND SERVICE PROVIDERS

PRINCIPLE 8: Signatories monitor and hold to account managers and/or service providers.

LIONTRUST'S WORK WITH SUPPLIERS

In carrying out its function as an asset manager, Liontrust works with a number of suppliers. These include ESG data providers, trading platforms, research providers for investment-related information, proxy voting platforms, back-office service providers, audit, legal, marketing agencies and other services.

This section focuses on the relationship Liontrust has with its most significant service providers (defined in terms of annual expenditure), its oversight and management of these contracts relating to ESG and the quality of the service the suppliers provide.

For ESG-related data and proxy voting services, the Group uses MSCI and ISS respectively.

HOW LIONTRUST WORKS WITH SUPPLIERS

Liontrust, which has a procurement policy and process, maintains a counterparty and selection process to govern how it manages its relationship with each supplier. The Group uses a risk approach to managing a counterparty, with more significant relationships receiving more oversight. For example, the Group's banks are subject to a credit review on (at least) a monthly basis and are integrated into Liontrust's operational resilience planning.

The Group has set up an Operations and Outsource Oversight committee to formally oversee the relationship with its outsourced providers. Liontrust's relationships with other suppliers are managed by the relevant department but always subject to requisite compliance, legal and risk oversight. The designated individual keeps in close contact with each supplier and monitors and assesses the cost, timeliness and quality of the service provider's work, and feeds back to the supplier on its performance. In most cases, the supplier (on their side) has a relationship manager who oversees their company's relationship with Liontrust. Engagement is generally undertaken with this person first and escalated, if needed.

SUPPLIER SELECTION

As part of the selection process, Liontrust expects to engage with at least three potential suppliers and undertakes due diligence to ensure the Group receives what it needs and has contracted for from each supplier. Appropriate controls are in place for this selection, including due diligence on anti-bribery and slavery policies. Inevitably, there are times when service providers do not meet Liontrust's expectations in terms of their work. If these instances happen repeatedly, Liontrust engages with the supplier to understand what the issues are, if solutions can be found, and what the Group can expect from the supplier going forward.

COMMUNICATING WITH SUPPLIERS

Liontrust communicates regularly and clearly with its suppliers, including those that provide ESG data and related services, to ensure they understand what and how the data they provide is used by Liontrust. This communication takes place during regular catch ups, if and when problems arise, and during annual meetings. Liontrust makes specific requests of its suppliers that provide ESG data – in terms of its breadth, scope, accuracy and storage – to enable the Group to fulfil the ESG data needs of its investment teams and reporting requirements.

Engagements Liontrust undertook with ESG-related suppliers in 2024

MSCI

Liontrust uses MSCI ESG Manager and MSCI One for a range of services, including licencing for benchmarking and for the provision of ESG-related data and information. During 2024, Liontrust engaged with MSCI to discuss:

- Streamlining the various contracts that Liontrust had with MSCI covering a range of ESG-related data
- Effective ways of obtaining and extracting information from MSCI's platform
- Additional information on specific ESG metrics

MSCI continued to be helpful in its responses to and services from Liontrust's perspective. While not all queries were resolved as quickly as may have been hoped, MSCI's client servicing was effective in terms of assisting Liontrust with its ESG data-related questions.

ISS

In 2024, Liontrust continued to engage with ISS, its proxy voting research provider and platform. Throughout the year, Liontrust found ISS to be responsive and constructive in its approach to resolving proxy voting related questions. Liontrust considered whether it wanted to make any changes to the Group's custom voting policies on the back of updated policy options received from ISS. During the year, ISS provided Liontrust with training on how best to use existing features on the platform that could help the Group with reporting.

ENGAGEMENT

PRINCIPLE 9: Signatories engage with issuers to maintain or enhance the value of assets.

2024 ENGAGEMENT STATISTICS

As active fund managers, Liontrust's investment teams meet and engage with current and prospective investee companies each year. In 2024, Liontrust's investment teams undertook:

- a total of 817 engagements with 472 different companies spanning a range of issues, including those that are ESG-related and material in the view of the teams' investment processes.

DEFINITION OF ENGAGEMENT

In terms of its investments, Liontrust sees engagement as an in-person or virtual meeting, or any written correspondence with a potential or current holding for the purposes outlined below.

Engagement can also be with a government, government bodies, NGOs or other groups and associations that represent or play a part in the financial sector.

WHO ATTENDS

For company meetings, these usually consists of representative(s) from Liontrust investment team(s) and/or representatives from the Product, Stewardship and Governance team undertaking the engagement on behalf of an investment team. Engagement meetings undertaken in 2024 by the investment teams or on their behalf were attended by investee companies' board members, senior management, investor relations and/or experts within the companies.

For engagements with government, government bodies, NGOs, or other groups and associations that represent or play a part in the financial sector, Liontrust employees from different departments may attend to speak with heads or knowledgeable employees of the external group.

PURPOSE OF ENGAGEMENT

Liontrust's investment teams undertake engagement with companies (or with fund managers in the case of the Multi-Asset team) in part to:

- Understand the financial, operational and/or governance-related status and issues of the investment(s)
- Follow up, express concern and/or provide feedback to holdings on specific issues and/or on their management of specific issues/areas
- Encourage holdings to take specific (or general) steps to manage critical issues, events and/or exposures better

Engagement may also be undertaken with government, government bodies, NGOs, or other groups or associations in the financial sector for the purpose of:

- Maintain and/or improve the (longer-term) value of the holding
- Supporting or explaining concerns around a particular regulatory requirement or proposal
- Finding out how the market, in general, is responding to particular regulatory changes or frameworks

DISCUSSION TOPICS

The investment teams' engagements with current or potential holdings in 2024 covered a range of topics, including financial performance, balance sheet strength, group strategy, remuneration, board structure, climate change, energy transition, supply chain oversight, human rights and other financial and/or ESG-related issues. Liontrust also published by topic some of the engagements undertaken by its investment teams.

ENGAGEMENT PRIORITIES

Each of Liontrust's investment teams follows its own distinct investment process and sets its own engagement priorities. An explanation and examples, where available, of how each team prioritises engagement prior to holding, monitoring throughout the holding, and exiting investee companies are set out in the section on Principle 7 of this report. Generally, engagements are prioritised by each team based on their individual process and how they define the materiality of any particular issue.

ENGAGEMENT BY INVESTMENT TEAM

During the relevant reporting period, Liontrust had eight investment teams. To simplify this report, Liontrust has consolidated all information relating to each team. Details can be found about the engagement of each of Liontrust's investment teams in the section on Principle 7.

COLLABORATION

PRINCIPLE 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

COLLECTIVE/COLLABORATIVE ENGAGEMENTS

In 2024, Liontrust undertook collective engagement. Groups with which Liontrust collaborated for engagement purposes included:

- NZEI (Net Zero Engagement Initiative)
- Nature Action 100
- Workforce Disclosure Initiative

ENGAGEMENT AREAS

Engagement on net zero

Liontrust continued engaging holdings on their net zero goals and strategies in 2024. In many instances, these engagements were undertaken by the investment teams as part of wider engagement they had with holdings on material issues. In 2023, Liontrust reported that it had begun asking companies about their interim targets for net zero, any links to remuneration for carbon reductions, and how they see their net zero commitment going forward. In 2024, the investment teams engaged holdings on their material climate-related risks. This included encouraging those companies without current commitments to science-based targets to consider setting these to be better aligned with the Paris Agreement. (Liontrust's own net zero targets have been approved by SBTi.)

ESCALATION

PRINCIPLE 11: Signatories, where necessary, escalate stewardship activities to influence issuers.

ENGAGEMENT ESCALATION

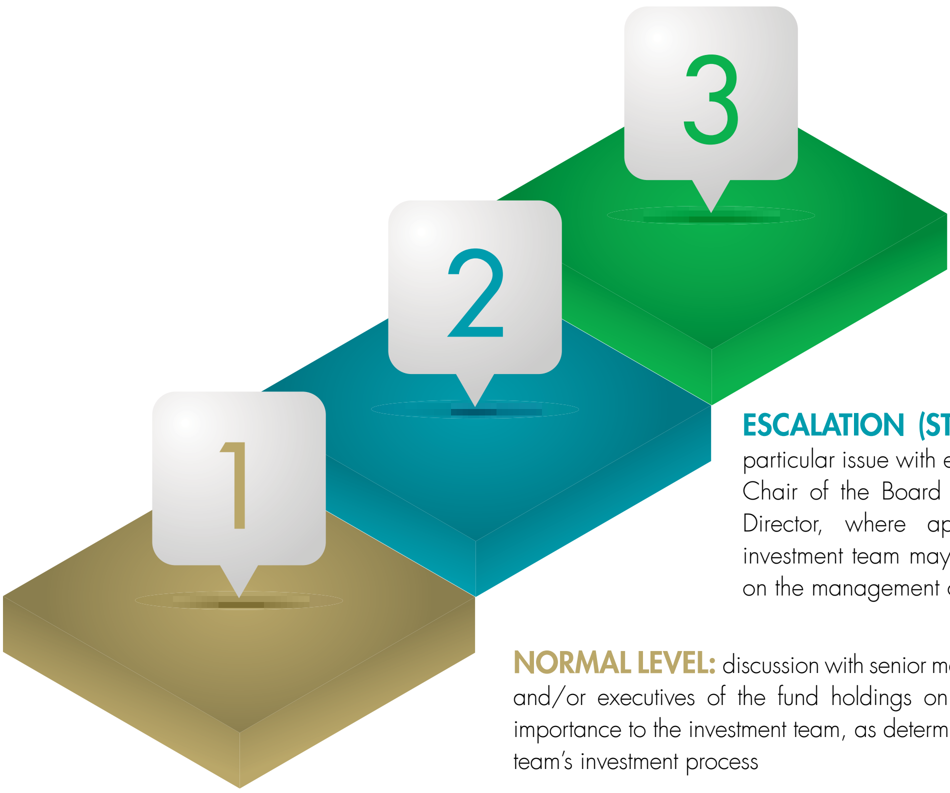
ESCALATING ISSUES WITH COMPANIES

The escalation of issues with companies is determined by and is in keeping with each team's investment process. When an investment team escalates engagement with a holding, this may be because:

- the holding, for any number of reasons, did not provide satisfactory information during previous engagement(s) on a particular issue or topic
- the exposure of a holding to a particular issue, for which engagement has been undertaken, has increased, posing potentially greater concern around the investability and/or profitability of the holding
- the team considers shareholder value to be threatened or at risk for a particular reason or due to a particular issue

WHAT ESCALATION MIGHT LOOK LIKE

For those teams whose investment processes incorporate an escalation approach for engagement, the following illustrates this (although each investment team may have its own escalation process):



ESCALATION (STEP 3): In cases when a desirable outcome is not achieved through escalation, then Liontrust's investment teams may choose a stronger stance, with continued engagement with the executives of the holding.

ESCALATION (STEP 2): focused dialogue on a particular issue with executives (which may include the Chair of the Board and/or the Senior Independent Director, where appropriate) of a holding; the investment team may state its preference or feedback on the management of a particular issue

NORMAL LEVEL: discussion with senior management and/or executives of the fund holdings on matters of importance to the investment team, as determined by the team's investment process

Some issues may take a number of years to resolve. When an investment team decides to remain invested, it may choose to reduce the weighting in the holding if escalation does not seem to be having an effect. The investment team will continue to monitor the issue.

EXERCISING RIGHTS AND RESPONSIBILITIES

PRINCIPLE 12: Signatories actively exercise their rights and responsibilities.

PROXY VOTING

PROXY VOTING AUTHORITY AND RESPONSIBILITY

Liontrust is committed to voting its proxies in every case where it has the authority to do so. The Group has the authority to vote proxies for its pooled funds and for segregated clients who have delegated voting responsibility to Liontrust as stipulated within Investment Management Agreements. More information is available below on how Liontrust monitors its voting rights.

PROXY VOTING PROVIDER

Liontrust's investment teams utilise the services of ISS to vote their proxies.

PROXY VOTING PROCESS

In March 2024, the administration of voting proxies moved to the Operations team. This team sends the voting notices, research and deadlines to the respective investment teams who, in turn, notify the Operations team should they wish to override ISS' (or the policy's) vote recommendation.

The Product, Stewardship and Governance team uses the voting records maintained by ISS to complete client surveys and questionnaires about the proxy voting results of an investment team or of the Group over specified time periods.

LIONTRUST'S VOTING POLICIES

Liontrust's investment teams follow one of two proxy voting policies:

- The Sustainable Investment team follows the Custom voting policy
- All other Liontrust investment teams follow the Benchmark voting policy

The difference between these two policies lies in the fact that the Sustainable Investment team's proxy voting policy generally has stricter guidelines for areas such as women on boards. These stricter expectations reflect the team's investment process.

PUBLISHING PROXY VOTING POLICIES AND RECORDS

Liontrust's proxy voting policies and records are published on in the People, Planet and Society section of the corporate website on a quarterly basis, one month in arrears.

DECIDING HOW TO VOTE

Liontrust's investment teams follow their distinct investment processes through the life cycle of a holding. Each team engages its holdings as it sees fit under its investment process. These processes and engagements may (and frequently do) impact the way a team votes its proxies.

TAKING CLIENTS' VIEWS INTO ACCOUNT WHEN VOTING

For segregated mandates, clients may have greater influence over voting decisions. This is mutually agreed between the client and the investment team managing these assets. Agreements on this matter may be included in the Investment Management Agreement.

For pooled funds, clients cannot override the vote instruction made by the relevant fund manager but are welcome to direct voting in their segregated mandates.

FEEDBACK TO INVESTEE COMPANIES ON PROXY VOTES

Liontrust's investment teams may choose to feed back to investee companies on how they've chosen to vote. Typically, the teams do not engage holdings on how the teams have voted before the voting deadline but may do so once the deadline has passed.

Feeding back to companies on how a team has voted and the reasons for the vote may help the investee company align of resolutions with shareholder interests in the future.

PROXY VOTING STATISTICS

There is no top-down, house view dictating how Liontrust publishes its proxy voting statistics .

Group level voting 2024

	Total number	% of votable proposals
Proposals voted	11,337	97.19% Δ
Votes FOR	10,215	90.10% Δ
Votes AGAINST	818	7.22% Δ
Votes to ABSTAIN	221	1.95% Δ
Votes to WITHHOLD	66	0.58% Δ
Votes WITH management	10,398	91.72%
Votes AGAINST management	939	8.28%
Votes WITH policy	11,227	99.03%
Votes AGAINST policy	110	0.97%
Votes on Shareholder Proposals	274	2.42%

Δ 2024 data are subject to independent limited assurance under ISAE (UK) 3000 and ISAE 3410. The assurance report provided by KPMG can be found at the end of this report.

Group level voting statistics by topic 2024

	Proposals voted (total)	% of votable proposals
Audit-related	840	7.20%
Capitalisation	1,316	11.28%
Company articles	183	1.57%
Compensation	1,230	10.54%
Corporate Governance	21	0.18%
Director election	4,857	41.64%
Director-related	842	7.22%
E&S blended	42	0.36%
Environmental	37	0.32%
Miscellaneous	95	0.81%
Mutual funds	5	0.04%
No Research	19	0.16%
Non-routine business	147	1.26%
Routine business	1,283	11.00%
Social	168	1.44%
Strategic transactions	103	0.88%
Takeover-related	149	1.28%
Total	**11,337**	**97.19%**

Investment team voting statistics

Team	Total votes cast	Votes FOR	Votes AGAINST	Votes WITHHELD	Votes to ABSTAIN	Votes AGAINST Management	Votes AGAINST Policy
Sustainable Investment	2411 (99.71%)	2093 (86.56%)	234 (9.68%)	13 (0.54%)	67 (2.77%)	304 (12.57%)	44 (1.82%)
Economic Advantage	2444 (100%)	2360 (96.56%)	44 (1.80%)	10 (0.41%)	26 (1.06%)	79 (3.23%)	50 (2.05%)
Multi-Asset	541 (99.82%)	532 (98.15%)	5 (0.92%)	0 0%)	4 (0.74%)	7 (1.29%)	1 (0.18%)
Cashflow Solution	1474 (100.00%)	1388 (94.17%)	84 (5.70%)	0 0%)	2 (0.14%)	75 (5.09%)	0 0%)
Global Fundamental	1578 (99.68%)	1541 (97.35%)	28 (1.77%)	0 0%)	9 (0.57%)	28 (1.77%)	7 (0.44%)
Global Equities	4468 (97.94%)	3938 (86.32%)	398 (8.72%)	10 (0.22%)	116 (2.54%)	389 (8.53%)	10 (0.22%)
Global Innovation	1260 (97.22%)	1064 (82.10%)	153 (11.81%)	39 (3.01%)	2 (0.15%)	181 (13.97%)	0 0%)

Notes on information and statistics

- In 2024, Liontrust voted at 99.04% (931 of 940) of votable meetings. This amounts to 97.19% (11,337 of 11,665) of votable proposals. Additionally, 41.95% of meetings saw one or more votes against management.
- Information and statistics used are generated from Liontrust's proxy voting platform, ISS. Due to the way in which the ISS reports are run on the ISS Proxy Exchange platform, meetings across all account groups are extracted, meaning that discrepancies in totals may arise.
- There are instances in which different investment teams at Liontrust hold votable shares with the same company. This may result in the investment teams voting differently from each other on a particular resolution. In these situations, the individual unique vote for the resolution is counted once under each of the voting outcomes. The resolution itself is counted once as an eligible resolution. This results in the sum of the percentage of meeting resolutions/proposals voted for, against, abstain and withheld being over 100%.
- Note: Instructions of do not vote are not considered voted; Frequency on Pay votes of one, two or three years are only reflected statistically, where applicable, but are present in the underlying detail; and in cases of different votes submitted across ballots for a given meeting, votes cast are distinctly counted by type per proposal where total votes submitted may be higher than unique proposals voted.

Shareholder filed proposals

Liontrust's investment teams understand that shareholder resolutions encompass a wide range of issues. The investment teams assess shareholder proposals on a case-by-case basis, considering their materiality and relevance to any investment concerns.

- The investment teams will consider supporting non-binding shareholder resolutions if the broad purpose of the proposal is aligned with Liontrust's voting policy or addresses potential improvements for the investee company.
- For binding resolutions, Liontrust's investment teams prefer that a proposal is proportionate, in shareholder interests, focused on improving the reputation and quality of a company's operations and practices, and aligned with Liontrust's policy.

When a company receives a shareholder proposal related to an environmental and/or social issue, Liontrust's investment teams will consider the robustness of the company's existing disclosures and consider how the company is currently managing the related issue(s) in determining how to vote. Vote instructions may be determined on a case-by-case basis.

In 2024, the investment teams did not support certain proposals for a variety of reasons. For example, shareholder proposals may have been regarded as being too didactic or arbitrary, divergent from the existing company strategy, or at times unnecessary as the company may have already actioned what the proponent was requesting.

ENGAGEMENT ON PROXY VOTING

CONVERSATIONS WITH INVESTEE COMPANIES

Liontrust's investment teams carried out engagement with investee companies during 2024 in line with their investment processes. For example, the Economic Advantage team met with the management of Netcall regarding governance arrangements and priorities when adding a new NED to the Board. The team voted accordingly at the AGM to support the company in its chosen approach.

Conversations with clients

Liontrust provided voting data to clients on request, such as via Request for Proposals (RFPs) and Due Diligence Questionnaires (DDQs).

Conversations with ISS

Liontrust engaged regularly with ISS during the course of 2024 to:

- Understand how to use the ISS platform to report more effectively for clients on proxy voting
- Update the Custom and Benchmark policies used by the investment teams
- Report along N-PX as required for 13F filers, of which Liontrust is one. This was a new requirement from the SEC (the US regulatory body for investment) and was effective from 31 August 2024. Even though Liontrust dropped its SEC registration in July 2024, the requirement to report is for 13F filers and is not dependent on SEC registration
- Renegotiate the Group's contract for proxy voting services

As in previous years, Liontrust found ISS to be extremely helpful in supporting the team and the wider Group with proxy voting matters. ISS continued to be effective in their client servicing, timely in the group's responses to Liontrust's queries, and knowledgeable of regulation in terms of N-PX reporting and other services.

Monitoring voting rights

Liontrust exercises its rights by aiming to vote actively on its equity holdings whenever possible. The Group considers this to be a key element in fulfilling its fiduciary duty to clients while also supporting effective corporate governance practices of investee companies.

Liontrust's Operations team sends research from proxy advisor, ISS, to the fund manager responsible for the holding prior to the cut-off date for a vote. Fund managers retain the right to change vote instructions on a case-by-case basis in advance of the cut-off date for a vote. For example, fund managers may choose to change a vote instruction following engagement with a company and/or subsequent holistic analysis of the vote recommendation.

SIGNIFICANT VOTES

Liontrust defines a 'significant vote' as follows:

- Where there is a vote against management
- Where there is a contentious vote – defined as where the voting recommendations of management and ISS are different. This could be about remuneration, board composition, director elections or other topics.

In 2023, Liontrust included the size of holding (where Liontrust funds hold more than 5% of a company's market capitalisation) to be a factor. However, in reporting to clients on significant votes, the vast majority of the examples that Liontrust provided were based on votes against management. Therefore, the holding percentage factor was removed from the definition of what constitutes a significant vote.

Examples of significant votes, by investment team:

SUSTAINABLE INVESTMENT

Company	TransMedics Group, Inc
Meeting type	Annual
Date of vote	23/05/2024
Why vote is considered significant	Vote against management in relation to the election of a director
Proposal summary	Elect Director Edward M. Basile
Vote instruction	Against
Liontrust Voting Policy recommendation	For

Voting rationale: The team voted against the re-election of the Chair of the Nomination Committee because the Company is a constituent of the Russell 3000 and its Board is composed of 25% women (less than the team's minimum threshold on gender balance).

The team updated its 2024 voting policies on diversity and, in some regions of the world, this is now more stringent. Full voting policies are available on the Liontrust website.

Liontrust exercises its rights by aiming to vote actively on its equity holdings whenever possible

ECONOMIC ADVANTAGE

Company	Hargreaves Lansdown Plc
Meeting type	Special
Date of vote	14/10/2024
Why vote is considered significant	Vote against management in relation to the acquisition of Hargreaves Lansdown Plc
Proposal summary	Approve Matters Relating to the Recommended Final Cash Acquisition of Hargreaves Lansdown plc by Harp Bidco Limited
Vote instruction	Against
Liontrust Voting Policy recommendation	For

Voting rationale: The Economic Advantage team believed the offer undervalued the company and was not supportive of the structure, which meant that the founders were able to roll their stock.

CASHFLOW SOLUTION

Company	Forbo Holding AG
Meeting type	Annual
Date of vote	05/04/2024
Why vote is considered significant	Vote against management in relation to a director re-election
Proposal summary	Re-elect Vincent Studer as Director
Vote instruction	Against
Liontrust Voting Policy recommendation	Against

Voting rationale: The team voted against the re-election of Vincent Studer due to a lack of independence.

GLOBAL FUNDAMENTAL

Company	Ashtead Group Plc
Meeting type	Annual
Date of vote	04/09/2024
Why vote is considered significant	Vote against management in relation to remuneration
Proposal summary	Approve Remuneration Policy
Vote instruction	Against
Liontrust Voting Policy recommendation	Against

Voting rationale: The team voted against the remuneration policy as the extent of the proposed changes was considered excessive and not in line with UK market practice.

GLOBAL EQUITIES

Company	Meta Platforms, Inc.
Meeting type	Annual
Date of vote	29/05/2024
Why vote is considered significant	Vote against management in relation to a director election
Proposal summary	Elect Director Peggy Alford
Vote instruction	Withhold
Liontrust Voting Policy recommendation	Withhold

Voting rationale: The team voted to withhold regarding the election of Peggy Alford due to concerns around executive pay and the multi-class structure.

GLOBAL INNOVATION

Company	Arm Holdings
Meeting type	Annual
Date of vote	11/09/2024
Why vote is considered significant	Vote against management in relation to the employee stock purchase plan
Proposal summary	Approve Employee Stock Purchase Plan
Vote instruction	Against
Liontrust Voting Policy recommendation	Against

Voting rationale: The team voted against the employee stock purchase plan due to concerns around diluted voting power.

DIVERSIFIED REAL ASSETS FUND

Foresight Group was appointed the sub-investment manager and sub-distributor of the Liontrust Diversified Real Assets Fund (DRAF) in February 2025

Company	American Tower Corporation
Meeting type	Annual
Date of vote	22/05/2024
Why vote is considered significant	Vote against management in relation to a shareholder proposal
Proposal summary	Reduce Ownership Threshold for Shareholders to Call a Special Meeting
Vote instruction	For
Liontrust Voting Policy recommendation	For

Voting rationale: The team voted for the reduced ownership threshold for shareholders to call special meetings as it would be beneficial for existing shareholder rights.

EXAMPLES OF SPECIFIC TYPES OF VOTES

Liontrust's teams cast various types of votes, including the following examples in 2024:

Type of vote	Example
A vote against the Board	The Cashflow Solution team for Forbo's AGM (see page 134)
A vote against a shareholder resolution	In May 2024, the Global Fundamental team voted against a shareholder resolution at Thermo Fisher Scientific Inc. in relation to the adoption of a simple majority vote requirement. This was in line with management recommendations
A vote that was not in line with Liontrust's voting policy	The Economic Advantage team for Hargreaves Lansdown Plc's Special Meeting (see above)
A vote that was withheld	The Global Equities team for Meta Platforms, Inc's AGM (see page 135)

AGM OUTCOMES OF RESOLUTIONS

Liontrust investment teams monitor the outcomes of resolutions that they vote. Frequently, clients, in their proxy voting questionnaires, request information on whether or not a vote was passed. This information is provided online when it is available.

FIXED INCOME AND VOTING

Liontrust has two fixed income teams:

- the Sustainable Fixed Income Investment team (which is part of the Sustainable Investment team)
- the Global Fixed Income Investment team, which integrated into the Multi-Asset team on 1 January 2025.

Both teams vote on corporate actions in relation to their portfolio holdings. These may involve minor amendments to existing indentures or, on occasion, decisions on accepting terms for tender arrangements.

The Liontrust Sustainable Fixed Income team's focus is predominantly on investment grade issuers and, given the size of assets under management in corporate bonds, it is unlikely to be invited to initial discussions on transactions and the structuring of new corporate bond issues.

FIXED INCOME AND ENGAGEMENT

The Liontrust Sustainable Fixed Income team engages with its holdings on material ESG issues and about controversies that have arisen. For example, in 2024, the team continued engaging with two UK water companies held in the Sustainable Future Corporate Bond and Managed funds where it is challenging them on their performance and closely linking remuneration incentives to environmental performance.

Liontrust's Global Fixed Income team, as part of its investment process, engages with holdings on its PRISM factors – please see the description of its investment process on pages 118 to 119. It uses PRISM to assess whether a company is an attractive, long-term investment.

- The 'S' stands for Sustainability
  - Environmental and social factors
  - The team seeks to invest in issuers that can service their debt beyond the maturity of any bonds purchased and which are not subject to large contingent liabilities or technological disruption
- The 'M' stands for Motivation
  - The team assesses good governance by looking at how the interests of the managers and owners of a company are aligned with bond investors
  - The team's preference is to invest in issuers where owners and management are aligned with the success of the company over the long term and where management's motivations are aligned with those of bondholders

STOCK LENDING AND RECALL

Liontrust operates a stock lending programme when it believes it is in the best interests of investors or it is requested by clients. If stock has been loaned, then the fund manager gives up the voting rights and must recall the loaned stock to vote.

Liontrust's Operations team aims to recall stock, whenever possible, through the relevant custodian prior to a meeting deadline. The team also restricts stock being loaned when it is aware of an upcoming meeting.

ISSUES RELATING TO PROXY VOTING IN 2024

During the year under review, there were no proxy voting issues encountered.

REPORTING CRITERIA

The reporting criteria against which subject matter assertions are reported is noted below.

KPMG LLP were engaged to perform an independent limited assurance engagement under ISAE (UK) 3000 and ISAE 3410 over selected information contained within the Liontrust Stewardship Report for calendar year 2024 marked with the symbol △.

The data were provided by relevant teams at Liontrust, including HR, Facilities and Finance, and was collated by the Product, Stewardship and Governance team for inclusion in the report.

Reporting criteria for gender diversity

Background

The information used to derive the gender diversity numbers is extracted from Liontrust's HR system 'Moorepay' where there are two categories Male and Female, as per the HMRC stipulation for payroll purposes. This data are collected at the point of hire or as a transfer of data from companies Liontrust has acquired. Gender status is validated against passports and self-certification by employees. Figures reported are on headcount.

The Liontrust human capital data are for the calendar year 2024.

Metric

Gender split overall (employees and partners).

Scope and definition

All employees and partners of the Liontrust Group as at 31 December 2024.

The criterion for an employee is someone who is given an employment contract from the Company and is subject to and protected by the various employment legislation; does not include contracted staff. For members of a limited liability partnership (LLP), this is by invitation by the LLP members and is a limited liability partnership agreement between the applicable LLP and Individual Members.

Metric

Gender split by employees

Scope and definition

All employees of Liontrust as at 31 December 2024

Metric

Gender split by Partners (Members of the LLPs in the Liontrust Group)

Scope and definition

All partners (Members of the LLPs in the Liontrust Group) as at 31 December 2024

Metric

Gender split by Board

Scope and definition

All members of the Board of Directors of Liontrust Asset Management Plc as at 31 December 2024

Reporting criteria for annual proxy voting

In preparing proxy voting figures for the calendar year (1 January to 31 December 2024), LIP reports on the percentage of eligible meetings voted, and the percentage of meetings where Liontrust voted at least once against management or abstained on a meeting resolution, percentage of meeting resolutions Liontrust voted for, against, abstained on and withheld on.

KPMG is engaged to provide independent limited assurance over the figures of the percentage of eligible meetings voted, percentage of meeting resolutions/proposals voted for, against, abstain and withheld for the calendar year.

Resolutions/Proposals	Resolutions/proposals are used interchangeably and refer to all agenda items presented at either an AGM or Special Meeting (to include Court meetings) by both management and shareholder proposals.
'Eligible' meeting	Where Liontrust portfolios hold votable shares in underlying publicly listed companies, Liontrust is eligible to exercise voting rights at shareholder meetings.
For/Against/Abstain/Withhold	For – Refers to a vote instruction in favour of a management or shareholder proposal, where Liontrust is satisfied with the components of the proposal. Against – Refers to a vote against a management or shareholder proposal, where Liontrust is not satisfied with the components of the proposal. Abstain – Refers to a proposal where Liontrust chooses to not exercise its voting right. Withhold – Refers to a vote instruction of a management or shareholder proposal, where Liontrust is not satisfied with the components of the proposal – only relevant where there is not a voting option for an 'against' vote.
ISS Proxy Analysis and Benchmark Policy Voting Recommendations ('ISS research')	ISS research refers to the research report received from ISS outlining its analysis of each management and/or shareholder proposal of an AGM/Special Meeting.
Liontrust Custom Policy	Liontrust Custom Policy refers to the bespoke geographical voting policies as defined under "relevant jurisdiction" below.
Liontrust Custom Research	Liontrust Custom Research refers to the research report received from ISS adopting Liontrust Custom policies to each management and/or shareholder proposal of an AGM/Special Meeting.
Relevant jurisdictions	Jurisdictions for the purpose of voting policies will capture the geography/country of the domiciled country of the underlying publicly listed company. Liontrust operates five geographical voting policies to cover: • UK (FTSE 350) and Ireland (ISEQ20) • UK FTSE small cap and AIM • Europe[1] excl. UK & Ireland • US and Canada • Rest of the World[2]

1 Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Cyprus, Denmark, Estonia, the Faroe Islands, Finland, France, Germany, Greece, Greenland, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Spain, Slovakia, Slovenia, Sweden and Switzerland.

2 Markets under the Liontrust Custom Rest of the World Policy: Argentina, Australia, Brazil, Cayman Islands, Chile, China, Colombia, Hong Kong, India, Indonesia, Israel, Japan, Korea, Latin America, Malaysia, Mexico, New Zealand, Peru, Philippines, Russia, Singapore, South Africa, South America, Taiwan and Thailand.

Process behind data collection, collation and validation

Information for this reporting is derived from the ISS Proxy Exchange platform based on information for meetings held in the 2024 calendar year.

To derive the vote statistics for the year, Liontrust liaised directly with ISS and received a data file containing the relevant proxy voting information. Certain data points from this file are included in the Stewardship Report. All institutional and custodian accounts are accounted for and closed accounts are excluded. New funds are added when the relevant investment team notifies the Operations team, which provides instruction to both the Custodian and ISS for the account set up.

Liontrust investment teams adopt the following voting policies:

Investment team	Policy adopted
Sustainable Investment	Liontrust Custom Policy
Economic Advantage	ISS Proxy Analysis & Benchmark Policy Voting Recommendations
Multi-Asset	ISS Proxy Analysis & Benchmark Policy Voting Recommendations
Global Fundamental	ISS Proxy Analysis & Benchmark Policy Voting Recommendations
Cashflow Solution	ISS Proxy Analysis & Benchmark Policy Voting Recommendations
Global Innovation	ISS Proxy Analysis & Benchmark Policy Voting Recommendations

Assumptions and additional points to note

There are instances where different investment teams at Liontrust hold votable shares with a company. If these teams apply different investment policies, this can result in cases where these investment teams vote differently on a resolution. In these situations, the individual unique vote for the resolution is counted once under each of the voting outcomes. The resolution itself is counted once as an eligible resolution.

Voting against policy

Each investment team has discretion to vote against its adopted policy. Should it choose to do so, the fund manager is requested to provide a rationale to the Liontrust Operations team as to why it has chosen to “go against policy”.

Reporting criteria for GHG emissions

Liontrust Asset Management Plc engaged a third-party consultant to calculate its operational Scope 1, Scope 2 and Scope 3 (purchased goods and services, capital goods, FERA, upstream transportation and distribution, waste, business travel and employee commuting) emissions for the 2024 calendar year.

KPMG is engaged to assure the figures for Scope 1 and 2 market and location based only which, are denoted by a Δ throughout the report.

Reporting boundary

Liontrust defines the organisational boundary for its GHG inventory using the operational control approach. Liontrust will account for 100% of the GHG emissions from operations over assets leased under an operating lease. It includes Liontrust’s share of common spaces for electricity charged by the landlord that is passed on to Liontrust by share of the floorspace.

Methodology

Liontrust’s GHG inventory was calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol Corporate Standard, an international standard that is widely regarded as best practice for GHG accounting and reporting. This has guidance for the various components of an organisation’s annual GHG inventory and is focused on the following principles:

- Relevance
- Completeness
- Consistency
- Transparency
- Accuracy

The inventory includes all relevant Scope 1 and 2 emissions categories, as well as all relevant Scope 3 emissions.

All six greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6) – are included. GHG emissions are converted and reported as carbon dioxide equivalents (CO_2e) using standard long-term global warming potentials (GWP-100).

Scope 1 and 2

The Scope 1 emissions were calculated using the Department for Business, Energy and Industrial Strategy (BEIS) 2024 emissions factors.

Purchased heat Scope 2 emissions were calculated using the BEIS 2024 emissions factor, following the GHG Protocol's guidelines on lessee usage of natural gas. Both a location-based total and a market-based total were calculated for Scope 2 emissions. The Scope 2 emissions were calculated using the BEIS 2024, EEA 2023 and AIB 2023 emissions factors, following the emissions factor hierarchy according to the GHG Protocol's Scope 2 Guidance. Location-based emissions reflect the local grid fuel-mix averages for electricity and were calculated using BEIS 2024 and EEA 2023 emission factors. The market-based calculation reflects the fuel mix of the energy tariff purchased by Liontrust for each office where renewable electricity is purchased or the residual grid mix of the country in which the office is located.

Scope 3

The Scope 3 purchased goods and services, capital goods, and upstream transportation and distribution emissions were calculated by applying the UK Government's conversion factors by SIC code to the total spend by supplier and procurement category. Water supply is accounted for within purchased goods and services and is calculated using BEIS emission factors, except for data for the Luxembourg office, which uses the UK Government's conversion factors by SIC code.

The Scope 3 fuel and energy-related emissions for electricity were calculated by applying the BEIS 2024 UK emission factor for transmission and distribution (T&D) for electricity consumption at UK sites and a Luxembourg T&D emission factor consistent with Luxembourg's average T&D loss rates for electricity consumption at this jurisdiction's office. The T&D emission factor for Luxembourg was estimated by applying the World Bank's Luxembourg loss rate to the EEA's Luxembourg production mix emission factor. WTT generation and T&D emissions were calculated for UK sites using the BEIS 2024 emission factors and for Luxembourg sites using IEA 2023 emission factors.

The scope 3 fuel and energy-related emissions for stationary combustion and purchased heat were calculated using the BEIS 2024 emission factors.

The Scope 3 waste emissions were calculated by applying BEIS 2024 emission factors to the quantity of each waste stream generated at each site. Where waste data was unavailable in the Luxembourg office, estimates were made using averages of relevant available data.

The Scope 3 business travel emissions were calculated using BEIS 2024 emissions factors. For air travel, emission factors were assigned to each journey's start and end destination, flight haul and flight class. All rail journeys were within the UK so classed as either National Rail or Underground depending on the route. Road journeys cover car rentals and employee mileage claims. Distance was estimated for car rental journeys from using average distance per trip sourced from a report published by the British Vehicle Rental and Leasing Association. Emissions from hotel stays were calculated based on the number of rooms per night booked in each country. Where the country did not have a BEIS emissions factor associated with it, a neighbouring country was used as a proxy. Note that the calculations are based on average data only and do not take the type of plane/car or model and engine type into account.

Additional business travel data was provided as spend data. Where possible, air, rail, accommodation and car rental spend was extracted from this dataset and emissions for this spend were calculated by creating an average spend-based emissions factor for Liontrust's activity-based travel data. Other uncategorised business travel expenses were assigned a spend-based emissions factor from the UK Government's conversion factors by SIC code.

The Scope 3 employee commuting emissions were calculated by applying BEIS 2024 emission factors to the national average commuting habits, considering the working pattern of the staff in the UK. For the Luxembourg employees, this was estimated by applying the BEIS 2024 emission factors to the average commuting distance, considering staff working patterns. Scope 3 employee commuting emissions for homeworking were estimated by applying the BEIS 2024 emission factors for homeworking for UK workers and for heating required by Luxembourg workers, and EEA 2023 emission factors for electricity consumption for Luxembourg workers, considering staff working patterns.

Emissions intensity calculation

For the calculation of Scope 1 and 2 intensity per FTE location-based and market-based, the headcount number used is determined as the number of FTE employees/partners in employment as at the 31 December 2024. Liontrust defines FTE as including part-time staff on a pro-rata basis, excluding third-party contractors, including fixed-term contractors, and excluding those on maternity leave.

Scoping

Scope 1

Oil-based heating is the only reportable Scope 1 emission for the 2024 calendar year, which applies solely to 18 Val Ste Croix, L-1370 Luxembourg.

Liontrust considers company vehicles in its Scope 1 emissions calculations. There were no company vehicles during the year.

As all properties are classed as leased assets, the majority of air conditioning refrigerant losses do not currently fall within our remit for reporting of Scope 1 emissions as they are not within our operational control. However, we are responsible for a small number of units under our agreed maintenance contracts which include communication rooms and executive offices. We had one unit in Old Bailey and have four in Savoy Court. No refrigerant leaks from the controlled units were recorded for 2024. For all other offices, the building air conditioning is the responsibility of the respective landlords.

Scope 2

Scope 2 consists of indirect emissions associated with the purchase of electricity and heat that is consumed at our locations during the 2024 calendar year. Consumption is obtained via meter readings and invoices or estimates are calculated where meter readings or invoices are not available. For communal area consumption, apportionment is based on electricity service charge. The table below shows the complete listing of Liontrust offices, in addition to those offices where renewable tariffs were in place during the calendar year.

Office	Scope 1	Scope 2	Comment
2 Savoy Court, London, WC2R0EZ (Floors 2, 3, 5, 6 & 7)	Refrigerants – 4 units only	Renewable electricity tariff	Leased property
10 Old Bailey, London, EC4M 7NG	Refrigerants – 1 unit only	Non-renewable electricity tariff	Leased property since April 2022. We are responsible for one air conditioning unit under our agreed maintenance contract. The lease ended in 2024 Consumption is therefore only reported up to the date of disposal.
Floor 2, 24 Charlotte Square, Edinburgh, EH2 4ET	Refrigerants – 1 unit	Renewable electricity tariff Purchased heat	Leased property since June 2021. Confirmations of renewable energy supply from the landlord are obtained as evidence.
18 Val Saint Croix, 1370 Luxembourg	Oil-based heating refrigerants – None	Renewable electricity tariff	Leased property since May 2021. The REGO certificate covers part of the reporting period.

Independent Practitioner's Limited Assurance Report to Liontrust Investment Partners LLP and Liontrust Asset Management PLC (together "Liontrust")

Report on Liontrust Investment Partners' Selected Information for the year ended 31st December 2024

Conclusion

We have performed a limited assurance engagement on whether selected information in Liontrust Investment Partners LLP's (the "Company") Stewardship Report (the "Report") for the year ended 31st December 2024 has been properly prepared in accordance with Liontrust's Reporting Criteria 2024 as set out at page 138 of the Report (the "Reporting Criteria"). The information within the Report that was subject to assurance is indicated with the symbol "Δ" (the "Selected Information") (and is also listed in Appendix 1).

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

Our conclusion is to be read in the context of the remainder of this report, in particular the "Inherent limitations in preparing the Selected Information" and "Intended use of our report" sections below.

Our conclusion on the Selected Information does not extend to other information that accompanies or contains the Selected Information and our assurance report (hereafter referred to as "Other Information"). We have not performed any procedures with respect to the Other Information.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (UK) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ("ISAE (UK) 3000") issued by the Financial Reporting Council ("FRC") and, in respect of the greenhouse gas emissions information included within the Selected Information, in accordance with International Standard on Assurance Engagements 3410 *Assurance Engagements on Greenhouse Gas Statements* ("ISAE 3410") issued by the International Auditing and Assurance Standards Board ("IAASB"). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards).

Our firm applies International Standard on Quality Management (UK) 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* ("ISQM (UK) 1"), issued by the FRC, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations in preparing the Selected Information

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable, evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

As described on page 138 of the Reporting Criteria, the greenhouse gas ("GHG") emissions quantification process is subject to: scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs; and estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

The Reporting Criteria has been developed to assist Liontrust in the preparation of the Selected Information. As a result, the Selected Information may not be suitable for another purpose.

Directors' responsibilities

The Directors of Liontrust are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and developing suitable Reporting Criteria for preparing the Selected Information;
- properly preparing the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to Liontrust.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional scepticism throughout the engagement. We planned and performed our procedures to obtain evidence that is sufficient and appropriate to obtain a meaningful level of assurance over the Selected Information to provide a basis for our limited assurance conclusion. Planning the engagement involves assessing whether Liontrust's Reporting Criteria are suitable for the purposes of our limited assurance engagement. Our procedures selected depended on our judgement, on our understanding of the Selected Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In carrying out our engagement, we performed procedures which included:

- obtaining an understanding of Liontrust's control environment, processes and information systems relevant to the preparation of the Selected Information, but did not include evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- obtaining an understanding of Liontrust's control environment, processes and information systems relevant to the preparation of the Selected Information;

- performing limited substantive testing including agreeing a sample from the Selected Information to corresponding supporting information including invoices or meter readings from building managers as appropriate;
- considering the appropriateness of the carbon conversion factor calculations and other unit conversion factor calculations used by reference to widely recognised and established conversion factors;
- reperforming a selection of the carbon conversion factor calculations and other unit conversion factor calculations;
- recalculating the intensity metric, dividing total emissions by FTE data, as provided by HR;
- agreeing a sample of the reported figures within Gender Diversity and Proxy Voting to the underlying supporting documentation HR or voting records as appropriate;
- reading the Report with regard to the Reporting Criteria and for consistency with our findings over the Selected Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Intended use of our report

Our report has been prepared for Liontrust solely in accordance with the terms of our engagement. We have consented to the publication of our report in the Report for the purpose of Liontrust showing that it has obtained an independent assurance report in connection with the Selected Information.

Our report was designed to meet the agreed requirements of Liontrust determined by Liontrust's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Liontrust for any purpose or in any context. Any party other than Liontrust who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Jatin Patel

Jatin Patel
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
28 April 2025

The maintenance and integrity of Liontrust’s website is the responsibility of the Directors of Liontrust; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information, Reporting Criteria or Report presented on Liontrust’s website since the date of our report.

Appendix 1 Selected Information

The following Selected Information will be included in the scope of assurance for the period from 1 January 2024 to 31 December 2024 which is contained within the Stewardship Report:

Metric	Unit	Value
Scope 1 emissions	tCO2e	13.1
Scope 2 emissions (location-based)	tCO2e	52.4
Scope 2 emissions (market-based)	tCO2e	7.72
Emissions intensity (location-based)	tCO2e / FTE	0.331
Emissions intensity (market-based)	tCO2e / FTE	0.105
Diversity: gender split overall	Male: Female	122:86
Diversity: gender split by Board	Male: Female	3:3
Diversity: gender split by employees	Male: Female	98:82
Diversity: gender split by Partners	Male: Female	24:4
Proxy Voting: % Votes of votable meetings	%	97.19
Proxy Voting: % Votes for	%	90.10
Proxy Voting: % Votes against	%	7.22
Proxy Voting: % Votes abstained on	%	1.95
Proxy Voting: % Votes withheld on	%	0.58

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Past performance does not predict future returns. You may get back less than you originally invested.

We recommend our funds are held long term (minimum period of 5 years). We recommend that you hold our funds as part of a diversified portfolio of investments

The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

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