

CHIEF EXECUTIVE'S REPORT

Introduction

The role of asset managers has never been more important. Investors are seeking to secure their financial futures at a time of having to navigate higher inflation, rising interest rates, political instability and fragmentation in globalisation. While cash has been seen by many people as an attractive home for their savings in recent months, this will not deliver the real returns to enable them to achieve their long-term objectives.

We believe these long-term financial objectives are best achieved through the application of robust investment processes. This is despite the inevitable periods when active managers underperform and sentiment is negative about particular markets and asset classes.

As I highlighted in last year's Annual Report and Accounts, the rotation from quality growth to value stocks had started to impact the performance of many of our funds. While this has continued over the past year, it does not detract from the proven track record of our teams and their processes. This includes the

Sustainable Investment team, who have delivered strong returns following previous periods of relative underperformance. The compelling case for sustainable investment and finding companies that will drive and benefit from the transition to a cleaner, healthier and safer world has only been strengthened, not lessened, by the events of the past year.

Our confidence is shown by the fact we are launching the Liontrust GF Sustainable Future US Growth Fund in July. This will enable investors to take advantage of the growing number of sustainable opportunities in the world's largest stock market, particularly among mid cap stocks.

The economic and market environment also does not detract from the strength of the Liontrust business.

Over the past decade, we have been building an asset manager with excellent investment capability across our now seven investment teams. For example, Edinburgh Investment Trust ("EIT") reached the three-year anniversary of being managed by James de Uphaugh in March with strong relative performance and a narrowing of the discount over that period. Liontrust has worked with the board of EIT on creating a brand and now marketing EIT to both professional advisers and retail investors.

Our sales and marketing teams have continued to regularly interact with clients, whether through face-to-face meetings, events, webinars, videos or written communications. This is reflected in impressive engagement such as 553 professional advisers watching our virtual Sustainable Investment conference live, more than 500,000 views of our videos, a 19% increase in page views on the Liontrust website over the past year, and 85,000 clicks on our brand advertising. Liontrust has been named as the 6th strongest asset management brand in the UK by Broadridge.



“Liontrust is financially strong and we have been investing in digital marketing, performance data and the infrastructure of the business to enhance our engagement with clients, the investor experience and support growth”

JOHN IONS
CHIEF EXECUTIVE

Proposed acquisition of GAM Holding AG

The importance of our strategic objectives of (i) Expanding distribution and our client base and (ii) Diversifying our fund range has been clearly demonstrated over the past year. The diversification in asset classes and a more international distribution footprint are two of the principal reasons why we have agreed the proposed acquisition of GAM Holding AG (“GAM”).

The expanded range of funds will offer the potential to grow AuMA through marketing new funds to existing clients, attract new clients and exploit new distribution channels in markets where Liontrust and GAM have strength of distribution. It will also provide the opportunity to grow distribution in markets where there is currently little or a developing presence.

The expanded number of asset classes and styles of investment, led by highly regarded fund managers, will also enable us to reduce the correlation of returns across the range and therefore increase the number of funds that will be attractive to clients during different periods of the market cycle. This will provide an investment proposition that ensures Liontrust can sustain growth even when certain styles of investment are out of favour with investors.

The positive response of the GAM investment teams and clients to the proposed acquisition reflects the stability and certainty of leadership that Liontrust will provide. We have shown that integrating businesses which need support into the Liontrust operating model leads to a stronger enlarged group.

The financial strength of Liontrust enables us to achieve these acquisitions which in turn accelerate our strategic objectives.

Outlook

I am pleased with the development of the business and the foundations that have been put in place for future growth even if the past year has been more challenging in terms of net flows.

The investment teams and their processes have proven themselves over the long term. The Sustainable Investment and Economic Advantage teams are regarded as market leaders in the UK and we have been diversifying sales across other teams and funds. Our brand is strong and we have great reach through our sales and marketing.

Liontrust is financially strong and we have been investing in digital marketing, performance data and the infrastructure of the business to enhance our engagement with clients, the investor experience and support growth.

The proposed acquisition of GAM gives us the opportunity to accelerate Liontrust’s strategic development by expanding the product range, the physical footprint of our distribution and talent across the company.

It is for all these reasons that I look forward with confidence about the future development of Liontrust.

John Ions
Chief Executive
20 June 2023

