

# LIONTRUST INVESTMENT FUNDS II

Annual Report &  
Financial Statements

For the period:

**1 January 2022**

to

**31 December 2022**

LIONTRUST FUND PARTNERS LLP

---

**LIONTRUST** 

### Contents

Management and Administration*	1
Statement of the Authorised Corporate Director's ("ACD") Responsibilities	4
Report of the ACD to the Shareholders*	5
Statement of the Depositary's Responsibilities and Report of the Depositary	7
Independent Auditor's Report to the Shareholders	8
Notes applicable to the financial statements of all Sub-funds	12
Liontrust Emerging Markets Fund*	14
Liontrust Global Smaller Companies Fund*	43
Securities Financing Transactions (unaudited)	71
Additional information (unaudited)	74

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

## Management and Administration

### Management and Administration

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

#### Liontrust Fund Partners LLP

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

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

### Depository

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

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

### Independent Auditor

KPMG LLP  
11th Floor  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

### Administrator and Registrar

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

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

## Management and Administration (continued)

### Company Information

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

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

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

### Remuneration policy

Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS Managers are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive (2014/91/EU), the ACD is required to disclose information relating to the remuneration paid to its staff for the financial year.

The table below provides an overview of the following for the year ended 31 March 2022:

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

	Headcount	Total Remuneration (£'000)
ACD UK Staff <sup>1</sup>	83	18,744
of which		
Fixed remuneration	83	8,116
Variable remuneration	83	10,628
UCITS Remuneration Code Staff <sup>1, 2</sup>	13	3,271
of which		
Senior Management	2	12
Other control functions:		
Other code staff/risk takers	11	3,259

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

<sup>2</sup> UCITS Aggregate Remuneration Code Staff applies only in respect of the provision of services to UCITS funds rather than their total remuneration in the year. For senior management and control function staff, remuneration is apportioned on the basis of assets under management for UCITS funds versus the total Group assets under management. For portfolio management staff remuneration is apportioned directly to the Sub-funds.

## Management and Administration (continued)

### Remuneration policy (continued)

Remuneration is made up of fixed pay (i.e. salary and benefits such as pension contributions) and variable pay (annual performance based or linked directly to investment management revenues). Annual incentives are designed to reward performance in line with the business strategy, objectives, values and long term interests of the ACD and LAM PLC Group. The annual incentive earned by an individual is dependent on the achievement of financial and non-financial objectives, including adherence to effective risk management practices. The ACD provides long-term incentives which are designed to link reward with long-term success and recognise the responsibility participants have in driving future success and delivering value. Long-term incentive awards are conditional on the satisfaction of corporate performance measures. The structure of remuneration packages is such that the fixed element is sufficiently large to enable a flexible incentive policy to be operated.

Staff are eligible for an annual incentive based on their individual performance, and depending on their role, the performance of their business unit and/or the group. These incentives are managed within a strict risk framework, and the Directors of LAM retain ultimate discretion to reduce annual incentive outcomes where appropriate.

The ACD actively manages risks associated with delivering and measuring performance. All our activities are carefully managed within our risk appetite, and individual incentive outcomes are reviewed and may be reduced in light of any associated risk management issues.

The Liontrust Group operates a Remuneration Committee (the "Committee"). The Committee reports to the Board. The Committee reviews risk and compliance issues in relation to the vesting of deferred awards for all employees and members. Compliance is monitored throughout the vesting period by the Committee.

These remuneration policies apply also to other entities in the Liontrust Group to which investment management of the Company has been delegated, and those delegates are subject to contractual arrangements to ensure that policies which are regarded as equivalent are applied.

The Board adopts, and reviews annually, the general principles of the applicable remuneration policies, and the implementation of the remuneration policies is, at least annually, subject to central and independent internal review by the Committee for compliance with policies and procedures.

### Scope of the policy

#### By entity

The ACD is subject to the requirements of the UCITS Remuneration Code as set out in SYSC 19E of the FCA Handbook (the "Code").

The Committee has determined that it is appropriate for it to disapply the rules on retention (SYSC 19E.2.18R), deferral (SYSC 19E.2.20R) and performance adjustment (SYSC 19E.2.22R) of the Code, in view of the size, internal organisation and the nature, scope and complexity of activities of the ACD.

However, the ACD chooses to comply with certain of the above 'payout process rules' on a voluntary basis.

#### By individual

The requirements of the Code are applicable to the remuneration arrangements of individuals who fall within the definition of Code Staff under the Code and this policy sets out the basis on which the rules contained within the Code will be applied to Code Staff. The Committee itself sets the remuneration and has oversight of remuneration arrangements for all other Code Staff together with such other senior employees as the Committee may determine from time to time.

The Committee also reviews the remuneration arrangements of other employees and the operation of the incentive plans to ensure that remuneration arrangements have regard to pay and employment conditions. However, decisions on individual remuneration arrangements are made by management in the area, with oversight by the Human Resources Director.

No hedging or other mitigation arrangements may be entered into by employees as that would undermine risk alignment effects.

# Management and Administration (continued)

### Approach to the remuneration

The Committee seeks to balance the components of remuneration, namely:

- Base salary,
- Benefits and allowances,
- Annual bonus (both paid immediately in cash and deferrals) and
- Longer-term incentives

In order to ensure proper alignment of the interests with shareholders and investors in the Sub-funds within a framework which discourages excessive risk-taking and ensures that the policy is in line with the business strategy, objectives, values and interests of Liontrust, the Sub-funds and their investors.

The Committee has regard to the LAM Risk Appetite statement and the investment objectives of the Sub-funds (as outlined in the Prospectus) in its determination of the appropriate risk/reward balance.

### Securities Financing Transactions Regulation

The Securities Financing Transactions Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to Securities Financing Transactions (SFTs) or total return swaps are required on all reports & accounts published after 13 January 2017. See pages 72 - 74 for disclosures at 31 December 2022.

### Assessment of Value

The regulator - the FCA - has asked every asset manager to assess the value of the funds they run. Assessing value goes beyond performance and costs and encompasses a minimum of seven criteria mandated by the FCA. The assessment of value of the Sub-funds and the other UK-domiciled funds managed by Liontrust will be conducted as at 31 August each year. The assessment of value report can be viewed on the Liontrust website [www.liontrust.co.uk/learning/assessment-of-value](http://www.liontrust.co.uk/learning/assessment-of-value).

### Significant events after the year end

The Liontrust Global Equity team became part of the Liontrust Global Fundamental team on 8 February 2023. It was announced at the same time that Robin Geffen, Head of the Global Equity team, will be leaving Liontrust in due course and that Tom Record had replaced him as manager of the Liontrust Global Smaller Companies Fund from 8 February 2023.

### Holdings in Other Funds of the Company

As at 31 December 2022, there were no shares in any Sub-fund held by other Sub-funds of the Company.

### Statement of the Authorised Corporate Director's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Authorised Corporate Director ("ACD") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net revenue/expense and net capital gains or losses on the property of the Company for the year.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;

## Management and Administration (continued)

### Statement of the Authorised Corporate Director's Responsibilities (continued)

- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its Sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its Sub-funds or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

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

### Report of the ACD to the Shareholders

The ACD, as sole director, presents its report and the audited financial statements of the Company for the year from 1 January 2022 to 31 December 2022.

The Company is a UCITS scheme which complies with the FCA's Collective Investment Schemes sourcebook. The shareholders are not liable for the debts of the Company.

The investment objectives and policies of each Sub-fund of the Company are covered in the section for each Sub-fund. The names and addresses of the ACD, the Depositary and the Auditor are detailed on page 1.

In the future there may be other Sub-funds of the Company.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Sub-funds consist predominantly of securities that are readily realisable and, accordingly, the Sub-funds have adequate financial resources to continue in operational existence for at least 12 months.

### Liontrust Asset Management PLC

Liontrust Asset Management PLC (Company) is a specialist fund management company with £32.6 billion in assets under management as at 31 December 2022 and that takes pride in having a distinct culture and approach to managing money. What makes Liontrust distinct?

- The Company launched in 1995 and was listed on the London Stock Exchange in 1999.
- We are an independent business with no corporate parent, our head office is on the Strand in London and we have offices in Edinburgh and Luxembourg.
- We believe in the benefits of active fund management over the long term and all our fund managers are truly active.
- We focus only on those areas of investment in which we have particular expertise. As of 8 February 2023, we have seven fund management teams investing in Global Equities, Global Fixed Income, Sustainable Investment and Multi-Asset portfolios and funds.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.

### Management and Administration (continued)

#### Liontrust Asset Management PLC (continued)

- Our fund managers have the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management company.
- Each fund management team applies distinct and rigorous investment processes to the management of funds and portfolios that ensure the way we manage money is predictable and repeatable.
- Staying true to their documented investment processes helps to create an in-built risk control for our fund managers, especially in more challenging environments, by preventing them from investing in companies and funds for the wrong reasons.
- We aim to treat investors, clients, members, employees, suppliers and other stakeholders fairly and with respect. We are committed to the Principles of Treating Customers Fairly (TCF) and they are central to how we conduct business across all our functions.

Liontrust Asset Management PLC is the parent company of Liontrust Investment Partners LLP, Liontrust Fund Partners LLP and Liontrust Portfolio Management Limited which are authorised and regulated by the Financial Conduct Authority. Liontrust Asset Management PLC is also the parent company of Liontrust International (Luxembourg) S.A. which is regulated by the Commission de Surveillance du Secteur Financier in Luxembourg. All members of the Liontrust Group sell only Liontrust Group products.

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

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

#### Member's Statement

In accordance with COLL 4.5.8BR, we hereby certify the Annual Report and the Financial Statements were approved by the management committee of members of the ACD and authorised for issue on 27 April 2023.



**Antony Morrison**

Member

27 April 2023



## Statement of the Depositary's Responsibilities and Report of the Depositary

### To the Shareholders of Liontrust Investment Funds II ("the Company") for the year ended 31 December 2022.

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

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

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Corporate Director ("the ACD") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

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

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**For and on behalf of The Bank of New York Mellon (International) Limited**

27 April 2023

# Independent Auditor's Report to the Shareholders of Liontrust Investment Funds II (the "Company")

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of the Company for the year ended 31 December 2022 which comprise the Statements of Total Return, the Statements of Change in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for the each of the Company's Sub-funds listed on the Contents page and the accounting policies set out on pages 12 to 13.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of each of the Sub-funds as at 31 December 2022 and of the net revenue/expense and the net capital losses on the property of each of the Sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

#### Basis for opinion

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

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

#### Going Concern

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

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

Our conclusions based on this work:

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

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

# Independent Auditor's Report to the Shareholders of Liontrust Investment Funds II (the "Company") (continued)

## Report on the audit of the financial statements (continued)

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

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

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

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

We identified and selected a sample of journal entries made at the end of the reporting period and tested those substantively including all material post-closing entries. Based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

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

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

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

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

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

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

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

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

# Independent Auditor's Report to the Shareholders of Liontrust Investment Funds II (the "Company") (continued)

### Report on the audit of the financial statements (continued)

#### Other information

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

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

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

#### Matters on which we are required to report by exception

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

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

#### Authorised Corporate Director's responsibilities

As explained more fully in their statement set out on page 5, the ACD is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## Independent Auditor's Report to the Shareholders of Liontrust Investment Funds II (the "Company") (continued)

### Report on the audit of the financial statements (continued)

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

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



**Grant Archer**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

KPMG LLP

St Vincent Plaza

319 St Vincent Street

Glasgow

G2 5AS

27 April 2023

# Notes applicable to the financial statements of all Sub-funds

for the year ended 31 December 2022

### 1 Accounting Policies

#### a) Basis of accounting

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

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

#### b) Valuation of investments

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

For Collective Investment Schemes (CIS) managed by other management groups, investments are valued at the bid price for dual priced funds and at the single price for single priced funds.

#### c) Revenue

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

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

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

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

#### d) Expenses

Expenses are recognised on an accruals basis.

#### e) Taxation

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

#### f) Exchange rates

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

## Notes applicable to the financial statements of all Sub-funds (continued)

for the year ended 31 December 2022

### 1 Accounting Policies (continued)

#### g) Financial instruments

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

#### 1.1 Distribution Policies

##### h) Basis of distribution

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

Any revenue attributable to accumulation shareholders is retained within a Sub-fund at the end of the distribution period and represents a reinvestment of income on behalf of the accumulation shareholders.

The ACD's fees and expenses are charged against income in respect of all the Sub-funds.

Equalisation on distribution from collective investment schemes is deducted from cost of investment and does not form part of the Sub-fund's distribution.

##### i) Stock dividends

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

##### j) Special dividends

Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distribution. The tax accounting treatment follows the treatment of the principal amount.

##### k) Functional currency

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

# Liontrust Emerging Markets Fund

Report for the year from 1 January 2022 to 31 December 2022

## **Investment Objective**

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

## **Investment Policy**

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

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

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

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

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

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

## **Investment Strategy**

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



## Liontrust Emerging Markets Fund (continued)

### Investment review

#### Sub-fund review

The Liontrust Emerging Markets Fund returned -16.1% (C Accumulation) over the year, compared with -10.0% from the MSCI Emerging Markets Index comparator benchmark and the -12.2% average return of the IA Global Emerging Markets sector, also a comparator benchmark.\*

A tumultuous year for global markets, 2023 was marked by a significant sell off across both developed and emerging markets. The key macro backdrop for the year was the interplay between soaring inflation and the magnitude of the required response from central banks, the US Federal Reserve in particular. Inflation continued to surge in the first half of the year as the full effects of the Covid-induced stimulus packages worldwide became evident, coupled with a still-stretched global supply chain. The Federal Reserve hiked rates from 0.25% at the start of the year to as high as 4.5% by year end, with more to come. However by the second half of the year softening energy prices and easier annual comparisons saw inflation start to moderate and therefore with it expectations of further more aggressive monetary tightening measures. Thus bond yields - having rallied sharply through until mid-October - rolled over, along with the US dollar, as recessionary fears grew for the US and rate hike expectations softened.

Emerging markets' performance tracked very closely the trajectory of the dollar and bond yields, falling sharply through the first 9 months of the year as the dollar and yields rose, before staging a late rally in the final quarter as the dollar and yields fell back. The other key dynamic dictating the year from within emerging markets was the fortunes of the largest market and economy, China. The persistence of rolling lockdowns across China throughout 2021 and 2022 severely curtailed economic growth and served to ratchet up social division and unrest, leading to the market nearly halving in dollar terms by the end of October. Although there was a degree of easing in terms of monetary conditions, the absence of a major policy response from the government - coupled with the loss of investor confidence over the perceived anti-business "common prosperity" - exacerbated the sense that policy making would continue to prioritise ideology and nationalism at the expense of economic growth. With many global investors finally throwing in the towel, labelling China as "uninvestible", the turning point finally came in the final weeks of the year with a series of policy shifts, most notably an apparent volte face on the hitherto unshakeable zero-covid policy.

The prevailing consensus had been for a gradual loosening of restrictions into the spring, but the rapidity of normalisation - for example dropping quarantine restrictions on travel and downgrading Covid from Class A to Class B under the law for protection of infectious diseases - has taken markets by surprise. Infection rates have rapidly risen towards 70% of the population - up to 90% in key urban areas - with predictions of peak infections already being in the rear-view mirror, suggesting that there is little will or even ability to walk back these changes. Moreover, plenty has been done in the background to shore up the economy, which has laboured under the pressures of draconian restrictions. Indeed, M2 money supply has been accelerating since as early as the second half of 2021 - ordinarily this would create very attractive liquidity conditions, but these have been obscured by zero-covid policies.

Whilst China and these major macroeconomic issues dominated headlines, under the surface emerging markets performed admirably well in what would usually be considered extremely adverse conditions for the asset class. Although all told China fell 24% (in dollar terms) and developed-market-sensitive North Asian markets South Korea and Taiwan fell even more, many other emerging markets significantly outperformed developed market peers. India fell 8.5% (marking a second consecutive year of outperformance) whilst Brazil - along with several smaller South East Asian markets such as Indonesia and Thailand - recorded positive returns.

Brazil and Indonesia have of course been supported this year by higher commodity prices, but there is also the underlying reality that emerging market monetary policy has across this cycle been notably prudent and successful. Brazil, for example, hiked rates aggressively and early and is now being rewarded - the real was one of the very few currencies to have appreciated against the dollar in 2022. Indeed it is rather fitting that without exception the 'Taper Tantrum' emerging market economies from 2013 - those markets running large current-account deficits that ran into macro-economic crises as global monetary policy tightened - hugely outperformed developed markets in 2023, demonstrating the degree that orthodox and prudent monetary policy has now become the preserve of emerging markets whilst developed market central banks are forced into evermore unorthodox strategies to address anaemic underlying growth.

The Sub-fund's underperformance against the benchmark came in the first half of the year, and predominantly from China and India. Although India was one of the better performing markets over the period, the Sub-fund's exposure to the chemicals sector through

### Liontrust Emerging Markets Fund (continued)

#### Investment review (continued)

##### Sub-fund review (continued)

Chemplast Sanmar and Finolex Industries was negatively impacted by the ongoing slower economic growth in China resulting in rising inventories that weighed on pricing. The continued social mobility restrictions also hurt holdings within China itself, especially in the consumer discretionary sector - for example clothing manufacturer Shenzhou International. Moreover, our position in Techtronic - a building tools manufacturer - weighed heavily due to its exposure to Europe and the US, where growth expectations ratcheted down over the quarter. On the positive side, the Sub-fund prospered from positions in Indonesia, across the financials and autos sectors, where higher commodity prices have driven a resurgence in consumer sentiment and spending. The second half of the year saw the Sub-fund perform in-line with the benchmark as extremely strong performance from Indian holdings across the healthcare and financials sectors offset relative losses in South Korea where positions in the technology sector suffered as demand expectations were pared back given the poor operating backdrop.

In the second half of the year, a position was initiated in Brazilian electronics manufacturer Intelbras, which provides equipment to the surveillance, telecoms and energy sectors with strong market share and a robust pipeline of new projects. The majority of the other additions were in China, where the notable underweight was reduced, reflecting the extremely subdued valuations and woeful sentiment. A small initial position was initiated in Ping An Insurance, where exposure to the property market has seen the share price fall steeply. We believe that over the medium- and long-term, Ping An is the best in class within its sector and technology leader, having spent recent years cleaning up its distribution model such that when the economy eventually stabilises and re-opens it will have further embedded its structural advantages over slower-moving peers. New positions were funded by sales including Mediatek in Taiwan, where the industry outlook and cyclical headwinds for the technology sector are currently too great and we will look to return to when the demand visibility is clearer. Grupo Mexico was added to the portfolio at the beginning of December, a copper miner with operations in Mexico and Peru given the improved outlook for copper prices as a result of the anticipated economic acceleration in China, the key demand centre for the metal. The purchase was funded by the sale earlier in the quarter of Taiwanese automation equipment manufacturer Airtac.

Emerging markets have got off to a very promising start in 2023 due to the aforementioned favourable tailwinds and indeed the outlook for the asset class looks as promising as it has for several years, supported by an improving macro backdrop, favourable growth differentials - as growth accelerates in a period of sluggish growth or recession in Developed Markets - and attractive starting valuations with very low ownership levels. We believe the strong start of the year reflects these improved fundamentals and should continue throughout 2023.

*\*Source: Financial Express, as at 31.12.22, total return, net of fees, income reinvested. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

#### Ewan Thompson

Fund Manager

January 2023

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

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

## Liontrust Emerging Markets Fund (continued)

## Investment review (continued)

## Material portfolio changes by value

## Purchases

Godrej Consumer Products  
 China Construction Bank 'H'  
 Meituan Dianping  
 Nedbank  
 Samsonite International  
 China Mengniu Dairy  
 Wal-Mart de Mexico  
 Eicher Motors  
 Vale ADR  
 Petroleo Brasileiro (Participating Certificate)

## Sales

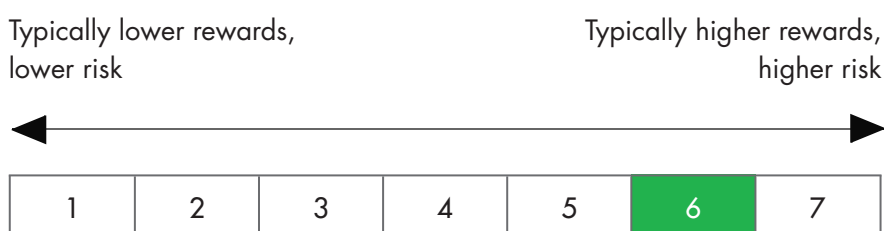
Taiwan Semiconductor Manufacturing  
 ENN Energy  
 MediaTek  
 Realtek Semiconductor  
 Eicher Motors  
 Antofagasta  
 Airtac International  
 Housing Development Finance  
 Shenzhou International  
 Techtronic Industries

### Liontrust Emerging Markets Fund (continued)

#### Investment review (continued)

##### Risk and Reward profile

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



- The Synthetic Risk and Reward Indicator (SRRI) is based upon historical data and may not be relied upon to gauge the future risk profile of the Sub-fund.
- The SRRI shown is not guaranteed to remain the same and may shift over time.
- The lowest category (1) does not mean 'risk free'.
- The Sub-fund's risk and reward category has been calculated using the methodology set by the European Commission. It is based upon the rate by which the Sub-fund or a representative fund or Index's value has moved up and down in the past.
- The Sub-fund is categorised 6 primarily for its exposure to Emerging Market equities.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Sub-fund;
  - overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Sub-fund.
- This Sub-fund may have a concentrated portfolio, i.e. hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-fund's value than if it held a larger number of investments.
- The Sub-fund may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Sub-fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a Sub-fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Sub-fund volatility in both up and down markets by hedging against the general market.
- The Sub-fund may encounter liquidity constraints from time to time. The spread between the price you buy and sell shares will reflect the less liquid nature of the underlying holdings.
- Investments in emerging markets may involve a higher element of risk due to less well-regulated markets and political and economic instability. This may result in higher volatility and larger drops in the value of the Sub-fund over the short term.
- The Sub-fund may have both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Sub-fund.

## Liontrust Emerging Markets Fund (continued)

### Investment review (continued)

#### Risk and Reward profile (continued)

- Outside of normal conditions, the Sub-fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- Environmental Social Governance (ESG) Risk: there may be limitations to the availability, completeness or accuracy of ESG information from third-party providers, or inconsistencies in the consideration of ESG factors across different third party data providers, given the evolving nature of ESG.

For full details of the Sub-fund's risks, please see the prospectus which may be obtained from Liontrust (address on page 1) or online at [www.liontrust.co.uk](http://www.liontrust.co.uk).

## Liontrust Emerging Markets Fund (continued)

## Comparative Tables

for the year ended 31 December 2022

C Accumulation Accounting year ended	31 December 2022 per share (p)	31 December 2021 per share (p)	31 December 2020 per share (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	184.21	200.35	172.31
Return before operating charges	(27.46)	(14.60)	29.61
Operating charges	(1.46)	(1.54)	(1.57)
Return after operating charges	(28.92)	(16.14)	28.04
Distributions	(3.94)	(2.30)	(1.80)
Retained distributions on accumulation shares	3.94	2.30	1.80
<b>Closing net asset value per share</b>	<b>155.29</b>	<b>184.21</b>	<b>200.35</b>
After direct transaction costs of*	(0.38)	(0.46)	(0.14)
<b>Performance</b>			
Return after charges	(15.70%)	(8.06%)	16.27%
<b>Other information</b>			
Closing net asset value (£'000)	12,127	17,239	24,029
Closing number of shares	7,808,949	9,358,564	11,993,485
Operating charges**	0.90%	0.79%	0.96%
Direct transaction costs*	0.23%	0.24%	0.08%
<b>Prices</b>			
Highest share price	185.63	217.85	201.11
Lowest share price	145.48	182.07	127.67

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

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

## Liontrust Emerging Markets Fund (continued)

## Portfolio Statement

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>EQUITIES (97.42%)</b>	<b>12,086</b>	<b>99.66</b>
	<b>ARGENTINA (1.74%)</b>	<b>0</b>	<b>0.00</b>
	<b>BRAZIL (1.39%)</b>	<b>1,184</b>	<b>9.76</b>
16,500	3R Petroleum	98	0.81
42,700	Intelbras Industria de Telecomunicacao Eletronica Brasileira	204	1.68
122,543	Itau Unibanco ADR	479	3.95
30,800	Petro Rio	180	1.48
15,800	Vale ADR	223	1.84
	<b>CHILE (1.40%)</b>	<b>0</b>	<b>0.00</b>
	<b>CHINA (22.44%)</b>	<b>3,023</b>	<b>24.93</b>
35,980	Alibaba ADR	331	2.73
452,000	China Construction Bank 'H'	235	1.94
87,000	China Longyuan Power	88	0.73
52,500	China Merchants Bank 'H'	244	2.01
103,600	Haier Smart Home	293	2.42
555,000	Industrial & Commercial Bank of China 'H'	238	1.96
9,571	JD.com	224	1.85
42,500	Li Ning	307	2.53
11,100	Meituan Dianping	206	1.70
40,000	Ping An Insurance of China 'H'	220	1.81
392,000	Postal Savings Bank of China	203	1.67
12,200	Tencent	434	3.58
	<b>HONG KONG (3.99%)</b>	<b>453</b>	<b>3.73</b>
68,000	China Mengniu Dairy	256	2.11
5,500	Hong Kong Exchanges & Clearing	197	1.62
	<b>INDIA (21.17%)</b>	<b>2,905</b>	<b>23.96</b>
19,321	Axis Bank	181	1.49
52,346	Chemplast Sanmar	241	1.99
202,908	Finolex Industries	379	3.13
28,000	Godrej Consumer Products	246	2.03
19,600	ICICI Bank	357	2.94
16,783	JB Chemicals & Pharmaceuticals	326	2.69
21,309	Krishna Institute of Medical Sciences	331	2.73
13,528	Larsen & Toubro	284	2.34

## Liontrust Emerging Markets Fund (continued)

## Portfolio Statement (continued)

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>EQUITIES (continued)</b>			
<b>INDIA (continued)</b>			
10,764	Reliance Industries (Partially Restricted)	275	2.27
46,084	State Bank of India	285	2.35
<b>INDONESIA (5.74%)</b>		<b>859</b>	<b>7.08</b>
706,500	Astra International	215	1.77
602,500	Bank Mandiri Persero	319	2.63
1,233,900	Bank Rakyat Indonesia Persero	325	2.68
<b>MEXICO (0.00%)</b>		<b>438</b>	<b>3.61</b>
55,000	Grupo Mexico	160	1.32
95,000	Wal-Mart de Mexico	278	2.29
<b>PHILIPPINES (4.89%)</b>		<b>225</b>	<b>1.86</b>
142,668	BDO Unibank	225	1.86
<b>RUSSIA (4.01%)</b>		<b>1</b>	<b>0.01</b>
1,697	Novatek GDR	1	0.01
<b>SOUTH AFRICA (0.00%)</b>		<b>306</b>	<b>2.52</b>
29,413	Nedbank	306	2.52
<b>SOUTH KOREA (11.46%)</b>		<b>1,317</b>	<b>10.86</b>
1,584	Hyundai Mobis	209	1.72
4,607	Kia	180	1.48
12,487	Samsung Electronics	454	3.74
2,129	Samsung Electronics Preference Shares	71	0.59
501	Samsung SDI	195	1.61
4,217	SK Hynix	208	1.72
<b>TAIWAN (16.57%)</b>		<b>740</b>	<b>6.10</b>
122,000	Hon Hai Precision Industry	330	2.72
6,625	Taiwan Semiconductor Manufacturing	410	3.38
<b>THAILAND (2.62%)</b>		<b>286</b>	<b>2.36</b>
80,900	Kasikornbank	286	2.36



## Liontrust Emerging Markets Fund (continued)

## Portfolio Statement (continued)

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>EQUITIES (continued)</b>		
	<b>UNITED STATES OF AMERICA (0.00%)</b>	<b>349</b>	<b>2.88</b>
160,000	Samsonite International	349	2.88
	<b>Portfolio of investments</b>	<b>12,086</b>	<b>99.66</b>
	<b>Net other assets</b>	<b>41</b>	<b>0.34</b>
	<b>Total net assets</b>	<b>12,127</b>	<b>100.00</b>

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

All equity investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 December 2021.

Stocks shown as ADRs represent American Depositary Receipts.

Stocks shown as GDRs represent Global Depositary Receipts.

## Liontrust Emerging Markets Fund (continued)

### Statement of Total Return

for the year ended 31 December 2022

	Notes	(£'000)	1.1.2022 to 31.12.2022 (£'000)	(£'000)	1.1.2021 to 31.12.2021 (£'000)
Income					
Net capital losses	2		(2,957)		(2,042)
Revenue	3	525		502	
Expenses	4	(129)		(174)	
Interest payable and similar charges	6	–		(3)	
Net revenue before taxation		396		325	
Taxation	5	(52)		(60)	
Net revenue after taxation			344		265
<b>Total return before distributions</b>			<b>(2,613)</b>		<b>(1,777)</b>
Distributions	7		(344)		(265)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(2,957)</b>		<b>(2,042)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 December 2022

	(£'000)	1.1.2022 to 31.12.2022 (£'000)	(£'000)	1.1.2021 to 31.12.2021 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>17,239</b>		<b>24,029</b>
Amounts received on issue of shares	368		1,850	
Amounts paid on cancellation of shares	(2,831)		(6,820)	
			(2,463)	(4,970)
Dilution adjustment		–		7
Change in net assets attributable to shareholders from investment activities		(2,957)		(2,042)
Retained distributions on accumulation shares		308		215
<b>Closing net assets attributable to shareholders</b>		<b>12,127</b>		<b>17,239</b>

## Liontrust Emerging Markets Fund (continued)

**Balance Sheet**

as at 31 December 2022

	Notes	31.12.2022 (£'000)	31.12.2021 (£'000)
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		12,086	16,794
<b>Current assets:</b>			
Debtors	8	67	50
Cash and bank balances	9	66	456
<b>Total assets</b>		<b>12,219</b>	<b>17,300</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	10	(92)	(61)
<b>Total liabilities</b>		<b>(92)</b>	<b>(61)</b>
<b>Net assets attributable to shareholders</b>		<b>12,127</b>	<b>17,239</b>

## Liontrust Emerging Markets Fund (continued)

**Notes to the financial statements**

for the year ended 31 December 2022

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 12 to 13.

**2 Net capital losses**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
The net capital losses comprise:		
Non-derivative securities	(3,016)	(2,043)
Forward currency contracts	–	1
Foreign currency gains	59	–
<b>Net capital losses</b>	<b>(2,957)</b>	<b>(2,042)</b>

**3 Revenue**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Bank interest	2	–
Non-taxable overseas dividends	439	386
Stock lending income	–	1
Stock Dividends	38	–
Taxable overseas dividends	23	90
UK dividends	23	25
<b>Total revenue</b>	<b>525</b>	<b>502</b>

## Liontrust Emerging Markets Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**4 Expenses**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
<b>Payable to the ACD or associates of the ACD:</b>		
ACD's charge	108	165
General administration charges*	21	33
	<b>129</b>	<b>198</b>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Safe custody fee	—	(13)
	<b>—</b>	<b>(13)</b>
<b>Other expenses:</b>		
ADR fee	—	3
Audit fee	—	(2)
Professional service fees	—	(1)
Publication costs	—	(5)
Registration fee	—	(2)
Other expenses	—	(4)
	<b>—</b>	<b>(11)</b>
<b>Total expenses</b>	<b>129</b>	<b>174</b>

\* The audit fee for the year (borne out of the General administration charges), excluding VAT, was £9,200 (2021: £8,400). Where the fee exceeds the General administration charges, the shortfall will be met by the ACD.

## Liontrust Emerging Markets Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 December 2022

## 5 Taxation

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	52	60
<b>Total tax charge [see note(b)]</b>	<b>52</b>	<b>60</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Net revenue before taxation	396	325
Corporation tax at 20% (2021 - 20%)	79	65
Effects of:		
Movement in unrecognised tax losses	19	21
Overseas tax	52	60
Prior year adjustment to unrecognised tax losses	2	(1)
Relief on overseas tax expensed	–	(3)
Revenue not subject to tax	(100)	(82)
<b>Total tax charge [see note(a)]</b>	<b>52</b>	<b>60</b>

Authorised investment companies with variable capital are exempt from UK tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

**c) Deferred tax**

At the year end there is a potential deferred tax asset of £561,000 (2021: £542,000) due to tax losses of £2,807,000 (2021: £2,710,000). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or the prior year.

## 6 Interest payable and similar charges

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Overdraft interest	–	3
<b>Total interest payable and similar charges</b>	<b>–</b>	<b>3</b>

## Liontrust Emerging Markets Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**7 Distributions**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Final distribution	308	215
Amounts deducted on cancellation of shares	38	57
Amounts received on issue of shares	(2)	(7)
<b>Distributions</b>	<b>344</b>	<b>265</b>

The distributable amount has been calculated as follows:

Net revenue after taxation	344	265
<b>Distributions</b>	<b>344</b>	<b>265</b>

The distribution per share is set out in the table on page 42.

**8 Debtors**

	31.12.2022 (£'000)	31.12.2021 (£'000)
Accrued revenue	27	16
Amounts receivable for issue of shares	–	5
Currency sales awaiting settlement	40	29
<b>Total debtors</b>	<b>67</b>	<b>50</b>

**9 Cash and bank balances**

	31.12.2022 (£'000)	31.12.2021 (£'000)
Cash and bank balances	66	456
<b>Total cash and bank balances</b>	<b>66</b>	<b>456</b>

## Liontrust Emerging Markets Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**10 Creditors**

	31.12.2022 (£'000)	31.12.2021 (£'000)
Accrued expenses	8	8
Accrued ACD's charge	8	11
Amounts payable for cancellation of shares	36	13
Currency purchases awaiting settlement	40	29
<b>Total other creditors</b>	<b>92</b>	<b>61</b>

**11 Contingent liabilities and outstanding commitments**

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: £nil).

**12 Related party transactions**

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

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

The balance due to Liontrust Fund Partners LLP and its associates in respect of expenses at the year end was £9,000 (2021: £13,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £129,000 (2021: £198,000).



## Liontrust Emerging Markets Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**13 Securities lending**

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

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

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

**Return and cost**

The table below shows the net income earned by the Sub-fund from securities lending activity during the year to 31 December 2022.

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

The table below shows the net income earned by the Sub-fund from securities lending activity during the year to 31 December 2021.

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
<b>Securities lending</b>				
Gross return	1	–	–	1
% of total	70%	0%	30%	100%
Cost	–	–	–	–

### Liontrust Emerging Markets Fund (continued)

#### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 13 Securities lending (continued)

##### Securities on loan and collateral received

No securities were on loan at the Balance Sheet date and therefore no analysis by borrowing counterparty has been disclosed.

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

##### Management of counterparty credit risk related to securities lending

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

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

#### 14 Risk management policies

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

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

In accordance with the requirements of the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Sub-fund is not permitted to trade in other financial instruments. The Sub-fund's use of financial instruments during the year satisfies these regulatory requirements.

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

These policies have remained unchanged since the beginning of the year to which these financial statements relate and during the prior year.

##### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. The ACD reviews the portfolio in

## Liontrust Emerging Markets Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

##### Market price risk (continued)

order to consider the asset allocation implications and to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the Sub-fund's investment objective. An individual Sub-fund ACD has responsibility for monitoring the existing portfolio, in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk reward profile. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 December 2022 and 31 December 2021 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the Sub-fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 10%. These percentage movements are based on the ACD's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 December 2022, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 9.7%.

As at 31 December 2021, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 11.3%.

Some limitations of sensitivity analysis are;

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

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

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

### Liontrust Emerging Markets Fund (continued)

#### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

##### Market price risk (continued)

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

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

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

##### Currency risk

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

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

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

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

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than Sterling, and the Sterling values of this income can be affected by movements in exchange rates. The Sub-fund converts all receipts of income into Sterling on or near the date of receipt; it does not, however, hedge or otherwise seek to avoid exchange rate risk on income accrued but not received.

## Liontrust Emerging Markets Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 December 2022

## 14 Risk management policies (continued)

## Currency risk (continued)

At 31 December 2022 the Sub-fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets		Total (£'000)
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	
Brazilian Real	1	483	484
Hong Kong Dollar	–	3,826	3,826
Indian Rupee	–	2,548	2,548
Indonesian Rupiah	–	859	859
Mexican Peso	–	439	439
Philippines Peso	–	225	225
South African Rand	–	305	305
South Korean Won	12	1,316	1,328
Taiwanese Dollar	–	330	330
Thailand Baht	–	286	286
United States Dollar	42	1,469	1,511
	<b>55</b>	<b>12,086</b>	<b>12,141</b>

At 31 December 2021 the Sub-fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets		Total (£'000)
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	
Hong Kong Dollar	–	3,762	3,762
Indian Rupee	–	3,222	3,222
Indonesian Rupiah	–	989	989
Philippines Peso	–	844	844
South Korean Won	8	1,978	1,986
Taiwanese Dollar	–	1,798	1,798
Thailand Baht	–	453	453
United States Dollar	456	3,508	3,964
	<b>464</b>	<b>16,554</b>	<b>17,018</b>

If the exchange rate at 31 December 2022 between the functional currency and all other currencies had increased or decreased by 1% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately 1.00%/(1.00)% respectively.

### Liontrust Emerging Markets Fund (continued)

#### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

##### Currency risk (continued)

If the exchange rate at 31 December 2021 between the functional currency and all other currencies had increased or decreased by 1% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately 0.99%/(0.99)% respectively.

##### Interest rate risk

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

The majority of the Sub-fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. As a result, the Sub-fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate in line with overnight bank rates.

##### Liquidity risk

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

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

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria and can make it difficult to establish accurate estimates of fundamental value. The lack of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the ACD's ability to execute substantial deals.

The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the Prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the ACD monitors the Sub-fund's liquidity on a daily basis.

##### Counterparty credit risk

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

## Liontrust Emerging Markets Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

##### Counterparty credit risk (continued)

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

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

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

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

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 December 2022 was A (Standard & Poor's rating).

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

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

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

##### Maturity profile of financial liabilities

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

##### Fair value of financial assets and liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

## Liontrust Emerging Markets Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**14 Risk management policies (continued)****Valuation of financial investments**

	<b>Assets (£'000)</b>	<b>Liabilities (£'000)</b>
<b>31.12.2022</b>		
Level 1: Quoted prices	12,086	—
	<b>12,086</b>	<b>—</b>
<b>31.12.2021</b>		
Level 1: Quoted prices	16,794	—
	<b>16,794</b>	<b>—</b>

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

**15 Share movement**

For the year ending 31 December 2022

	<b>Opening shares</b>	<b>Shares issued</b>	<b>Shares redeemed</b>	<b>Shares converted</b>	<b>Closing shares</b>
C Accumulation	9,358,564	225,007	(1,774,622)	—	7,808,949



## Liontrust Emerging Markets Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 December 2022

**16 Portfolio transaction costs**  
for the year ending 31 December 2022

<b>Purchases (excluding derivatives)</b>	<b>Transaction Value (£'000)</b>	<b>Commissions (£'000)</b>	<b>%</b>	<b>Taxes (£'000)</b>	<b>%</b>
Equity instruments (direct)	7,626	5	0.07	7	0.09
<b>Total purchases</b>	<b>7,626</b>	<b>5</b>		<b>7</b>	
<b>Total purchases including transaction costs</b>	<b>7,638</b>				
<b>Sales (excluding derivatives)</b>	<b>Transaction Value (£'000)</b>	<b>Commissions (£'000)</b>	<b>%</b>	<b>Taxes (£'000)</b>	<b>%</b>
Equity instruments (direct)	9,387	7	0.07	15	0.16
<b>Total sales</b>	<b>9,387</b>	<b>7</b>		<b>15</b>	
<b>Total sales net of transaction costs</b>	<b>9,365</b>				
<b>Total transaction costs</b>		<b>12</b>		<b>22</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.08%</b>		<b>0.15%</b>	

## Liontrust Emerging Markets Fund (continued)

## Notes to the financial statements (continued)

for the year ended 31 December 2022

## 16 Portfolio transaction costs (continued)

for the year ending 31 December 2021

<b>Purchases (excluding derivatives)</b>	<b>Transaction Value (£'000)</b>	<b>Commissions (£'000)</b>	<b>%</b>	<b>Taxes (£'000)</b>	<b>%</b>
Equity instruments (direct)	15,735	11	0.07	10	0.06
<b>Total purchases</b>	<b>15,735</b>	<b>11</b>		<b>10</b>	
<b>Total purchases including transaction costs</b>	<b>15,756</b>				
<b>Sales (excluding derivatives)</b>	<b>Transaction Value (£'000)</b>	<b>Commissions (£'000)</b>	<b>%</b>	<b>Taxes (£'000)</b>	<b>%</b>
Equity instruments (direct)	20,124	12	0.06	20	0.10
<b>Total sales</b>	<b>20,124</b>	<b>12</b>		<b>20</b>	
<b>Total sales net of transaction costs</b>	<b>20,092</b>				
<b>Total transaction costs</b>		<b>23</b>		<b>30</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.10%</b>		<b>0.14%</b>	

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.18% (2021: 0.27%).

## Liontrust Emerging Markets Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 17 Post balance sheet events

The Fund invests in a portfolio of assets, whose values have changed since the year-end, primarily due to market volatility. Since the year-end, the NAV per share of the C Accumulation share class has decreased by 0.80% to 19 April 2023. The other share classes in the Sub-fund have moved by a similar magnitude.

## Liontrust Emerging Markets Fund (continued)

**Distribution Table**

for the year ended 31 December 2022

**Final distribution**

Group 1 - Shares purchased prior to 1 January 2022

Group 2 - Shares purchased 1 January 2022 to 31 December 2022

	<b>Net Revenue Pence per share</b>	<b>Equalisation* Pence per share</b>	<b>Distribution paid 28.2.2023 Pence per share</b>	<b>Distribution paid 28.2.2022 Pence per share</b>
C Accumulation - Group 1	3.9421	—	3.9421	2.2992
C Accumulation - Group 2	2.6555	1.2866	3.9421	2.2992

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

# Liontrust Global Smaller Companies Fund

Report for the year from 1 January 2022 to 31 December 2022

## Investment Objective

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

## Investment Policy

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

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

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

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

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

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

## Investment Strategy

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

### Liontrust Global Smaller Companies Fund (continued)

#### Investment review

##### Sub-fund review

The Liontrust Global Smaller Companies Fund returned -27.1% (C Accumulation) over the year, versus the MSCI ACWI Small Cap Index and IA Global sector respective returns of -8.4% and -11.1% (both comparator benchmarks).\*

We continue to be positive on the outlook for high quality smaller companies that we believe are capable of exponential growth. We are especially positive as the smaller companies area of the market continues to give considerable scope for further outperformance as the world recovers from the Covid-19 pandemic. Smaller companies, particularly in the US, enjoy a lower valuation rating than their large and mega cap peers, which we believe can be translated into continued strong returns. We believe these companies can future-proof a portfolio by using the five drivers of Science, Intellectual Property, Deep Technology, Positive Change and Entrepreneurial Vision. The fast-growing businesses we invest in are typically capital light and built upon these five key drivers. This leads us to avoid sectors, sub-sectors, and stocks that are capital intensive, as larger and existing companies have a huge advantage. We believe these sectors include traditional real estate, utilities, mining and oil and gas exploration, integrated oil and gas companies, tobacco companies and arms manufacturers. In addition, within the finance sector, we prefer to avoid capital intensive stocks such as banks and traditional insurance businesses.

It has been a tough year for global markets. The first half of 2022 saw \$13tn of equity value wiped out from MSCI World, with the S&P 500 Index suffering from its worst opening to the year since 1970, pressured by intertwining factors such as high inflation from years of loose monetary policy, meeting the supply shock from Covid along with resurgent post-Covid demand. Additionally, the war in the Ukraine brought geopolitical uncertainty as well as adding scarcity to energy and key raw materials from trade sanctions with Russia. Harsh lockdowns in China has stalled economic growth in the world's second largest economy and impacted global markets as a key link in supply chains. Last, but by no means least, central bank tightening around the world to combat high inflation has negatively affected the performance of smaller companies, as they are considered to be higher risk and more susceptible to a harshening economic environment.

Equity markets stabilised and showed some signs of recovery in the final quarter, with hopes of an earlier than expected fed pivot, or "soft landing" easing the market as early signs show US inflation beginning to ease.

We continue to believe that active and disciplined stock selection can deliver sustained outperformance, shown by the long-term performance of the Sub-fund, which has returned 43.0% over five years versus the MSCI ACWI Small Cap return of 31.8% and 38.7% return from the IA Global sector. Since the change of the Sub-fund's strategy on 30<sup>th</sup> June 2016, the Sub-fund has returned 102% versus the MSCI ACWI Small Cap's 76.1% and IA Global's 82.7%, placing the Sub-fund in the top quartile for the period.

Among the top performers, SailPoint and Datto Holding were two of our portfolio companies to be acquired in 2022 for healthy premiums. SailPoint was exited after an attractive takeout deal from private equity investors, Thoma Bravo, was finalised. The portfolio has seen several companies bought by private equity investors as they fall to very attractive long-term valuations. Datto was acquired in the second quarter, and earlier in the year we saw Microsoft buy Nuance Communications, showing that the highest quality growth companies also remain attractive takeover targets for even the very largest mega caps if they have high quality intellectual property. This highlights the extraordinary value available in these high-quality smaller companies that we aim to invest in.

Acadia Healthcare had a strong year, with its leading position in psychiatric and chemical dependency services in the USA. It bounced back from a Covid drawdown to grow in the low double digits in 2021 and 2022, set for high single digit growth going forward – structurally stronger with lower debt and higher margins going forward in this essential recession-proof business.

Cybersecurity, a favoured sector for us, held up relatively well in the face of a strong drawdown in tech equities – largely due to the resilience of both corporate Information Technology (IT) spend and cybersecurity's share within that. Unfortunately, the sector had a poor Q3 earnings season which detracted from overall returns, with many companies pointing to the economic downturn putting pressure on smaller companies to delay further purchases and "right-size" deals which had been previously allowed to be wider in scope and spend.

## Liontrust Global Smaller Companies Fund (continued)

### Investment review (continued)

#### Sub-fund review (continued)

Rapid7, along with other cybersecurity companies in our portfolio, is valued as a high growth company and so it is of no surprise, therefore, that fears of substantial slowdown in this growth had a large impact on valuation. We remain confident, however, that the core products and businesses remain strong and stand to benefit from the ongoing steady growth trend in cybersecurity spend.

Trex has had a couple of fantastic years in 2020 and 2021, benefitting from an incredible jump in demand for home improvement during (and in the wake of) Covid lockdowns and an insanely high lumber price (Trex offers a sustainable non-lumber alternative for decking). This was clearly a substantial pull-forward of demand resulting in negative growth for 2022 and likely 2023 as well – a fact that has resulted in a significant drawdown in the stock price. We believe, however, that the long-term demand environment remains strong as do the businesses fundamentals.

Fever-tree, similar to Trex, also gained form a Covid reopening “bounce” that saw revenue grow 23% in 2022; however, this is clearly not sustainable, with growth looking to normalise to low double digits for the short to medium term. While the stock fell on this muted outlook, we are optimistic in the long term return prospects of Fever-tree, not least as they now look to drive better margins and unlock significant potential shareholder return.

While 2022 saw a tough year for equities – especially for smaller, higher growth companies - it has set the playing field for an interesting 2023.

Markets and economic may look bleak on the surface, but it is hard not to be excited by the current state of affairs for investors in the smaller innovative companies. The smaller cap universe, already a stock pickers paradise, now presents a large number of fantastic companies available for purchase at a price not seen for a long time – a great setup for long-term outperformance.

While markets do move somewhat at the mercy of large forces like interest rates, inflation and economic health (at least in the short term) – the rewards are looking ever more asymmetrically favourable for investors in innovative smaller companies. The downside scenarios (aggressive rate hikes, high inflation, economic downturn) are fairly priced in with strong returns likely in the eventuality of a soft landing, tamed inflation and economic rebound.

Taking all of this into account, we continue to believe very strongly that the long-term prospects of the high-quality companies we own, and thus the performance of the Sub-fund, will continue to be driven by the five key drivers of Science, Intellectual Property, New Deep Technology, Positive Change and Entrepreneurial Vision.

*\*Source: Financial Express, as at 31.12.22, total return, net of fees, income reinvested. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

#### Robin Geffen & Will Geffen

Fund Manager

January 2023

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

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

### Liontrust Global Smaller Companies Fund (continued)

#### Investment review (continued)

#### Material portfolio changes by value

##### Purchases

Topicus.com  
Clean Harbors  
Clear Secure  
Wolfspeed  
DoubleVerify  
Datto  
Skechers USA  
Huntsman  
Masimo  
WillScot Mobile Mini

##### Sales

Sailpoint Technologies  
Datto  
Pegasystems  
Ambarella  
Smartsheet  
Rapid7  
Integral Ad Science  
Verint Systems  
Olo  
ironSource

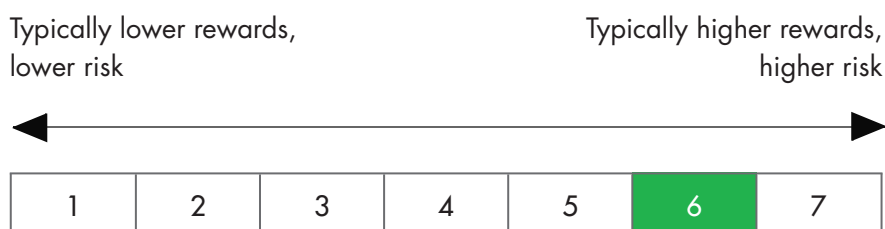


## Liontrust Global Smaller Companies Fund (continued)

### Investment review (continued)

#### Risk and Reward profile

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



- The Synthetic Risk and Reward Indicator (SRRI) is based upon historical data and may not be relied upon to gauge the future risk profile of the Sub-fund.
- The SRRI shown is not guaranteed to remain the same and may shift over time.
- The lowest category (1) does not mean 'risk free'.
- The Sub-fund's risk and reward category has been calculated using the methodology set by the European Commission. It is based upon the rate by which the Sub-fund or a representative fund or Index's value has moved up and down in the past.
- The Sub-fund is categorised 6 primarily for its exposure to Global small cap equities.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the Sub-fund;
  - overseas investments may carry a higher currency risk. They are valued by reference to their local currency which may move up or down when compared to the currency of the Sub-fund.
- This Sub-fund may have a concentrated portfolio, i.e. hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-fund's value than if it held a larger number of investments across a more diversified portfolio.
- The Sub-fund may, under certain circumstances, make use of derivative instruments but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Sub-fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a Sub-fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.
- As the Sub-fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the Sub-fund may not be able to sell a position for full value or at all in the short term. This may affect performance and could cause the Sub-fund to defer or suspend redemptions of its shares. In addition the spread between the price you buy and sell units will reflect the less liquid nature of the underlying holdings.
- The Sub-fund may have both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Sub-fund.

### Liontrust Global Smaller Companies Fund (continued)

#### Investment review (continued)

#### Risk and Reward profile (continued)

- Outside of normal conditions, the Sub-fund may hold higher levels of cash which may be deposited with several credit counterparties (e.g. international banks). A credit risk arises should one or more of these counterparties be unable to return the deposited cash.
- Counterparty Risk: any derivative contract, including FX hedging, may be at risk if the counterparty fails.
- Environmental Social Governance (ESG) Risk: there may be limitations to the availability, completeness or accuracy of ESG information from third-party providers, or inconsistencies in the consideration of ESG factors across different third party data providers, given the evolving nature of ESG.

For full details of the Sub-fund's risks, please see the prospectus which may be obtained from Liontrust (address on page 1) or online at [www.liontrust.co.uk](http://www.liontrust.co.uk).

## Liontrust Global Smaller Companies Fund (continued)

**Comparative Tables**

for the year ended 31 December 2022

<b>C Accumulation</b> <b>Accounting year ended</b>	<b>31 December 2022</b> <b>per share (p)</b>	<b>31 December 2021</b> <b>per share (p)</b>	<b>31 December 2020</b> <b>per share (p)</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	280.18	261.17	176.98
Return before operating charges	(72.30)	21.46	86.50
Operating charges	(1.94)	(2.45)	(2.31)
Return after operating charges	(74.24)	19.01	84.19
Distributions	—	—	—
Retained distributions on accumulation shares	—	—	—
<b>Closing net asset value per share</b>	<b>205.94</b>	<b>280.18</b>	<b>261.17</b>
After direct transaction costs of*	(0.03)	(0.28)	(0.29)
<b>Performance</b>			
Return after charges	(26.50%)	7.28%	47.57%
<b>Other information</b>			
Closing net asset value (£'000)	48,345	72,266	28,941
Closing number of shares	23,474,668	25,792,499	11,081,351
Operating charges**	0.88%	0.90%	1.12%
Direct transaction costs*	0.01%	0.10%	0.14%
<b>Prices</b>			
Highest share price	279.93	314.17	275.02
Lowest share price	189.87	224.67	141.47

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

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

## Liontrust Global Smaller Companies Fund (continued)

## Portfolio Statement

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>EQUITIES (99.42%)</b>	<b>47,651</b>	<b>98.56</b>
	<b>CANADA (1.89%)</b>	<b>740</b>	<b>1.53</b>
50,000	Canada Goose	740	1.53
	<b>HONG KONG (0.00%)</b>	<b>340</b>	<b>0.70</b>
220,000	Mandarin Oriental International	340	0.70
	<b>ISRAEL (4.45%)</b>	<b>1,832</b>	<b>3.79</b>
17,000	CyberArk Software	1,832	3.79
	<b>JAPAN (4.52%)</b>	<b>3,214</b>	<b>6.65</b>
135,000	Jafco	1,911	3.95
90,000	JTEKT	526	1.09
35,000	TechnoPro	777	1.61
	<b>NETHERLANDS (0.00%)</b>	<b>1,046</b>	<b>2.16</b>
25,000	Topicus.com	1,046	2.16
	<b>UNITED KINGDOM (7.72%)</b>	<b>2,792</b>	<b>5.77</b>
70,000	Fevertree Drinks	722	1.49
8,000	Games Workshop	685	1.42
30,000	LivaNova	1,385	2.86
	<b>UNITED STATES OF AMERICA (80.84%)</b>	<b>37,687</b>	<b>77.96</b>
40,000	Acadia Healthcare	2,736	5.66
5,000	Ambarella	342	0.71
10,000	Asana	114	0.24
90,000	Box	2,328	4.82
10,000	Bumble	175	0.36
10,000	Clean Harbors	948	1.96
40,000	Clear Secure	912	1.89
7,000	Crane Holdings	585	1.21
35,000	DoubleVerify	639	1.32
26,000	Dynatrace	828	1.71
85,000	Evoqua Water Technologies	2,797	5.79
4,000	Exponent	329	0.68
60,000	Flex	1,070	2.21

## Liontrust Global Smaller Companies Fund (continued)

## Portfolio Statement (continued)

as at 31 December 2022

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>EQUITIES (continued)</b>			
<b>UNITED STATES OF AMERICA (continued)</b>			
25,000	Huntsman	571	1.18
15,000	Lumentum	651	1.35
4,000	Masimo	492	1.02
40,000	New Relic	1,877	3.88
25,000	Power Integrations	1,490	3.08
8,000	Rapid7	226	0.47
20,000	RXO	286	0.59
23,000	Shutterstock	1,008	2.08
20,000	Silicon Laboratories	2,256	4.67
20,000	Skechers USA	697	1.44
20,000	Sonos	281	0.58
21,000	SPS Commerce	2,238	4.63
30,000	Tenable	950	1.97
8,000	TopBuild	1,040	2.15
30,000	Trex	1,056	2.18
60,000	Under Armour	506	1.05
70,000	Varonis Systems	1,393	2.88
50,000	Verint Systems	1,508	3.12
15,000	WillScot Mobile Mini	563	1.16
11,000	Wolfspeed	631	1.31
30,000	Workiva	2,096	4.34
20,000	XPO Logistics	553	1.14
25,000	YETI	858	1.77
10,000	Ziff Davis	657	1.36
	<b>Portfolio of investments</b>	<b>47,651</b>	<b>98.56</b>
	<b>Net other assets</b>	<b>694</b>	<b>1.44</b>
	<b>Total net assets</b>	<b>48,345</b>	<b>100.00</b>

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

All equity investments are in ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 31 December 2021.

## Liontrust Global Smaller Companies Fund (continued)

**Statement of Total Return**

for the year ended 31 December 2022

	Notes	(£'000)	1.1.2022 to 31.12.2022 (£'000)	(£'000)	1.1.2021 to 31.12.2021 (£'000)
Income					
Net capital (losses)/gains	2		(18,603)		1,790
Revenue	3	208		88	
Expenses	4	(478)		(480)	
Interest payable and similar charges	6	–		(7)	
Net expense before taxation		(270)		(399)	
Taxation	5	(16)		(8)	
Net expense after taxation			(286)		(407)
<b>Total return before distributions</b>			<b>(18,889)</b>		<b>1,383</b>
Distributions	7		–		–
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(18,889)</b>		<b>1,383</b>

**Statement of Change in Net Assets Attributable to Shareholders**

for the year ended 31 December 2022

	(£'000)	1.1.2022 to 31.12.2022 (£'000)	(£'000)	1.1.2021 to 31.12.2021 (£'000)
<b>Opening net assets attributable to shareholders</b>		<b>72,266</b>		<b>28,941</b>
Amounts received on issue of shares	3,250		51,150	
Amounts paid on cancellation of shares	(8,282)		(9,224)	
		(5,032)		41,926
Dilution adjustment		–		16
Change in net assets attributable to shareholders from investment activities		(18,889)		1,383
<b>Closing net assets attributable to shareholders</b>		<b>48,345</b>		<b>72,266</b>

## Liontrust Global Smaller Companies Fund (continued)

**Balance Sheet**

as at 31 December 2022

	Notes	31.12.2022 (£'000)	31.12.2021 (£'000)
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		47,651	71,849
<b>Current assets:</b>			
Debtors	8	299	767
Cash and bank balances	9	606	266
<b>Total assets</b>		<b>48,556</b>	<b>72,882</b>
<b>Liabilities</b>			
<b>Creditors:</b>			
Other creditors	10	(211)	(616)
<b>Total liabilities</b>		<b>(211)</b>	<b>(616)</b>
<b>Net assets attributable to shareholders</b>		<b>48,345</b>	<b>72,266</b>

## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements**

for the year ended 31 December 2022

**1 Accounting policies**

The accounting policies for the Sub-fund are set out on pages 12 to 13.

**2 Net capital (losses)/gains**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
The net capital (losses)/gains comprise:		
Non-derivative securities	(18,788)	1,893
Derivative contracts	–	(75)
Forward currency contracts	2	–
Foreign currency gains/(losses)	183	(28)
<b>Net capital (losses)/gains</b>	<b>(18,603)</b>	<b>1,790</b>

**3 Revenue**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Bank interest	6	–
Non-taxable overseas dividends	131	64
Stock lending income	3	6
UK dividends	68	18
<b>Total revenue</b>	<b>208</b>	<b>88</b>



## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**4 Expenses**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
<b>Payable to the ACD or associates of the ACD:</b>		
ACD's charge	408	401
General administration charges*	70	77
	<b>478</b>	<b>478</b>
<b>Other expenses:</b>		
Audit fee	–	3
Professional service fees	–	(1)
	<b>–</b>	<b>2</b>
<b>Total expenses</b>	<b>478</b>	<b>480</b>

\* The audit fee for the year (borne out of the General administration charges), excluding VAT, was £9,200 (2021: £8,400). Where the fee exceeds the General administration charges, the shortfall will be met by the ACD.

## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**5 Taxation**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	16	8
<b>Total tax charge [see note(b)]</b>	<b>16</b>	<b>8</b>

**b) Factors affecting tax charge for the year**

The taxation assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Net expense before taxation	(270)	(399)
Corporation tax at 20% (2021 - 20%)	(54)	(80)
Effects of:		
Movement in unrecognised tax losses	94	96
Overseas tax	16	8
Revenue not subject to tax	(40)	(16)
<b>Total tax charge [see note(a)]</b>	<b>16</b>	<b>8</b>

Authorised investment companies with variable capital are exempt from UK tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

**c) Deferred tax**

At the year end there is a potential deferred tax asset of £280,000 (2021: £186,000) due to tax losses of £1,398,000 (2021: £930,000). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year or the prior year.

**6 Interest payable and similar charges**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Overdraft interest	-	7
<b>Total interest payable and similar charges</b>	<b>-</b>	<b>7</b>

## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**7 Distributions**

	1.1.2022 to 31.12.2022 (£'000)	1.1.2021 to 31.12.2021 (£'000)
Final distribution	–	–
<b>Distributions</b>	<b>–</b>	<b>–</b>
The distributable amount has been calculated as follows:		
Net expense after taxation	(286)	(407)
Shortfall of income taken to capital	286	407
<b>Distributions</b>	<b>–</b>	<b>–</b>

The distribution per share is set out in the table on page 70.

**8 Debtors**

	31.12.2022 (£'000)	31.12.2021 (£'000)
Accrued revenue	5	8
Amounts receivable for issue of shares	121	245
Currency sales awaiting settlement	172	512
Overseas withholding tax	1	2
<b>Total debtors</b>	<b>299</b>	<b>767</b>

**9 Cash and bank balances**

	31.12.2022 (£'000)	31.12.2021 (£'000)
Cash and bank balances	606	266
<b>Total cash and bank balances</b>	<b>606</b>	<b>266</b>

## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**10 Creditors**

	31.12.2022 (£'000)	31.12.2021 (£'000)
Accrued expenses	5	8
Accrued ACD's charge	31	46
Amounts payable for cancellation of shares	4	48
Currency purchases awaiting settlement	171	514
<b>Total other creditors</b>	<b>211</b>	<b>616</b>

**11 Contingent liabilities and outstanding commitments**

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: £nil).

**12 Related party transactions**

Liontrust Asset Management Plc is regarded as a controlling party by virtue of being the ultimate parent company of the ACD, Liontrust Fund Partners LLP, giving the ability to act in concert in respect of the operations of the Company.

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

The balance due to Liontrust Fund Partners LLP and its associates in respect of expenses at the year end was £36,000 (2021: £54,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £478,000 (2021: £478,000).

## Liontrust Global Smaller Companies Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 13 Securities lending

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

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

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

#### Return and cost

The table below shows the net income earned by the Sub-fund from securities lending activity during the year to 31 December 2022.

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
<b>Liontrust Global Smaller Companies Fund</b>				
<b>Securities lending</b>				
Gross return	3	–	1	4
% of total	70%	0%	30%	100%
Cost	–	–	–	–

The table below shows the net income earned by the Sub-fund from securities lending activity during the year to 31 December 2021.

	Collective Investment Undertaking (£'000)	ACD of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
<b>Securities lending</b>				
Gross return	6	–	3	9
% of total	70%	0%	30%	100%
Cost	–	–	–	–

## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**13 Securities lending (continued)****Securities on loan and collateral received**

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

Counterparty	Counterparty's country of establishment	31 December 2022		31 December 2021	
		Securities on loan (£'000)	Collateral received (£'000)	Securities on loan (£'000)	Collateral received (£'000)
BNP Paribas	France	136	155	—	—
J.P. Morgan Securities Plc	UK	—	—	199	221
Jeffries LLC	USA	455	464	340	347
Merrill Lynch International	UK	383	404	—	—
The Bank of Nova Scotia	Canada	100	110	801	882
UBS AG	Switzerland	1,876	2,070	1,440	1,620
<b>Total</b>		<b>2,950</b>	<b>3,203</b>	<b>2,780</b>	<b>3,070</b>

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

**Management of counterparty credit risk related to securities lending**

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

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

**14 Risk management policies**

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

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

## Liontrust Global Smaller Companies Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

In accordance with the requirements of the rules in the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Sub-fund is not permitted to trade in other financial instruments. The Sub-fund's use of financial instruments during the year satisfies these regulatory requirements.

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

These policies have remained unchanged since the beginning of the year to which these financial statements relate and during the prior year.

#### Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held. The ACD reviews the portfolio in order to consider the asset allocation implications and to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the Sub-fund's investment objective. An individual Sub-fund ACD has responsibility for monitoring the existing portfolio, in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk reward profile. Futures contracts may be used to hedge against market price risk where deemed appropriate for efficient portfolio management purposes.

Furthermore, because a significant proportion of the companies in which the Sub-fund invests in are smaller companies, their liquidity cannot be guaranteed. The nature of these investments is such that prices can be volatile and realisations may not achieve current book value, especially when such sales represent a significant proportion of the company's market capital. Nevertheless, on the ground that the investments are not intended for immediate realisation, mid market price is regarded as the most objective and appropriate method of valuation.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

As at 31 December 2022 and 31 December 2021 the overall market exposure for the Sub-fund was as shown in the Portfolio Statement, other than for derivatives where the exposure could be greater. The Sub-fund is exposed to market price risk as the assets and liabilities of the Sub-fund are listed on stock exchanges and their prices are subject to movements both up and down that would result in an appreciation or depreciation in the fair value of that asset. The sensitivity of the Sub-fund to market price risk is estimated below which shows the expected change in the market value of the Sub-fund when a representative market index changes by 10%. These percentage movements are based on the ACD's estimate of reasonably possible market movements over the course of a year and uses an industry standard measure (Beta) to estimate the amount a Sub-fund has previously changed when that corresponding market index has moved taking into account the Sub-fund's historic correlation to the representative index's movements over the last three years using monthly returns. This analysis assumes that the historic relationships between the portfolio's holdings and the representative index are a valid approximation of their future relationship and that the characteristics of the portfolio and the market have been broadly unchanged over the three years.

As at 31 December 2022, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 7.8%.

# Liontrust Global Smaller Companies Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

##### Market price risk (continued)

As at 31 December 2021, had the representative market index increased/decreased by 10.0% the resulting change in the value of the Net Asset Value is expected to have been an increase/a decrease of 7.9%.

Some limitations of sensitivity analysis are;

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

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

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

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

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

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

##### Currency risk

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

The ACD has identified three principal areas where foreign currency risk could impact the Sub-fund:

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

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



## Liontrust Global Smaller Companies Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

##### Currency risk (continued)

The Sub-fund may be subject to short-term exposure to exchange rate movements, for instance, where there is a difference between the date an investment purchase or sale is entered into and the date when settlement of the proceeds occurs. The ACD believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The Sub-fund may receive income in currencies other than Sterling, and the Sterling values of this income can be affected by movements in exchange rates. The Sub-fund converts all receipts of income into Sterling on or near the date of receipt; it does not, however, hedge or otherwise seek to avoid exchange rate risk on income accrued but not received.

At 31 December 2022 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets		Total (£'000)
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	
Canadian Dollar	1	1,046	1,047
Japanese Yen	5	3,214	3,219
United States Dollar	723	41,984	42,707
	<b>729</b>	<b>46,244</b>	<b>46,973</b>

At 31 December 2021 the Sub-fund's currency exposure was as shown in the table below:

Currency	Net Foreign Currency Assets		Total (£'000)
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	
Canadian Dollar	1	–	1
Japanese Yen	4	3,272	3,276
United States Dollar	266	65,272	65,538
	<b>271</b>	<b>68,544</b>	<b>68,815</b>

If the exchange rate at 31 December 2022 between the functional currency and all other currencies had increased or decreased by 1% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately 0.97%/(0.97)% respectively.

If the exchange rate at 31 December 2021 between the functional currency and all other currencies had increased or decreased by 1% with all other variables held constant, this would have increased or decreased net assets attributable to holders of shares of the Sub-fund by approximately 0.95%/(0.95)% respectively.

##### Interest rate risk

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

# Liontrust Global Smaller Companies Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

##### Interest rate risk (continued)

The majority of the Sub-fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. As a result, the Sub-fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Therefore, no interest rate sensitivity analysis has been prepared for these.

Interest receivable on bank deposits and short-term deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The interest rates earned on sterling deposits are earned at a rate in line with overnight bank rates.

##### Liquidity risk

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

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

The equity markets of emerging countries tend to be more volatile than the more developed markets of the world. Standards of disclosure and accounting regimes may not always fully comply with international criteria and can make it difficult to establish accurate estimates of fundamental value. The lack of accurate and meaningful information, and inefficiencies in its distribution, can leave emerging markets prone to sudden and unpredictable changes in sentiment. The resultant investment flows can trigger significant volatility in these relatively small and illiquid markets. At the same time, this lack of liquidity, together with low dealing volumes, can restrict the ACD's ability to execute substantial deals.

The main liquidity risk of the Sub-fund is the redemption of any shares that investors wish to sell, which are redeemable on demand under the Prospectus. Where investments cannot be realised in time to meet any potential liability, the Sub-fund may borrow up to 10% of its value to ensure settlement.

In accordance with the ACD's policy, the ACD monitors the Sub-fund's liquidity on a daily basis.

##### Counterparty credit risk

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

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

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

## Liontrust Global Smaller Companies Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 14 Risk management policies (continued)

##### Counterparty credit risk (continued)

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

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

The Depositary is responsible for the safe-keeping of assets and has appointed the Bank of New York Mellon, S.A./N.V., London Branch ("BNYMSA") as its global custodian. The long term credit rating of the parent company of the Depositary and Custodian, The Bank of New York Mellon Corporation, as at 31 December 2022 was A (Standard & Poor's rating).

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

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

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

##### Maturity profile of financial liabilities

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

##### Fair value of financial assets and liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

##### Valuation of financial investments

<b>31.12.2022</b>	<b>Assets (£'000)</b>	<b>Liabilities (£'000)</b>
Level 1: Quoted prices	47,651	—
	<b>47,651</b>	<b>—</b>

## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**14 Risk management policies (continued)****Valuation of financial investments (continued)**

<b>31.12.2021</b>	<b>Assets (£'000)</b>	<b>Liabilities (£'000)</b>
Level 1: Quoted prices	71,849	—
	<b>71,849</b>	<b>—</b>

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

**15 Share movement**

For the year ending 31 December 2022

	<b>Opening shares</b>	<b>Shares issued</b>	<b>Shares redeemed</b>	<b>Shares converted</b>	<b>Closing shares</b>
C Accumulation	25,792,499	1,439,784	(3,757,615)	—	23,474,668

## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**16 Portfolio transaction costs**  
for the year ending 31 December 2022

<b>Purchases (excluding derivatives)</b>	<b>Transaction Value (£'000)</b>	<b>Commissions (£'000)</b>	<b>%</b>	<b>Taxes (£'000)</b>	<b>%</b>
Equity instruments (direct)	8,614	3	0.03	–	–
<b>Total purchases</b>	<b>8,614</b>	<b>3</b>		<b>–</b>	
<b>Total purchases including transaction costs</b>	<b>8,617</b>				
<b>Sales (excluding derivatives)</b>	<b>Transaction Value (£'000)</b>	<b>Commissions (£'000)</b>	<b>%</b>	<b>Taxes (£'000)</b>	<b>%</b>
Equity instruments (direct)	14,028	3	0.02	–	–
<b>Total sales</b>	<b>14,028</b>	<b>3</b>		<b>–</b>	
<b>Total sales net of transaction costs</b>	<b>14,025</b>				
<b>Total transaction costs</b>		<b>6</b>		<b>–</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.01%</b>		<b>–</b>	

## Liontrust Global Smaller Companies Fund (continued)

**Notes to the financial statements (continued)**

for the year ended 31 December 2022

**16 Portfolio transaction costs (continued)**

for the year ending 31 December 2021

<b>Purchases (excluding derivatives)</b>	<b>Transaction Value (£'000)</b>	<b>Commissions (£'000)</b>	<b>%</b>	<b>Taxes (£'000)</b>	<b>%</b>
Equity instruments (direct)	82,831	30	0.04	10	0.01
<b>Total purchases</b>	<b>82,831</b>	<b>30</b>		<b>10</b>	
<b>Total purchases including transaction costs</b>	<b>82,871</b>				
<b>Sales (excluding derivatives)</b>	<b>Transaction Value (£'000)</b>	<b>Commissions (£'000)</b>	<b>%</b>	<b>Taxes (£'000)</b>	<b>%</b>
Equity instruments (direct)	41,523	16	0.04	–	–
<b>Total sales</b>	<b>41,523</b>	<b>16</b>		<b>–</b>	
<b>Total sales net of transaction costs</b>	<b>41,507</b>				
<b>Total transaction costs</b>		<b>46</b>		<b>10</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.08%</b>		<b>0.02%</b>	

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

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

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

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.23% (2021: 0.11%).

## Liontrust Global Smaller Companies Fund (continued)

### Notes to the financial statements (continued)

for the year ended 31 December 2022

#### 17 Post balance sheet events

The Fund invests in a portfolio of assets, whose values have changed since the year-end, primarily due to market volatility.

Since the year-end, the NAV per share of the C Accumulation share class has increased by 6.15% to 19 April 2023. The other share classes in the Sub-fund have moved by a similar magnitude.

## Liontrust Global Smaller Companies Fund (continued)

**Distribution Table**

for the year ended 31 December 2022

**Final distribution**

Group 1 - Shares purchased prior to 1 January 2022

Group 2 - Shares purchased 1 January 2022 to 31 December 2022

	Net Revenue Pence per share	Equalisation* Pence per share	Distribution paid 28.2.2023 Pence per share	Distribution paid 28.2.2022 Pence per share
C Accumulation - Group 1	—	—	—	—
C Accumulation - Group 2	—	—	—	—

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



## Securities Financing Transactions (unaudited)

as at 31 December 2022

### Securities Lending

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

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

The following table details the value of securities on loan as a proportion of the Sub-funds' total lendable assets and Net Asset Value (NAV) as at 31 December 2022. The income earned from securities lending are also shown for the period ended 31 December 2022. Total lendable assets represents the aggregate value of assets forming part of the Sub-funds' securities lending programme. This excludes any assets held by the Sub-funds that are not considered lendable due to any market, regulatory, investment or other restriction.

### Securities on loan

Fund	% of lendable assets	% of NAV	Income earned (£'000)
<b>Liontrust Global Smaller Companies Fund</b>	6.58	6.10	3

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 31 December 2022.

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
<b>Liontrust Global Smaller Companies Fund</b>			
BNP Paribas	France	136	155
Jeffries LLC	USA	455	464
Merrill Lynch International	UK	383	404
The Bank of Nova Scotia	Canada	100	110
UBS	Switzerland	1,876	2,070
<b>Total</b>		<b>2,950</b>	<b>3,203</b>

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

### Collateral

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

## Securities Financing Transactions (unaudited)(continued)

as at 31 December 2022

**Collateral (continued)**

The following table provides an analysis by currency of the underlying cash and non-cash collateral received / posted by way of title transfer collateral arrangement by the Sub-funds, in respect of securities lending transactions, as at 31 December 2022.

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
<b>Liontrust Global Smaller Companies Fund</b>				
<b>Securities lending transactions</b>				
AUD	-	-	18	-
CHF	-	-	12	-
EUR	-	-	296	-
GBP	-	-	243	-
HKD	-	-	43	-
JPY	-	-	127	-
NOK	-	-	1	-
USD	-	-	2,463	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,203</b>	<b>-</b>

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

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received / posted by the Sub-funds by way of title transfer collateral arrangement in respect of securities lending transactions, as at 31 December 2022.

Collateral type and quality	Maturity Tenor					Open transactions (£'000)	Total (£'000)
	1 - 7 days (£'000)	8 - 30 days (£'000)	31 - 90 days (£'000)	91 - 365 days (£'000)	More than 365 days (£'000)		
<b>Liontrust Global Smaller Companies Fund</b>							
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	2	87	28	150	893	-	<b>1,160</b>
<b>Equities</b>							
Recognised equity index	-	-	-	-	-	2,043	<b>2,043</b>
<b>Total</b>	<b>2</b>	<b>87</b>	<b>28</b>	<b>150</b>	<b>893</b>	<b>2,043</b>	<b>3,203</b>

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

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

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

## Securities Financing Transactions (unaudited)(continued)

as at 31 December 2022

### Collateral (continued)

As at 31 December 2022, all non-cash collateral received by the Sub-funds in respect of securities lending transactions is held by the Sub-funds' Depositary (or through its delegates).

The following table lists the top ten issuers (or all the issuers if less than ten) by value of non-cash collateral received by the Sub-fund by way of the title transfer collateral arrangement across securities lending transactions as at 31 December 2022.

Issuer	Value (£'000)	% of the Sub- fund's NAV
<b>Liontrust Global Smaller Companies Fund</b>		
UBS AG	2,070	4.28
Jefferies LLC	464	0.96
Merrill Lynch International	404	0.84
BNP Paribas Arbitrage	155	0.32
The Bank of Nova Scotia	110	0.23
<b>Total</b>	<b>3,203</b>	<b>6.63</b>

### Additional Information (unaudited)

#### **Important information**

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



Liontrust Customer Services Team

PO Box 373, Darlington, DL1 9RQ



0344 892 0349



Facsimile 0207 964 2562



Liontrustadmin@bnymellon.com

**LIONTRUST** 

Liontrust Fund Partners LLP is authorised and regulated by the Financial Conduct Authority.