

# LIONTRUST EUROPEAN DYNAMIC FUND

Annual Report &  
Financial Statements

For the year:  
**1 May 2022**  
to  
**30 April 2023**

**Managed in accordance with**  
The Liontrust Cashflow Solution

LIONTRUST FUND PARTNERS LLP

**LIONTRUST** 



## Contents

Management and Administration*	1
Manager's Investment Report*	3
Authorised Status*	10
Statement of the Manager's Responsibilities*	10
Statement of the Trustee's Responsibilities	11
Trustee's Report	11
Certification of Financial Statements by Partners of the Manager	12
Independent Auditor's Report to the Unitholders	13
Comparative Tables	17
Portfolio Statement*	25
Financial Statements:	
Statement of Total Return	28
Statement of Change in Net Assets Attributable to Unitholders	28
Balance Sheet	29
Notes to the Financial Statements	30
Distribution Table	46
Securities Financing Transactions (unaudited)	47
Additional information (unaudited)	50

\* Collectively, these comprise the Authorised Fund Manager's Report (from herein referred to as the Manager's Report).

## Management and Administration

### **Authorised Fund Manager ("Manager")**

Liontrust Fund Partners LLP  
2 Savoy Court  
London WC2R 0EZ

Administration and Dealing enquiries 0344 892 0349  
Administration and Dealing facsimile 0207 964 2562  
Email [Liontrustadmin@bnymellon.com](mailto:Liontrustadmin@bnymellon.com)  
Website [www.liontrust.co.uk](http://www.liontrust.co.uk)

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

### **Investment Adviser**

Liontrust Investment Partners LLP  
2 Savoy Court  
London WC2R 0EZ

Authorised and regulated by the FCA.

### **Trustee**

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.

# Liontrust European Dynamic Fund

### **Liontrust Asset Management PLC**

Liontrust Asset Management PLC (Company) is a specialist fund management company with £31.4 billion in assets under management as at 31 March 2023 and that takes pride in having a distinct culture and approach to managing money. What makes Liontrust distinct?

- The Company launched in 1995 and was listed on the London Stock Exchange in 1999.
- We are an independent business with no corporate parent, our head office is on the Strand in London and we have offices in Edinburgh and Luxembourg.
- We believe in the benefits of active fund management over the long term and all our fund managers are truly active.
- We focus only on those areas of investment in which we have particular expertise. We have seven fund management teams investing in Global Equities, Global Fixed Income, Sustainable Investment and Multi-Asset portfolios and funds.
- Our fund managers are independent thinkers and have the courage of their convictions in making investment decisions.
- Our fund managers have the freedom to manage their portfolios according to their own investment processes and market views without being distracted by other day-to-day aspects of running a fund management company.
- Each fund management team applies distinct and rigorous investment processes to the management of funds and portfolios that ensure the way we manage money is predictable and repeatable.
- Staying true to their documented investment processes helps to create an in-built risk control for our fund managers, especially in more challenging environments, by preventing them from investing in companies and funds for the wrong reasons.
- We aim to treat investors, clients, members, employees, suppliers and other stakeholders fairly and with respect. We are committed to the Principles of Treating Customers Fairly (TCF) and they are central to how we conduct business across all our functions.

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

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

## Manager's Investment Report

### Investment Objective

The Fund aims to deliver capital growth over the long-term (5 years or more).

### Investment Policy

The Fund will invest in companies which are incorporated, domiciled, listed or conduct significant business in the EEA or Switzerland, but excludes shares listed in the UK.

The Fund will typically invest 95% (minimum 80%) in equities or equity related derivatives but may also invest in collective investment schemes (up to 10% of Fund assets), corporate debt securities, other transferable securities, money market instruments, warrants, cash and deposits.

As a result of the investment process employed, the proportion of the Fund that is invested in growth companies versus value opportunities will change dynamically over time depending on the investment opportunities available in the market.

The Fund is permitted to use derivatives for the purposes of efficient portfolio management and for investment purposes. Please refer to the Derivatives sections of the Prospectus for further details.

The Fund also has the ability to implement hedging on hedged unit classes. Please refer to the Exchange Rate Risk and Hedging sections of the Prospectus for further detail.

### The Team

James Inglis-Jones formed the Cashflow Solutions team on joining Liontrust in March 2006 and was joined by Samantha Gleave in 2012. James and Samantha jointly manage the Cashflow Solutions range of funds having first worked together in 1998 and with an average industry experience of 25 years. James previously managed funds at Fleming Investment Management, JP Morgan Fleming and Polar Capital. Samantha formerly worked at Sutherlands Limited, Fleming Investment Management, Credit Suisse First Boston and Bank of America Merrill Lynch. Samantha was a No 1 ranked equity research sector team (Extel & Institutional Investor Surveys) at Credit Suisse and won awards for Top Stock Pick and Earnings Estimates at Bank of America Merrill Lynch.

### The Process

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

The fund managers seek to own companies that generate significantly more cash than they need to sustain their planned growth yet are lowly valued by investors on that measure and are run by managers committed to an intelligent use of capital.

To identify companies' annual cash flow, balance sheet development and valuation efficiently across all equity markets the fund managers have developed a simple screen as a starting point for further qualitative analysis. The investment screen consists of two cash flow ratios that are combined equally to highlight the process characteristics that they seek.

The two cash flow measures are:

- Cash flow relative to operating assets
- Cash flow relative to market value

### Manager's Investment Report (continued)

#### Performance of the Fund

In the year to 30 April 2023 an investment in the Fund returned 9.6% (retail class) and 10.5% (institutional class). The MSCI Europe ex-UK Index comparator benchmark returned 13.0% and the return made by funds in the IA Europe ex-UK sector average, also a comparator benchmark, was 10.9%.

From the Fund's launch on 15 November 2006 to 30 April 2023, an investment in the Fund rose by 314% (retail class) and 356% (institutional class), compared to a rise of 167% by the MSCI Europe ex-UK Index and a 179% return from the IA Europe ex-UK sector comparator benchmarks.

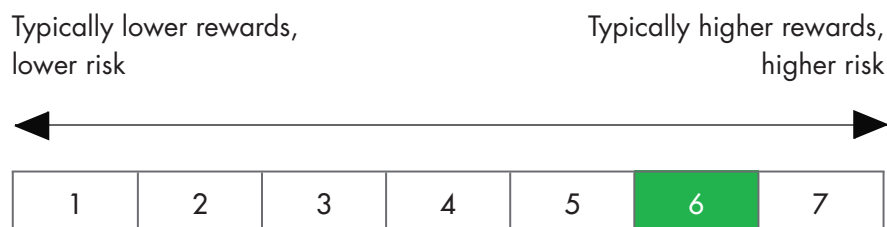
*Source: Financial Express, bid-to-bid basis, total return, net of fees, income reinvested, figures show performance up to 30 April 2023. The primary class post-Retail Distribution Review is the institutional class, whereas pre-Retail Distribution Review the bundled Retail class performance history is used, unadjusted for the lower fees of the post Retail Distribution Review classes. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

**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.**

## Manager's Investment Report (continued)

### Risk and Reward profile

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



- The Synthetic Risk Reward Indicator ("SRRI") is based upon historical data and may not be relied upon to gauge the future risk profile of the 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 Fund's risk and reward category has been calculated using the methodology adopted by the Financial Conduct Authority. It is based upon the rate by which the Fund or a representative fund or Index's value has moved up and down in the past.
- The Fund is categorised 6 for its exposure to European (ex UK) equities.
- The SRRI may not fully take into account the following risks:
  - that a company may fail thus reducing its value within the 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 Fund.
- This 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 Fund's value than if it held a larger number of investments.
- The 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 or for investment purposes. 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 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 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.
- The 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.
- The Fund has both Hedged and Unhedged unit classes available. The Hedged unit classes use forward foreign exchange contracts to protect returns in the base currency of the Fund.
- Outside of normal conditions, the 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.

### Manager's Investment Report (continued)

#### **Risk and Reward profile (continued)**

- Environmental, Social and 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 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).



## Manager's Investment Report (continued)

### The Market

The MSCI Europe ex-UK Index returned 13.0% in the 12 months to 30 April 2023.

Interest rate normalisation continued apace over the year, with the European Central Bank belatedly joined other central banks in beginning its rate tightening cycle. In July, it raised its refinancing rate by 50 basis points (bps) to 0.5%, and in total pushed through 350 bps of hikes across the twelve months. The Bank of England and US Federal Reserve raised benchmark rates by 375bps and 450bps respectively across the period.

Equity markets were initially weighed down by concern over the degree to which this monetary tightening would depress economic activity. Despite ongoing hawkish rhetoric from central bankers, the end of 2022 saw markets recover as they began to price in a slowing pace of interest rate hikes or even a pivot to lower rates.

In March, the collapse of Silicon Valley Bank in the US sparked some fears of contagion. Credit Suisse was the highest profile casualty in Europe, forced to be subsumed by UBS as its value tumbled, but heavy losses were experienced across the financials sector. In turn, this led to some moderation in interest rate expectations. Investor sentiment recovered swiftly, however, with European markets bouncing back in April.

With interest rate rises a dominant feature of the macroeconomic backdrop, the finance (+19%) sector of the MSCI Europe ex-UK index performed well, with banks' net interest margins set to expand. The top performing sector was consumer discretionary (+33%), while energy (+18%), industrials (+17%) and utilities (+13%) also notched up double-digit percentage gains in sterling terms. Only real estate (-31%) lost ground, as rising borrowing costs threaten to put pressure on homeowners and landlords.

### Analysis of Portfolio Return

The Fund returned 10.5% (institutional income class) in the year to 30 April 2023. The MSCI Europe ex-UK index comparator benchmark returned 13.0% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 10.9%.\*

**Bank of Ireland** was the Fund's largest positive contributor. Within interim results, it stated that it expected "modestly higher" net interest income for 2022 as the income line's gearing to higher interest rates feeds through. Towards the end of 2022, it then lifted guidance for calendar year growth in net interest income from a 6% - 7% range to 10%.

French media agency **Publicis Groupe** also benefitted from upgraded 2022 guidance as Q3 results commented on good growth in all its markets and also nudged higher its targets for operating margin and free cash flow. The company went on to beat upgraded analyst forecasts, recording 10% organic sales growth over 2022, compared with consensus forecasts of around 8.8%.

Another of the Fund's strongest positions was **Swedish Match**, as it agreed to a SEK106 per share cash offer from Philip Morris. The offer was well-timed from the Fund's perspective, Swedish Match having only been added to the portfolio earlier in the review period as we sought out defensive exposure.

Shares in Danish pharmaceutical group **Novo Nordisk** steadily strengthened over the year. The company announced that its Wegovy drug as seen strong demand a weight loss treatment, driving 25% sales growth in the first three months of 2023 and prompting it to upgrade its full-year sales and operating growth guidance.

Shares in German fertiliser manufacturer **K+S** were the biggest drag on Fund returns. In the first four months of 2022 they had performed very strongly, more than doubling as prices of potash and other agricultural commodities jumped in the wake of Russia's invasion of Ukraine. In April 2022, K+S significantly upgrading its 2022 EBITDA (earnings before interest, tax, depreciation and amortisation) forecast from a €1.6bn - €1.9bn range to €2.3bn - €2.6bn, ahead of consensus analyst forecasts of €2.2bn. The shares subsequently rolled over as investors priced in a normalisation of potash prices as market volumes adjusted to cope with the supply restrictions caused by the Ukraine conflict.

With oil prices dropping by 25% over the year, Swedish exploration and production company **Tethys Oil** saw its shares slide. Some of its production sites also underperformed expectations, leading to 2022 production of 9,940 barrels of oil per day – below its initial target of 10,200 barrels.

## Manager's Investment Report (continued)

### Analysis of Portfolio Return (continued)

Although Italian clothing retailer **Moncler** ultimately rallied alongside the consumer discretionary sector, the position was sold early in the review period following a deterioration in its cash flow scores.

*\*Source: Financial Express, bid to bid basis, total return, net of fees, income reinvested, 30.4.23. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

### Portfolio Changes

Changes to the Fund's portfolio of holdings are driven by our annual review of companies' reports and accounts. This in-depth quantitative and qualitative review is core to the Cashflow Solution investment process. It involves the forensic analysis of historic cash flows and balance sheet developments.

We apply a simple quantitative screen using two measures of cash flow to create a composite ranking of the European universe of companies, with only the top 20% – the Cashflow Champions watchlist – qualifying for further qualitative analysis.

We then aim to pick the very best investments from within the watchlist by categorising stocks according to four 'secondary scores': Momentum, Cash Return, Recovering Value and Contrarian. We also apply a set of key proprietary indicators – valuations, investor anxiety, corporate aggression and market momentum. These allow us to designate the prevailing market regime and, in turn, optimise portfolio construction by emphasising different secondary scores within stock selection in order to target growth or value exposure.

Last year's annual review maintained the portfolio's focus on value stocks with momentum, recovery or cash return characteristics. It also introduced some stocks with inexpensive defensive and quality characteristics. Early in 2022, our key market indicators suggested that while value stocks still looked a lot more attractive than companies with high forecast growth, some repositioning was required in order to reflect a fairly gloomy outlook for equity markets.

This more defensive strategy was partly prompted by an expensive market valuation indicator and a surge in corporate optimism (as measured by companies' investment of cash flows in operating assets), which we see as a contrarian market indicator. Aggressive corporate expenditure often signals that company managers are being over-optimistic about future growth and backing this with significant investment. These investments then prove costly if growth subsequently disappoints.

We've therefore designed our corporate aggression measure to highlight when managers are becoming particularly aggressive with their investment. When this measure is high, we've found the best returns to be among defensive stocks.

### Outlook

The outlook for European markets has improved, although we continue to expect some volatility. Valuations in Europe are not concerning and markets have moved towards a firmer uptrend from a technical standpoint. In addition, our corporate aggression measure is now falling, providing a further positive indicator for markets.

Stylistically, we continue to believe that both value and momentum should perform well. Value continues to look cheap relative to history, should benefit from higher inflation and is due significant mean reversion in the wake of the growth-dominated market 2008-2021. We have identified a number of indications that are usually positive for momentum strategies and, if history is any guide to the future, make a momentum crash very unlikely.

## Manager's Investment Report (continued)

### Outlook (continued)

Growth stocks in Europe continue to look expensive, albeit much less so than a year ago. However, many still have poor momentum. Defensive stocks have performed well recently and there remains potential for defensive stocks in Europe to continue to perform quite well over the course of the next few months as their dreadful performance of the latter half of 2022 continues to repair.

### James Inglis-Jones & Samantha Gleave

Fund Managers

May 2023

**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.**

### Material portfolio changes by value

#### Purchases

Novartis  
 Evolution  
 Banco Santander  
 Jeronimo Martins  
 Renault  
 Cie de Saint-Gobain  
 Hermes International  
 Koninklijke Ahold Delhaize  
 UniCredit  
 Industria de Diseno Textil

#### Sales

K+S  
 Boliden  
 ABB  
 Roche  
 Swedish Match  
 AP Moller - Maersk  
 Aker BP  
 Stellantis  
 Deutsche Pfandbriefbank  
 Royal Unibrew

### Authorised Status

The Fund is an authorised unit trust scheme ("the Scheme") under Section 243 of the Financial Services and Markets Act 2000 (authorisation orders) and the Financial Conduct Authority's Collective Investment Schemes Sourcebook and is categorised as a UCITS scheme.

### Statement of the Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund and of the net revenue and net capital gains on the property of the Fund for the year.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements 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*;
- 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 Fund's 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 Fund 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 Manager is responsible for the management of the Fund in accordance with its Trust Deed, the Prospectus and the COLL Rules.

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

# Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Liontrust European Dynamic Fund (the 'Fund') for the Year Ended 30 April 2023

The Trustee in its capacity as Trustee of Liontrust European Dynamic Fund must ensure that the Fund is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

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

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

The Trustee must ensure that:

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

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

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

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

For and on behalf of

**The Bank of New York Mellon (International) Limited**

160 Queen Victoria Street  
London EC4V 4LA

23 August 2023



## Certification of Financial Statements by Partners of the Manager

We certify that this Manager's Report has been prepared in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook.



**Martin Kearney**

Partner, Chief Compliance Officer



**Antony Morrison**

Partner, Head of Finance

Liontrust Fund Partners LLP  
23 August 2023

# Independent Auditor's Report to the Unitholders of Liontrust European Dynamic Fund (the "Fund")

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of the Fund for the year ended 30 April 2023 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Table for the Fund and the accounting policies set out on pages 30 to 32.

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 the Fund as at 30 April 2023 and of the net revenue and the net capital gains on the property of the Fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, 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 Fund 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 Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Fund or to cease their operations, and as they have concluded that the Fund's 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 Manager's conclusions, we considered the inherent risks to the Fund's business model and analysed how those risks might affect the Fund's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager'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 Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Fund's 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 Fund will continue in operation.

# Independent Auditor's Report to the Unitholders of Liontrust European Dynamic Fund (the "Fund") (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 Fund'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 Manager, the Trustee, the Administrator and the Investment Adviser; and
- Reading 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 Manager 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 Fund 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 Fund 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 Fund'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 Unitholders of Liontrust European Dynamic Fund (the "Fund") (continued)

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

#### Other information

The Manager 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 Manager'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 Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

#### Manager's responsibilities

As explained more fully in their statement set out on page 10, the Manager 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 Fund'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 Fund 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.

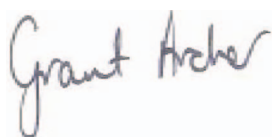
A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

# Independent Auditor's Report to the Unitholders of Liontrust European Dynamic Fund (the "Fund") (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 Fund's unitholders, 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 section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders 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 Fund and the Fund's unitholders, 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

319 St Vincent Street

Glasgow

G2 5AS

23 August 2023



## Comparative Tables

for the year ended 30 April 2023

<b>B Income+</b> <b>Accounting year ended</b>	<b>30 April 2023</b> <b>per unit (p)</b>	<b>30 April 2022</b> <b>per unit (p)</b>	<b>30 April 2021</b> <b>per unit (p)</b>
<b>Change in net assets per unit</b>			
Opening net asset value per unit	304.66	281.21	183.76
Return before operating charges	34.41	31.38	100.89
Operating charges	(3.41)	(3.48)	(2.66)
Return after operating charges	31.00	27.90	98.23
Distributions	(8.09)	(4.45)	(0.78)
Retained distributions on accumulation units	—	—	—
<b>Closing net asset value per unit</b>	<b>327.57</b>	<b>304.66</b>	<b>281.21</b>
After direct transaction costs of*	(0.61)	(0.17)	(0.08)
<b>Performance</b>			
Return after charges	10.18%	9.92%	53.46%
<b>Other information</b>			
Closing net asset value (£'000)	6,783	4,983	409
Closing number of units	2,070,678	1,635,719	145,499
Operating charges**	1.12%	1.14%	1.15%
Direct transaction costs*	0.20%	0.05%	0.04%
<b>Prices</b>			
Highest unit price	350.78	326.47	286.51
Lowest unit price	265.16	272.34	176.97

+ previously Advised Income.

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders 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 Fund and unit class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the 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 Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

## Comparative Tables (continued)

for the year ended 30 April 2023

<b>B Income Hedged</b> <b>Accounting year ended</b>	<b>30 April 2023</b> <b>per unit (p)</b>	<b>30 April 2022</b> <b>per unit (p)</b>	<b>30 April 2021#</b> <b>per unit (p)</b>
<b>Change in net assets per unit</b>			
Opening net asset value per unit	118.75	101.48	100.00
Return before operating charges	11.40	20.28	1.71
Operating charges	(1.30)	(1.32)	(0.08)
Return after operating charges	10.10	18.96	1.63
Distributions	(3.11)	(1.69)	(0.15)
Retained distributions on accumulation units	—	—	—
<b>Closing net asset value per unit</b>	<b>125.74</b>	<b>118.75</b>	<b>101.48</b>
After direct transaction costs of*	(0.23)	(0.06)	0.00
<b>Performance</b>			
Return after charges	8.51%	18.68%	1.63%
<b>Other information</b>			
Closing net asset value (£'000)	181	181	33
Closing number of units	143,924	152,378	32,078
Operating charges**	1.12%	1.14%	1.15%
Direct transaction costs*	0.20%	0.05%	0.04%
<b>Prices</b>			
Highest unit price	132.22	127.38	103.05
Lowest unit price	100.87	102.82	99.81

# Launched on 6 April 2021

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders 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 Fund and unit class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the 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 Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

## Comparative Tables (continued)

for the year ended 30 April 2023

<b>I Accumulation</b>	<b>30 April 2023†</b>
<b>Accounting year ended</b>	<b>per unit (p)</b>
<b>Change in net assets per unit</b>	
Opening net asset value per unit	100.00
Return before operating charges	(2.07)
Operating charges	(0.16)
Return after operating charges	(2.23)
Distributions	(1.10)
Retained distributions on accumulation units	1.10
<b>Closing net asset value per unit</b>	<b>97.77</b>
After direct transaction costs of*	(0.04)
<b>Performance</b>	
Return after charges	(2.23%)
<b>Other information</b>	
Closing net asset value (£'000)	3,190
Closing number of units	3,262,803
Operating charges**	0.86%
Direct transaction costs*	0.20%
<b>Prices</b>	
Highest unit price	102.11
Lowest unit price	92.04

† Launched on 20 February 2023

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders 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 Fund and unit class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the 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 Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

## Comparative Tables (continued)

for the year ended 30 April 2023

<b>Institutional Income</b> <b>Accounting year ended</b>	<b>30 April 2023</b> <b>per unit (p)</b>	<b>30 April 2022</b> <b>per unit (p)</b>	<b>30 April 2021</b> <b>per unit (p)</b>
<b>Change in net assets per unit</b>			
Opening net asset value per unit	303.85	280.42	182.95
Return before operating charges	34.34	31.33	100.87
Operating charges	(2.64)	(2.71)	(2.08)
Return after operating charges	31.70	28.62	98.79
Distributions	(8.84)	(5.19)	(1.32)
Retained distributions on accumulation units	—	—	—
<b>Closing net asset value per unit</b>	<b>326.71</b>	<b>303.85</b>	<b>280.42</b>
After direct transaction costs of*	(0.61)	(0.17)	(0.08)
<b>Performance</b>			
Return after charges	10.43%	10.21%	54.00%
<b>Other information</b>			
Closing net asset value (£'000)	492,823	299,876	173,933
Closing number of units	150,843,552	98,690,578	62,026,318
Operating charges**	0.87%	0.89%	0.90%
Direct transaction costs*	0.20%	0.05%	0.04%
<b>Prices</b>			
Highest unit price	350.50	326.09	286.21
Lowest unit price	264.52	272.11	176.36

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders 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 Fund and unit class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the 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 Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

## Comparative Tables (continued)

for the year ended 30 April 2023

Institutional Income Hedged Accounting year ended	30 April 2023 per unit (p)	30 April 2022 per unit (p)	30 April 2021# per unit (p)
<b>Change in net assets per unit</b>			
Opening net asset value per unit	114.05	101.45	100.00
Return before operating charges	11.05	15.54	1.67
Operating charges	(0.97)	(1.01)	(0.06)
Return after operating charges	10.08	14.53	1.61
Distributions	(3.28)	(1.93)	(0.16)
Retained distributions on accumulation units	—	—	—
<b>Closing net asset value per unit</b>	<b>120.85</b>	<b>114.05</b>	<b>101.45</b>
After direct transaction costs of*	(0.23)	(0.06)	0.00
<b>Performance</b>			
Return after charges	8.84%	14.32%	1.61%
<b>Other information</b>			
Closing net asset value (£'000)	15,694	18,042	15,678
Closing number of units	12,986,093	15,819,148	15,453,671
Operating charges**	0.87%	0.89%	0.90%
Direct transaction costs*	0.20%	0.05%	0.04%
<b>Prices</b>			
Highest unit price	127.61	122.85	103.06
Lowest unit price	97.61	102.83	99.81

# Launched on 6 April 2021

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders 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 Fund and unit class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the 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 Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.



## Comparative Tables (continued)

for the year ended 30 April 2023

<b>Retail Income</b> <b>Accounting year ended</b>	<b>30 April 2023</b> <b>per unit (p)</b>	<b>30 April 2022</b> <b>per unit (p)</b>	<b>30 April 2021</b> <b>per unit (p)</b>
<b>Change in net assets per unit</b>			
Opening net asset value per unit	300.78	277.57	181.79
Return before operating charges	33.79	30.99	99.79
Operating charges	(4.85)	(4.92)	(3.75)
Return after operating charges	28.94	26.07	96.04
Distributions	(6.45)	(2.86)	(0.26)
Retained distributions on accumulation units	—	—	—
<b>Closing net asset value per unit</b>	<b>323.27</b>	<b>300.78</b>	<b>277.57</b>
After direct transaction costs of*	(0.61)	(0.16)	(0.08)
<b>Performance</b>			
Return after charges	9.62%	9.39%	52.83%
<b>Other information</b>			
Closing net asset value (£'000)	16,566	35,046	17,822
Closing number of units	5,124,670	11,652,071	6,420,986
Operating charges**	1.62%	1.64%	1.64%
Direct transaction costs*	0.20%	0.05%	0.04%
<b>Prices</b>			
Highest unit price	344.80	321.22	282.32
Lowest unit price	261.49	267.68	175.20

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders 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 Fund and unit class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the 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 Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

## Comparative Tables (continued)

for the year ended 30 April 2023

<b>Retail Income Hedged</b> <b>Accounting year ended</b>	<b>30 April 2023</b> <b>per unit (p)</b>	<b>30 April 2022</b> <b>per unit (p)</b>	<b>30 April 2021#</b> <b>per unit (p)</b>
<b>Change in net assets per unit</b>			
Opening net asset value per unit	114.01	101.47	100.00
Return before operating charges	10.96	15.47	1.69
Operating charges	(1.81)	(1.85)	(0.11)
Return after operating charges	9.15	13.62	1.58
Distributions	(2.42)	(1.08)	(0.11)
Retained distributions on accumulation units	—	—	—
<b>Closing net asset value per unit</b>	<b>120.74</b>	<b>114.01</b>	<b>101.47</b>
After direct transaction costs of*	(0.23)	(0.06)	0.00
<b>Performance</b>			
Return after charges	8.03%	13.42%	1.58%
<b>Other information</b>			
Closing net asset value (£'000)	1,584	2,399	2,675
Closing number of units	1,312,135	2,104,117	2,636,048
Operating charges**	1.62%	1.64%	1.65%
Direct transaction costs*	0.20%	0.05%	0.04%
<b>Prices</b>			
Highest unit price	126.77	122.16	103.02
Lowest unit price	96.89	102.83	99.81

# Launched on 6 April 2021

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders 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 Fund and unit class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the 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 Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

## Comparative Tables (continued)

for the year ended 30 April 2023

<b>S Accumulation</b>	<b>30 April 2023<sup>^</sup></b>
<b>Accounting year ended</b>	<b>per unit (p)</b>
<b>Change in net assets per unit</b>	
Opening net asset value per unit	100.00
Return before operating charges	15.65
Operating charges	(0.54)
Return after operating charges	15.11
Distributions	(1.71)
Retained distributions on accumulation units	1.71
<b>Closing net asset value per unit</b>	<b>115.11</b>
After direct transaction costs of*	(0.15)
<b>Performance</b>	
Return after charges	15.11%
<b>Other information</b>	
Closing net asset value (£'000)	233,834
Closing number of units	203,142,339
Operating charges**	0.71%
Direct transaction costs*	0.20%
<b>Prices</b>	
Highest unit price	120.00
Lowest unit price	92.00

<sup>^</sup> Launched on 12 August 2022

\* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders 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 Fund and unit class returns before operating charges.

\*\* The Operating Charges figure represents the annual operating expenses of the 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 Manager's periodic charge and all charges which are deducted directly from the Fund. The Operating Charges figure is expressed as an annual percentage rate.

## Portfolio Statement

as at 30 April 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>EQUITIES (93.88%)</b>	<b>717,279</b>	<b>93.07</b>
	<b>BELGIUM (3.30%)</b>	<b>28,134</b>	<b>3.65</b>
761,187	Bekaert	28,134	3.65
	<b>DENMARK (13.86%)</b>	<b>63,898</b>	<b>8.29</b>
276,961	Novo Nordisk	36,869	4.78
366,627	Pandora	27,029	3.51
	<b>FINLAND (1.39%)</b>	<b>0</b>	<b>0.00</b>
	<b>FRANCE (21.10%)</b>	<b>226,170</b>	<b>29.34</b>
490,914	BNP Paribas	25,182	3.27
487,283	Cie de Saint-Gobain	22,432	2.91
182,367	Dassault Aviation	28,384	3.68
14,178	Hermes International	24,473	3.17
267,794	Ipsen	25,874	3.36
525,813	Publicis Groupe	34,232	4.44
587,512	Renault	17,339	2.25
1,176,104	Rexel	21,642	2.81
554,861	Societe Generale	10,729	1.39
312,256	TOTAL	15,883	2.06
	<b>GERMANY (11.39%)</b>	<b>39,307</b>	<b>5.10</b>
258,004	Daimler	15,976	2.07
2,738,660	Deutsche Lufthansa	23,331	3.03
	<b>IRELAND (5.31%)</b>	<b>38,618</b>	<b>5.01</b>
4,693,244	Bank of Ireland	38,618	5.01
	<b>ITALY (4.74%)</b>	<b>41,589</b>	<b>5.40</b>
2,450,124	Mediobanca Banca di Credito Finanziario	20,939	2.72
1,310,454	UniCredit	20,650	2.68
	<b>LUXEMBOURG (2.82%)</b>	<b>18,563</b>	<b>2.41</b>
822,192	ArcelorMittal	18,563	2.41
	<b>NETHERLANDS (9.64%)</b>	<b>69,553</b>	<b>9.03</b>
60,546	ASML	30,499	3.96

## Portfolio Statement (continued)

as at 30 April 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>EQUITIES (continued)</b>		
	<b>NETHERLANDS (continued)</b>		
187,980	Heineken	17,163	2.23
798,542	Koninklijke Ahold Delhaize	21,891	2.84
	<b>NORWAY (0.00%)</b>	<b>13,767</b>	<b>1.79</b>
3,816,355	Agrinos~	0	0.00
606,648	Equinor	13,767	1.79
	<b>PORTUGAL (0.00%)</b>	<b>24,091</b>	<b>3.12</b>
1,197,711	Jeronimo Martins	24,091	3.12
	<b>SPAIN (0.00%)</b>	<b>58,409</b>	<b>7.58</b>
6,842,111	Banco Santander	19,147	2.48
5,828,620	CaixaBank	17,161	2.23
807,775	Industria de Diseno Textil	22,101	2.87
	<b>SWEDEN (14.64%)</b>	<b>70,514</b>	<b>9.15</b>
2,535,417	Atlas Copco	29,057	3.77
1,224,000	Epiroc	19,339	2.51
208,899	Evolution	22,118	2.87
	<b>SWITZERLAND (5.69%)</b>	<b>24,666</b>	<b>3.20</b>
302,792	Novartis	24,666	3.20
	<b>COLLECTIVE INVESTMENT SCHEMES (6.71%)</b>	<b>55,387</b>	<b>7.19</b>
	<b>IRELAND (3.35%)</b>	<b>27,693</b>	<b>3.59</b>
27,693,387	HSBC Sterling Liquidity Fund	27,693	3.59
	<b>LUXEMBOURG (3.36%)</b>	<b>27,694</b>	<b>3.60</b>
27,693,386	JP Morgan Liquidity Fund	27,694	3.60
	<b>DERIVATIVES (0.05%)</b>	<b>197</b>	<b>0.03</b>
	<b>Forward Currency Contracts (0.05%)</b>	<b>197</b>	<b>0.03</b>
DKK 5,294,470	Danish krone 5,294,470 vs UK sterling 624,392	0	0.00
€ 208,485	Euro 208,485 vs UK sterling 183,617	(1)	0.00
NOK 552,175	Norwegian krone 552,175 vs UK sterling 42,196	(1)	0.00

## Portfolio Statement (continued)

as at 30 April 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>DERIVATIVES (continued)</b>			
<b>Forward Currency Contracts (continued)</b>			
SEK 4,834,684	Swedish krona 4,834,684 vs UK sterling 373,650	2	0.00
CHF 22,027	Swiss franc 22,027 vs UK sterling 19,759	0	0.00
£ 3,616,437	UK sterling 3,616,437 vs Danish krone 30,492,969	20	0.00
£ 25,830,690	UK sterling 25,830,690 vs Euro 29,232,101	142	0.03
£ 685,036	UK sterling 685,036 vs Norwegian krone 8,915,438	21	0.00
£ 3,612,778	UK sterling 3,612,778 vs Swedish krona 46,387,556	13	0.00
£ 1,136,559	UK sterling 1,136,559 vs Swiss franc 1,268,517	1	0.00
£ 1,442	UK sterling 1,442 vs US dollar 1,789	0	0.00
US\$ 53	US dollar 53 vs UK sterling 41	0	0.00
<b>Portfolio of investments</b>		<b>772,863</b>	<b>100.29</b>
<b>Net other liabilities</b>		<b>(2,208)</b>	<b>(0.29)</b>
<b>Total net assets</b>		<b>770,655</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 30 April 2022.

~ Delisted securities.

## Financial Statements

### Statement of Total Return

for the year ended 30 April 2023

	Notes	(£'000)	1.5.2022 to 30.4.2023 (£'000)	(£'000)	1.5.2021 to 30.4.2022 (£'000)
Income					
Net capital gains	2		40,219		18,026
Revenue	3	21,909		8,801	
Expenses	4	(4,441)		(2,939)	
Interest payable and similar charges	6	(6)		(1)	
Net revenue before taxation		17,462		5,861	
Taxation	5	(2,358)		(826)	
Net revenue after taxation			15,104		5,035
<b>Total return before distributions</b>			<b>55,323</b>		<b>23,061</b>
Distributions	7		(15,167)		(5,039)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>40,156</b>		<b>18,022</b>

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

for the year ended 30 April 2023

	(£'000)	1.5.2022 to 30.4.2023 (£'000)	(£'000)	1.5.2021 to 30.4.2022 (£'000)
<b>Opening net assets attributable to unitholders</b>		<b>360,527</b>		<b>210,550</b>
Amounts received on issue of units	566,546		147,246	
In-specie transfer+	–		84,432	
Amounts paid on cancellation of units	(200,089)		(99,723)	
		366,457		131,955
Change in net assets attributable to unitholders from investment activities		40,156		18,022
Retained distributions on accumulation units		3,515		–
<b>Closing net assets attributable to unitholders</b>		<b>770,655</b>		<b>360,527</b>

+ The Liontrust European Opportunities Fund merged into the Liontrust European Dynamic Fund on 25 June 2021.

## Financial Statements (continued)

**Balance Sheet**

as at 30 April 2023

	Notes	30.4.2023 (£'000)	30.4.2022 (£'000)
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		772,865	362,939
<b>Current assets:</b>			
Debtors	8	23,761	4,525
Cash and bank balances	9	8,150	1,040
<b>Total assets</b>		<b>804,776</b>	<b>368,504</b>
<b>Liabilities</b>			
Investment liabilities		(2)	(121)
<b>Creditors:</b>			
Bank overdrafts		(385)	–
Distribution payable		(14,297)	(5,857)
Other creditors	10	(19,437)	(1,999)
<b>Total liabilities</b>		<b>(34,121)</b>	<b>(7,977)</b>
<b>Net assets attributable to unitholders</b>		<b>770,655</b>	<b>360,527</b>



## Notes to the Financial Statements

for the year ended 30 April 2023

### 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, the COLL and the Fund's Trust Deed. 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 Manager has made an assessment of the Fund's 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) Basis of valuation of investments

The valuation of the 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 Trust Deed. Unquoted securities are valued by the Manager on a fair value basis taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

#### 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.

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.

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

#### d) Expenses

Expenses are recognised on an accruals basis.

#### e) Allocation of income and expenses to multiple unit classes

The allocation of income and expenses to each unit class is based on the proportion of the Fund's assets attributable to each unit class on the day the income is earned or the expense is incurred. The Manager's periodic charge is allocated at a fixed rate based on the net asset value of the respective unit class.

#### f) 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.

#### g) Foreign exchange

All 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 to the Financial Statements (continued)

for the year ended 30 April 2023

### 1 Accounting policies (continued)

#### h) 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 therefrom 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 therefrom are included in "Net capital gains" 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. The Fund may enter into permitted transactions such as derivative contracts or forward currency transactions as outlined in the relevant Investment Objective and Policy of the Fund.

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. Any positions on such financial instruments open at the year end are reflected in the Balance Sheet at their marked-to-market value at close of business which is not materially different from IA SORP defined fair value policy.

#### 1.1 Distribution policies

##### i) 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 the Fund (including taxation) exceed the revenue of the Fund, there will be no distribution and the shortfall will be set against the capital of the Fund.

The operating expenses of the Fund are paid out of the General administration charges by the Manager.

Any revenue attributable to accumulation unitholders is retained within the Fund at the end of the distribution period and represents a reinvestment of income on behalf of the accumulation Unitholders.

##### j) Equalisation

Equalisation on distributions from collective investment scheme is deducted from cost of investment and does not form part of the Fund's distribution.

##### k) 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 capital. The ordinary element of the stock dividend is treated as revenue and forms part of the distribution.

##### l) Special dividends

The underlying circumstances behind special dividends are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue will form part of the distribution. Any tax treatment will follow the accounting treatment of the principal amount.

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

## 1.1 Distribution policies (continued)

## m) Functional currency

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

## 2 Net capital gains

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
The net capital gains comprise:		
Non-derivative securities	41,371	17,305
Forward currency contracts	(67)	901
Foreign currency losses	(1,085)	(180)
<b>Net capital gains</b>	<b>40,219</b>	<b>18,026</b>

## 3 Revenue

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Bank interest	2	1
Non-taxable overseas dividends	20,923	8,782
Stock lending income	27	12
Taxable overseas dividends	957	6
<b>Total revenue</b>	<b>21,909</b>	<b>8,801</b>

## 4 Expenses

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
<b>Payable to the Manager or associates of the Manager:</b>		
Manager's charge	3,847	2,528
General administration charges*	594	411
<b>Total expenses</b>	<b>4,441</b>	<b>2,939</b>

\* The audit fee for the year (borne out of the General administration charges), excluding VAT, was £10,300 (2022: £9,450). Where the fee exceeds the General administration charges, the shortfall will be met by the Manager.

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

**5 Taxation**

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
<b>a) Analysis of charge in year</b>		
Overseas tax	2,358	826
<b>Total tax charge [see note(b)]</b>	<b>2,358</b>	<b>826</b>

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

The taxation assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for authorised Unit Trusts of 20% (2022: 20%). The differences are explained below:

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Net revenue before taxation	17,462	5,861
Corporation tax at 20% (2022 - 20%)	3,492	1,172
Effects of:		
Movement in unrecognised tax losses	706	584
Overseas tax	2,358	826
Relief on overseas tax expensed	(14)	–
Revenue not subject to tax	(4,184)	(1,756)
<b>Total tax charge [see note(a)]</b>	<b>2,358</b>	<b>826</b>

Authorised Unit Trusts 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 £3,196,000 (2022: £2,490,000) due to tax losses of £15,981,000 (2022: £12,452,000). It is unlikely that the 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**

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Overdraft interest	6	1
<b>Total interest payable and similar charges</b>	<b>6</b>	<b>1</b>

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

### 7 Distributions

	1.5.2022 to 30.4.2023 (£'000)	1.5.2021 to 30.4.2022 (£'000)
Final distribution	17,812	5,857
Amounts deducted on cancellation of units	3,050	575
Amounts received on issue of units	(5,695)	(1,393)
<b>Distributions</b>	<b>15,167</b>	<b>5,039</b>

The distributable amount has been calculated as follows:

Net revenue after taxation	15,104	5,035
Add: Equalisation on conversions	63	4
<b>Distributions</b>	<b>15,167</b>	<b>5,039</b>

The distribution per unit is set out in the table on page 46.

### 8 Debtors

	30.4.2023 (£'000)	30.4.2022 (£'000)
Accrued revenue	2,138	633
Amounts receivable for issue of units	2,464	2,610
Currency sales awaiting settlement	17,259	–
Overseas withholding tax	1,900	1,282
<b>Total debtors</b>	<b>23,761</b>	<b>4,525</b>

### 9 Cash and bank balances

	30.4.2023 (£'000)	30.4.2022 (£'000)
Amount held at futures clearing houses and brokers	277	–
Cash and bank balances	7,873	1,040
<b>Total cash and bank balances</b>	<b>8,150</b>	<b>1,040</b>

### 10 Creditors

	30.4.2023 (£'000)	30.4.2022 (£'000)
Accrued expenses	69	39
Accrued Manager's charge	455	492
Amounts payable for cancellation of units	1,514	1,468
Currency purchases awaiting settlement	17,399	–
<b>Total other creditors</b>	<b>19,437</b>	<b>1,999</b>

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

### 11 Contingent liabilities

There were no contingent liabilities or outstanding commitments at the balance sheet date (2022: £Nil).

### 12 Related party transactions

The Manager, Liontrust Fund Partners LLP is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of operation of the Fund.

By virtue of the Regulations governing authorised unit trusts, the Manager is party to every transaction in respect of units of the Fund, which are summarised in the Statement of Change in Net Assets Attributable to Unitholders.

The charges paid to Liontrust Fund Partners LLP and its associates are shown in note 4. Details of units issued and cancelled by Liontrust Fund Partners LLP are shown in the Statement of Change in Net Assets Attributable to Unitholders and balances due to/from the Manager 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 £524,000 (2022: £531,000).

The total expense due to Liontrust Fund Partners LLP and its associates for the year was £4,441,000 (2022: £2,939,000).

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

**13 Securities lending**

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

Securities lending transactions entered into by the Fund are subject to a written legal agreement between the 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 Trustee on behalf of the Fund. Collateral received is segregated from the assets belonging to the Fund's Trustee 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 Fund and the Stock Lending Agent. The 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 Fund from securities lending activity during the year to 30 April 2023.

	Collective Investment Undertaking (£'000)	Manager of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
<b>Securities lending</b>				
Gross return	27	–	12	39
% of total	70%	0%	30%	100%
Cost	–	–	–	–

The table below shows the net income earned by the Fund from securities lending activity during the year to 30 April 2022.

	Collective Investment Undertaking (£'000)	Manager of Collective Investment Undertaking (£'000)	Third Parties (e.g. lending agent) (£'000)	Total (£'000)
<b>Securities lending</b>				
Gross return	12	–	5	17
% of total	70%	0%	30%	100%
Cost	–	–	–	–

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

### 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	30 April 2023		30 April 2022	
		Securities on loan (£'000)	Collateral received (£'000)	Securities on loan (£'000)	Collateral received (£'000)
BNP Paribas	France	1,798	1,978	158	179
Citigroup Global Markets Limited	UK	15,402	16,465	184	203
Credit Suisse International	Switzerland	80	93	—	—
J.P. Morgan Securities Plc	UK	3,223	3,601	—	—
Merrill Lynch International	UK	2,098	2,245	—	—
UBS	Switzerland	—	11,165	—	—
<b>Total</b>		<b>22,601</b>	<b>35,547</b>	<b>342</b>	<b>382</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, equity securities and exchange traded funds listed on a recognised exchange.

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

To mitigate this risk, the 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 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 Fund can hold certain financial instruments as detailed in the 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;
- unitholders' funds, which represent investors' monies which are invested on their behalf from overseas investments held;
- derivative transactions for investment purposes as well as efficient portfolio management in accordance with the Fund's investment policies.

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



## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

### 14 Risk management policies (continued)

The main risks arising from the Fund's financial instruments are market price (including "emerging markets price risk"), currency, interest rate, liquidity and counterparty credit risk. The Manager's policies for managing these risks are summarised below. The 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 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 Manager 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 Fund's investment objective. An individual Fund Manager 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 Fund's investment portfolio is monitored by the Manager in pursuance of its investment objective and policy as set out in the prospectus.

As at 30 April 2023 and 30 April 2022 the overall market exposure for the Fund was as shown in the Portfolio Statement, other than for derivatives where the exposure could be greater. The Fund is exposed to market price risk as the assets and liabilities of the 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 Fund to market price risk is estimated below which shows the expected change in the market value of the Fund when a representative market index changes by 10%. These percentage movements are based on the Manager'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 Fund has previously changed when that corresponding market index has moved taking into account the 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 30 April 2023, 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 10.9%.

As at 30 April 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 11.0%.

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 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

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

### 14 Risk management policies (continued)

#### Market price risk (continued)

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.

#### Currency risk

Currency risk is the risk that the revenue and net asset value of the Fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the 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 Fund's functional and reporting currency.

The Manager has identified three principal areas where foreign currency risk could impact the 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 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 Manager believes that the impact of such movements is not significant enough to warrant the cost incurred of eliminating them via hedging.

The 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 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 30 April 2023 the Fund's currency exposure was as shown in the table below:

Currency Profile	Net Foreign Currency Assets/(Liabilities)		
	Monetary Exposures (£'000)	Non-Monetary Exposures (£'000)	Total (£'000)
Danish Krone	2,402	60,883	63,285
Euro	15,740	519,172	534,912
Norwegian Krone	462	13,144	13,606
Swedish Krona	2,037	67,289	69,326
Swiss Franc	204	23,525	23,729
United States Dollar	30	(1)	29
	<b>20,875</b>	<b>684,012</b>	<b>704,887</b>

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

**14 Risk management policies (continued)****Currency risk (continued)**

At 30 April 2022 the 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)	
Danish Krone	524	47,159	47,683
Euro	1,229	203,036	204,265
Norwegian Krone	206	–	206
Swedish Krona	732	49,765	50,497
Swiss Franc	4	19,324	19,328
United States Dollar	4	–	4
	<b>2,699</b>	<b>319,284</b>	<b>321,983</b>

If the exchange rate at 30 April 2023 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 units of the Fund by approximately 0.91%/(0.91)% respectively.

If the exchange rate at 30 April 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 units of the Fund by approximately 0.89%/(0.89)% 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 Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. As a result, the 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 Fund will not be able to meet its obligations as they fall due. The Fund's assets comprise wholly of readily realisable securities which can be sold to meet liquidity requirements.

If a Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the 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 Fund to defer or suspend redemptions of its units. 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 Fund are by their nature much less liquid than those listed on an exchange. A 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

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

### 14 Risk management policies (continued)

#### Liquidity risk (continued)

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 Manager's ability to execute substantial deals.

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

In accordance with the Manager's policy, the Manager monitors the 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 Fund are downgraded.

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

The 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 Fund has fulfilled its obligations. The Fund will only enter into stock lending activities with parties that have been approved as acceptable by the Manager and obtaining collateral from counterparties which has a fair value in excess of the related stock on loan.

#### Counterparty exposures

The counterparty exposure of financial derivative transactions at 30 April 2023 is shown below:

Counterparty details Financial Derivative Transactions	Forward Foreign Exchange Contracts (£'000)	Total Exposure (£'000)
Bank of New York Mellon International	197	197
<b>Total</b>	<b>197</b>	<b>197</b>

The counterparty exposure of financial derivative transactions at 30 April 2022 is shown below:

Counterparty details Financial Derivative Transactions	Forward Foreign Exchange Contracts (£'000)	Total Exposure (£'000)
Bank of New York Mellon International	170	170
<b>Total</b>	<b>170</b>	<b>170</b>

The Trustee 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 Trustee and Custodian, The Bank of New York Mellon Corporation, as at 30 April 2023 was A (Standard & Poor's rating).

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

**14 Risk management policies (continued)****Counterparty exposures (continued)**

BNYMSA, in the discharge of its delegated Trustee 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 Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of BNYMSA and BNYM.

In addition BNYMSA, as banker, holds cash of the 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 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 Fund's rights with respect to its assets to be delayed or may result in the Fund not receiving the full value of its assets.

**Maturity profile of financial liabilities**

All financial liabilities of the Fund at the current and prior yearend are due to settle in one year or less, or on demand.

**Fair value of financial assets and liabilities**

Securities held by the Fund are valued at bid-price. The difference between this value and the fair value of the securities is immaterial. There is also no material difference between the value of other financial assets and liabilities of the Fund included in the balance sheet and their fair value.

**Valuation of financial investments**

	Assets (£'000)	Liabilities (£'000)
<b>30.4.2023</b>		
Level 1: Quoted prices	717,279	—
Level 2: Observable market data	55,586	(2)
	<b>772,865</b>	<b>(2)</b>
<b>30.4.2022</b>		
Level 1: Quoted prices	338,463	—
Level 2: Observable market data	24,476	(121)
	<b>362,939</b>	<b>(121)</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.

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

**15 Portfolio transaction costs**

for the year ending 30 April 2023

<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)	562,116	243	0.04	658	0.12
<b>Total purchases</b>	<b>562,116</b>	<b>243</b>		<b>658</b>	
<b>Total purchases including transaction costs</b>	<b>563,017</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)	226,329	109	0.05	–	–
<b>Total sales</b>	<b>226,329</b>	<b>109</b>		<b>–</b>	
<b>Total sales net of transaction costs</b>	<b>226,220</b>				
<b>Total transaction costs</b>		<b>352</b>		<b>658</b>	
<b>Total transaction costs as a % of average net assets</b>		<b>0.07%</b>		<b>0.13%</b>	

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

**15 Portfolio transaction costs (continued)**

for the year ending 30 April 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)	77,283	29	0.04	111	0.14
In-specie transfers	83,778	–	–	–	–
<b>Total purchases</b>	<b>161,061</b>	<b>29</b>		<b>111</b>	
<b>Total purchases including transaction costs</b>	<b>161,201</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)	50,445	23	0.05	–	–
<b>Total sales</b>	<b>50,445</b>	<b>23</b>		<b>–</b>	
<b>Total sales net of transaction costs</b>	<b>50,422</b>				

<b>Total transaction costs</b>	<b>52</b>	<b>111</b>
<b>Total transaction costs as a % of average net assets</b>	<b>0.02%</b>	<b>0.03%</b>

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

Separately identifiable direct transaction costs (commissions & taxes etc.) are attributable to the 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 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 0.08% (2022: 0.11%).

## Notes to the Financial Statements (continued)

for the year ended 30 April 2023

**16 Unit classes**

For the year ending 30 April 2023

	Opening units	Units issued	Units redeemed	Units converted	Closing units
B Income	1,635,719	713,771	(285,994)	7,182	2,070,678
B Income Hedged	152,378	4,440	(12,720)	(174)	143,924
I Accumulation	—	3,309,082	(46,279)	—	3,262,803
Institutional Income	98,690,578	109,257,546	(62,729,522)	5,624,950	150,843,552
Institutional Income Hedged	15,819,148	1,898,700	(5,191,045)	459,290	12,986,093
Retail Income	11,652,071	773,670	(1,181,551)	(6,119,520)	5,124,670
Retail Income Hedged	2,104,117	420,126	(770,511)	(441,597)	1,312,135
S Accumulation	—	208,333,128	(6,334,143)	1,143,354	203,142,339

**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 unit of the Institutional Income unit class has increased by 1.44% to 16 August 2023. The other unit classes in the Fund have moved by a similar magnitude.



## Distribution Table

for the year ended 30 April 2023

### Final distribution

Group 1 - Units purchased prior to 1 May 2022

Group 2 - Units purchased 1 May 2022 to 30 April 2023

	Net Revenue Pence per unit	Equalisation* Pence per unit	Distribution paid 30.6.2023 Pence per unit	Distribution paid 30.6.2022 Pence per unit
B Income - Group 1	8.0947	—	8.0947	4.4455
B Income - Group 2	3.2940	4.8007	8.0947	4.4455
B Income Hedged - Group 1	3.1076	—	3.1076	1.6852
B Income Hedged - Group 2	1.6321	1.4755	3.1076	1.6852
I Accumulation - Group 1 †	1.0963	—	1.0963	—
I Accumulation - Group 2 †	0.2348	0.8615	1.0963	—
Institutional Income - Group 1	8.8418	—	8.8418	5.1882
Institutional Income - Group 2	4.1216	4.7202	8.8418	5.1882
Institutional Income Hedged - Group 1	3.2756	—	3.2756	1.9324
Institutional Income Hedged - Group 2	1.5562	1.7194	3.2756	1.9324
Retail Income - Group 1	6.4528	—	6.4528	2.8624
Retail Income - Group 2	3.0085	3.4443	6.4528	2.8624
Retail Income Hedged - Group 1	2.4240	—	2.4240	1.0762
Retail Income Hedged - Group 2	1.1831	1.2409	2.4240	1.0762
S Accumulation - Group 1 ^	1.7128	—	1.7128	—
S Accumulation - Group 2 ^	1.3260	0.3868	1.7128	—

† Launched on 20 February 2023

^ Launched on 12 August 2022

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

## Securities Financing Transactions (unaudited)

as at 30 April 2023

### Securities Lending

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

The total income earned from securities lending transactions is split between the relevant Fund and the Stock Lending Agent. The 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 Funds' total lendable assets and Net Asset Value (NAV) as at 30 April 2023. The income earned from securities lending are also shown for the period ended 30 April 2023. Total lendable assets represents the aggregate value of assets forming part of the Funds' securities lending programme. This excludes any assets held by the Fund that are not considered lendable due to any market, regulatory, investment or other restriction.

	<b>Securities on loan</b>	
<b>% of lendable assets</b>	<b>% of NAV</b>	<b>Income earned (£'000)</b>
5.67	2.93	27

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

<b>Counterparty</b>	<b>Counterparty's country of establishment</b>	<b>Securities Lending</b>	
		<b>Amount on loan (£'000)</b>	<b>Collateral received (£'000)</b>
BNP Paribas	France	1,798	1,978
Citigroup Global Markets Limited	UK	15,402	16,465
Credit Suisse International	Switzerland	80	93
J.P. Morgan Securities Plc	UK	3,223	3,601
Merrill Lynch International	UK	2,098	2,245
UBS	Switzerland	–	11,165
<b>Total</b>		<b>22,601</b>	<b>35,547</b>

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

### Collateral

The Fund engages 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 30 April 2023

### 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 Fund, in respect of securities lending transactions, as at 30 April 2023.

Currency	Cash collateral received (£'000)	Cash collateral posted (£'000)	Non-cash collateral received (£'000)	Non-cash collateral posted (£'000)
<b>Securities lending transactions</b>				
AUD	-	-	313	-
CHF	-	-	969	-
EUR	-	-	10,584	-
GBP	-	-	3,345	-
HKD	-	-	1,831	-
JPY	-	-	4,052	-
NZD	-	-	11	-
USD	-	-	14,442	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>35,547</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 Fund by way of title transfer collateral arrangement in respect of securities lending transactions, as at 30 April 2023.

Collateral type and quality	Maturity Tenor					Open transactions (£'000)	Total (£'000)
	1 - 7 days (£'000)	8 - 30 days (£'000)	31 - 90 days (£'000)	91 - 365 days (£'000)	More than 365 days (£'000)		
<b>Collateral received - securities lending</b>							
<b>Fixed income</b>							
Investment grade	-	-	227	-	10,254	-	<b>10,481</b>
<b>Equities</b>							
Recognised equity index	-	-	-	-	-	25,066	<b>25,066</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>227</b>	<b>-</b>	<b>10,254</b>	<b>25,066</b>	<b>35,547</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.

As at 30 April 2023, all non-cash collateral received by the Fund in respect of securities lending transactions is held by the Funds' Trustee (or through its delegates).

## Securities Financing Transactions (unaudited)(continued)

as at 30 April 2023

**Collateral (continued)**

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 Fund by way of the title transfer collateral arrangement across securities lending transactions as at 30 April 2023.

<b>Issuer</b>	<b>Value (£'000)</b>	<b>% of the Sub- fund's NAV</b>
Citigroup Global Markets Limited	16,465	2.13
UBS AG	11,165	1.45
JP Morgan Securities Plc.	3,601	0.47
Merrill Lynch International	2,245	0.29
BNP Paribas Arbitrage	1,978	0.26
Credit Suisse International	93	0.01
<b>Total</b>	<b>35,547</b>	<b>4.61</b>

## Additional Information (unaudited)

**Trust Deed:** The Fund was established by a Trust Deed made between the Manager and the Trustee dated 6 September 2006.

**Prospectus:** Copies of the Fund's Prospectus are available free of charge from the Manager upon request, and from our website, [www.liontrust.co.uk](http://www.liontrust.co.uk).

**Unit type:** The Fund issues income and accumulation units. Investors can elect at any time to have any income either paid out or automatically reinvested to purchase units at no initial charge.

**Pricing and dealing:** For the Liontrust European Dynamic Fund a single price is calculated and units in the Fund will be bought or sold at this same single price.

Dealing in all unit trusts operated by Liontrust Fund Partners LLP may be carried out between 09.00 and 17.00 hours on any business day. Professional investors and advisers may buy and sell units over the telephone; private investors are required to instruct the Manager in writing for initial purchases, but can deal over the telephone thereafter. Prices are quoted on a 'forward' basis. This means that all deals are based on a price that is calculated at the next valuation point (which is 12.00 hours on each business day) following receipt of instructions. Instructions received before 12.00 hours will be priced at 12.00 hours that day, whilst those deals taken later in the day will receive the next dealing price which is fixed at 12.00 hours on the following business day.

The minimum initial lump sum investment in the Fund is £1,000, the minimum additional investment is £1,000 and the amount you may sell back to the Manager at any one time is £500. Please refer to the Prospectus for more details.

A contract note in respect of any purchase will be issued the day following the dealing date. Unit certificates will not be issued. Instructions to sell your units may be required to be given by telephone and then confirmed in writing to Liontrust Fund Partners LLP at PO Box 373, Darlington, DL1 9RQ. A contract note confirming the instruction to sell will be issued the day following the dealing day. Following receipt of a correctly completed Form of Renunciation, a cheque in settlement will be sent directly to you or your bank/building society, if proof of ownership of the account has been received by us, in four business days. Liontrust does not make or accept payments to or from third parties unauthorised by the Financial Conduct Authority or other financial regulator.

**Management charges and spreads:** The initial charge and annual management fees per unit class are detailed below.

Initial charge	%	Ongoing charges figure*	%	Included within the OCF is the Annual Management Charge**	%
B Income	up to 5	B Income	1.11	B Income	1.00
B Income Hedged	up to 5	B Income Hedged	1.11	B Income Hedged	1.00
I Accumulation		I Accumulation	0.87	I Accumulation	0.75
Institutional Income	Nil	Institutional Income	0.86	Institutional Income	0.75
Institutional Income Hedged	Nil	Institutional Income Hedged	0.86	Institutional Income Hedged	0.75
Retail Income	up to 5	Retail Income	1.61	Retail Income	1.50
Retail Income Hedged	up to 5	Retail Income Hedged	1.61	Retail Income Hedged	1.50
S Accumulation	Nil	S Accumulation	0.71	S Accumulation	0.60

\* The OCF covers all aspects of operating a Fund during the course of its financial year. These include the annual charge for managing the Fund, administration and independent oversight functions, such as trustee, custody, legal and audit fees. The OCF excludes portfolio transaction costs except for an entry/exit charge paid by the Fund when buying or selling units in another Fund.

\*\* These are the annual costs of running and managing the Fund.

**Publication of prices:** The price of units in the Fund is quoted on our website, [www.liontrust.co.uk](http://www.liontrust.co.uk) and other industry websites such as [www.trustnet.com](http://www.trustnet.com). Daily and historic Fund prices are available from our Dealing and Administration team on 0344 892 0349.

**Capital Gains Tax:** As an authorised unit trust, any capital gains made within the Fund is exempt from UK Capital Gains Tax. An individual investor is subject to capital gains tax on gains made on their investment, however an individual's first £12,300 of net gains on disposals in the 2022-2023 tax year are exempt from tax (2021-2022: £12,300).

## Additional Information (unaudited) (continued)

**Income Tax:** UK tax resident individuals are now entitled to a new tax-free dividend allowance in place of the dividend tax credit. Consequently, all income from dividend distributions is now regarded as gross income.

UK resident individuals who are not liable to tax are not able to reclaim the tax credits from the HM Revenue and Customs. In the case of UK resident individuals who are liable to starting or basic rate tax only, the tax credit will match his or her liability on the distribution and there will be no further tax to pay and no right to claim repayments from the HM Revenue and Customs. In the case of a higher rate taxpayer, the tax credit will be set against, but not fully match, his or her tax liability on the distribution. Such people will have an additional tax liability to pay.

**Remuneration:** 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 Manager 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 as at year ended 31 March 2023:

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

	Headcount	Total Remuneration (£'000)
Manager UK Staff <sup>1</sup>	102	15,629
of which		
Fixed remuneration	102	9,728
Variable remuneration	102	5,901
UCITS Remuneration Code Staff <sup>1, 2</sup>	6	80
of which		
Senior Management	2	49
Other control functions:		
Other code staff/risk takers	4	31

<sup>1</sup> The Manager's UK staff costs have been incurred by another Group entity and allocated to the Manager. 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 Fund.

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 Manager 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 Manager 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 Manager 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.

### Additional Information (unaudited) (continued)

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.

**Assessment of Value:** The regulator - the FCA - has asked every asset manager to assess the value of the funds they run. Assessing value goes beyond performance and costs and encompasses a minimum of seven criteria mandated by the FCA. Please note we are changing the reference and publication date of our annual Assessment of Value. Previously, the reference date was the end of August, with a publication date of December. Going forward, from 30 June 2023, the reference date will be 30 June, with a publication deadline of end of October. The assessment of value report can be viewed on the Liontrust website [www.liontrust.co.uk/learning/assessment-of-value](http://www.liontrust.co.uk/learning/assessment-of-value).

#### Changes to the Fund:

- The name of the Fund changed on 11 July 2022 from Liontrust European Growth Fund to the Liontrust European Dynamic Fund.
- The Fund changed so that it is single priced rather than dual priced effective from 11 July 2022. From this point units in the Fund are bought and sold at the same single price, with a dilution adjustment to be applied in certain circumstances.
- The S Accumulation share class was launched on 12 August 2022.
- The I Accumulation share class was launched on 20 February 2023.

**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 units 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. You should always regard unit trust investment as long term.





Liontrust Fund Partners LLP

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.