

CHAIR'S STATEMENT

The Board of Directors are committed to Liontrust's vision and the strategy of the Group. The underlying business is in better health than it has ever been with regards to investment proposition, quality of our people, reach of sales and marketing, and strengthening business infrastructure. We will not be diverted from our long-term plan by short-term challenges.

ACTIVE MANAGEMENT

There is no doubt we have been confronted by one of the toughest periods for active asset managers. This is especially the case for those which offer investment styles that have been largely out of favour during this environment of interest rates remaining higher for longer than many expected. For Liontrust, this has impacted our quality growth, small and mid-caps, sustainable investing, as well as UK equity, strategies; this is reflected in the net outflows of £6 billion over the financial year.

Liontrust has always believed the best way of allocating capital to companies and managing investments on behalf of clients is through active management with robust investment processes and high-conviction portfolios. Each team at Liontrust has the freedom to use their own distinct investment processes and we continue to believe these are key to long-term performance and effective risk control.

The need for individuals to take responsibility for their own savings and ensure their future financial security will only grow in importance and this can act as a tailwind for active managers. We believe those active managers who deliver value will continue to have a key role for investors in achieving their financial objectives. We recognise active managers and investment processes do not always deliver alpha in a consistent and predictable manner; in some years, as we have seen recently, processes will underperform, but we are confident they will deliver for clients over the long term.

John Ions, Vinay Abrol, and the rest of Liontrust are working hard to enable the Group to return to net inflows and are not simply waiting for market sentiment to change. In his statement below, John explains the strategy for delivering growth and the many actions that have already been taken to ensure Liontrust is well positioned for the future and can take advantage of opportunities.

ROBUST BUSINESS

I am pleased to report that the Liontrust operating model is robust with the Group capital position remaining strong. Over the financial year, Liontrust delivered adjusted profit before tax of £67.4 million, gross profit of £186 million and the full year dividend is maintained at 72p per share. Our financial strength has been aided by our flexible remuneration model for investment managers through their revenue share model. This ensures the investment managers are fully aligned with the business and investors as AuMA rises and falls.

Liontrust remains in robust financial health with £104 million of cash and cash equivalents on the balance sheet and surplus capital of nearly £80 million as at 31 March 2024.

STRATEGY

A strategic objective that John talks about in detail in his statement is the further diversification of our fund range and investment teams. We have seen clearly why this is important given the market environment of the last few years. Diversification can be achieved through launching funds for existing investment teams and recruiting new teams as we have done with the Global Equities team. The Board also believes in selective acquisitions that accelerate the development of Liontrust and its ability to grow, typically through bringing in investment teams that complement our existing capability or expand distribution.

It is in this context that our endeavour to acquire GAM Holding AG in the first half of the financial year should be viewed. It presented the opportunity to expand rapidly our investment management and distribution capability, as well as enhance the operations and administration of the Group. Alongside acquisitions, Liontrust continues to pursue these objectives through recruitment and internal developments.



“I am pleased to report that the Liontrust operating model is robust with the Group having good capital strength. Over the financial year, Liontrust delivered adjusted profit before tax of £67.4 million, gross profit of £186 million and the full year dividend is being maintained at 72p per share”

ALASTAIR BARBOUR
CHAIR

PEOPLE AND SUSTAINABILITY

There are many ways in which Liontrust has responsibilities to investors, employees, stakeholders, the planet and society. These responsibilities range from engagement with the companies we invest in, through commitments to net zero, DE&I (Diversity, Equity, Inclusion) and the well-being of employees, to contributing to the financial services industry and our community.

Liontrust has been investing in and developing our people, including through a leadership programme, coaching, training and a mentoring scheme.

In May 2022, Liontrust signed up to the Net Zero Asset Managers' initiative (NZAM). This commitment covers the Group's net zero targets for the investments it makes on behalf of clients. At the time it joined, Liontrust committed approximately 42% of its AuMA to NZAM. As at the end of December 2023, the percentage of the Group's AuMA committed had risen to 45%. In 2023, Liontrust set near-term science based emissions reduction targets (which were approved by the Science Based Targets initiative, or SBTi) to show the Group's commitment to reducing emissions in line with the Paris Agreement goals.

BOARD OF DIRECTORS

I would like to welcome publicly Miriam Greenwood to the Board, who joined us in November and has become Chair of the Remuneration Committee. Miriam brings extensive experience and expertise to the Remuneration Committee and the Board as a whole.

In becoming Chair of the Remuneration Committee, Miriam has succeeded George Yeandle, who is retiring from the Board at the AGM in September 2024. George has shown outstanding leadership of the Remuneration Committee over the last nine years and I want to thank him for his great contribution to the Board.

We have announced previously that the process of seeking a new Chair had started. This process is progressing well and we will update shareholders when we have news on an appointment.

RESULTS

Gross Profit of £186.1 million (2023: £229.8 million), includes £10.4 million of performance fee revenues (2023: £18.5

million), with a Revenue Margin¹ of 0.620% (2023: 0.625%) on Average AuMA of £28,330 million (2023: £33,815 million).

Adjusted profit before tax¹ is £67.430 million (2023: £87.083 million), a decrease of 22.6% compared to last year, with an Adjusted Operating Margin¹ of 35.5% (2023: 37.7%).

Statutory Loss before tax of £0.6 million (2023: Statutory Profit before tax of £49.3 million), This includes charges of £68.0 million (2023: £37.8 million) relating to acquisitions and non-recurring costs (£18.8 million); the non-cash amortisation and impairment of the acquisition-related intangible assets and goodwill (amortisation: £12.1 million, impairment: £37.1 million).

Adjusted profit before tax¹ is disclosed in order to give shareholders an indication of the profitability of the Group excluding non-cash (intangible asset amortisation) expenses and non-recurring (professional fees relating to acquisition, cost reduction, restructuring and severance compensation related) expenses. See note 7 on page 166 for a reconciliation of Adjusted profit before tax¹.

DIVIDEND

The Board has declared a second interim dividend of 50.0 pence per share (2023: 50.0 pence) bringing the total dividend for the financial year ending 31 March 2024 to 72.0 pence per share (2023: 72.0 pence per share).

The second interim dividend will be payable on 9 August 2024 to shareholders who are on the register as at 5 July 2024, the shares going ex-dividend on 4 July 2024. Last day for Dividend Reinvestment Plan elections is 19 July 2024.

LOOKING FORWARD

Liontrust has built a great business of which I am proud to be Chair. This has been based on the hard work and dedication of the team at Liontrust, along with their expertise, and the Board thanks everyone for their contribution. We are confident the actions taken by management will reap rewards in the future.

Alastair Barbour

Non-executive Chair
25 June 2024

¹This is an Alternative Performance Measure. See page 32 for details.