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LIONTRUST INVESTMENT PARTNERS LLP Brochure

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This Brochure provides information about the qualifications and business practices of Liontrust Investment Partners LLP ("Liontrust" or the "Firm").

If you have any questions about the contents of this Brochure, please contact us at +44 20 7412 1700 or email martin.kearney@liontrust.co.uk . You may also visit our website at www.liontrust.co.uk .

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Liontrust also is available on the SEC's website at www.adviserinfo.sec.gov and on the Financial Services Authority's website at www.fsa.gov.uk.

Item 2: Material Changes

This document is the initial Brochure prepared by Liontrust. The Brochure will be updated on an annual basis and any material changes to it will be identified in this section.

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Item 4: Advisory Business

Liontrust is a limited liability partnership incorporated in England and Wales on 21 January 2010. The principal member of the Firm is Liontrust Investment Services Limited, a wholly owned subsidiary of Liontrust Asset Management Plc, a public company limited by shares, incorporated in England and Wales.

Liontrust is authorised and regulated by the Financial Services Authority ("FSA") in the United Kingdom.

The Firm's clients comprise regulated and unregulated collective investment schemes ("funds") and segregated managed accounts ("accounts"). Liontrust manages assets for these clients utilizing a variety of strategies consistent with the terms of each of its advisory agreements.

With respect to its fund clients, Liontrust is appointed by each fund's investment manager to provide discretionary investment management services consistent with the investment parameters set forth in the relevant prospectus. Investors in fund clients may not generally tailor Liontrust's advisory services which are detailed in each fund's prospectus.

With respect to accounts managed by Liontrust, assets will typically be invested across asset classes and geographies. The return objectives and risk profile are determined by discussion with the portfolio manager ("Portfolio Manager") and are detailed in each corresponding investment management agreement, including restrictions (if any) on investing in certain types of securities or sectors. As such, account clients may tailor Liontrust's advisory services as detailed in the relevant investment management agreement.

Liontrust does not participate in wrap fee programs.

As at 19 June 2012, the Firm managed US\$ 3.3 billion (across all its clients), all of which is managed on a discretionary basis.

Item 5: Fees and Compensation

Management Fees

With respect to fund clients, the Firm receives investment advisory fees from the Manager to each fund, which advisory fees are paid out of the Manager's management fee for each fund based on the Net Asset Value ("NAV") of each class of shares within a fund and are deducted from the portfolio on a monthly basis. Liontrust's advisory fees for fund clients typically range between 0.5%-1.75% of NAV per annum.

For account clients, fees charged are based on a percentage of the monthly average net asset value of the account over the quarter (adjusted for cash flows). Fees for management and advisory charged to the accounts are generally based on a fixed % of assets. This percentage will depend on the client type, the strategy and the size of the mandate. Liontrust's current fees range from 0.1625% to 1.5%.

With respect to both fund and account clients, fees are payable in arrears and are charged only in respect of the period for which the fund or account was managed.

Other fees

Other fees that may be charged to fund clients are set out below:

Administrator fees

Fund clients pay for all fees and expenses of its third party administrator. These fees are charged on a sliding scale depending on the amount of assets managed, and are in accordance with usual and customary standards. The administrator will also be reimbursed any reasonable out-of-pocket expenses or costs necessarily incurred in the performance of its duties.

Prime broker and custodian fees

Fund clients pay for all prime broker and custodian fees, which will not exceed normal commercial rates. They may also levy transaction charges and other charges which can include Value Added Tax.

Other fees and expenses

Other fees and expenses may be charged and are detailed in the relevant prospectuses.

Please see Item 12 - "Brokerage practices" for a description of other brokerage charges.

Compensation for the sale of securities

Neither Liontrust nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

See Item 6 below for a description of the performance-based fees Liontrust is entitled to receive from its clients.

Item 6: Performance-Based Fees

Some fund clients charge performance fees and others do not. Performance fees generally range from 0% to 20% of the increase of the NAV of each fund client calculated either daily or monthly and paid either monthly or annually as per the individual fund prospectus and subject to a high water mark.

Where performance fees are due, these are calculated in respect of discrete periods based on the increase in the NAV per share of each class within each fund. No performance fee becomes due unless the NAV exceeds the previous high point reached (termed a high watermark).

No other hourly, flat or asset-based fees are charged to the funds and accounts.

Some accounts charge performance fees and others do not. The Firm does not believe that this creates conflicts since strategy is reviewed on a monthly basis by a Portfolio Risk Committee which is independent of the fund managers.

Liontrust may have financial or other incentives to favor one client over another. Under normal conditions, Liontrust will allocate investment opportunities that are consistent with the objectives of more than one client among such clients on a fair and equitable basis, subject to applicable law and client guidelines. Liontrust may make decisions for clients that may differ from time to time from those for its other advisory clients based on the differing strategies for such clients.

To the extent Liontrust does not charge performance-based compensation to one or more clients, such clients should be aware that Liontrust has an incentive to favor other client accounts that are charged performance-based compensation as Liontrust in such an instance would receive compensation based on the returns of such performance compensation paying clients.

Liontrust also charges asset-based management fees as described in Item 5 above.

Item 7: Types of Clients

Liontrust provides advisory services to both fund and account clients as described in Item 4 above. Generally, fund clients are pooled investment vehicles domiciled in a variety of jurisdictions while account clients are generally high net worth or institutional clients.

Funds

Each fund where Liontrust acts as investment adviser specifies minimum subscription limits and the subscription and redemption terms applicable. These may vary according to the fund and base currency of each individual share class. Minimum subscription limits and redemption terms by fund clients are as follows:

Liontrust has some retail funds which are available in the UK where the minimum investment is £1,000. There is also a UCITS Umbrella fund with a minimum investment of £25,000 (or US\$ 35,000 or Euro 35,000) which is also available to retail customers not resident in the US.

Other funds which are not available to retail investors may have share classes denominated in differing currencies. The minimums are as follows:

US Dollar	US\$ 100,000
Euro	€50,000
Sterling	GBP 100,000

These minimums may be lowered, increased or waived at the discretion of the Directors, either generally or in respect of specific cases.

With respect to investors in certain fund clients, each investor must meet certain minimum sophistication requirements in order to invest (see individual prospectus for information). With respect to US investors in fund clients (to the extent US investors are permitted to invest), such investors must be (i) accredited investors as defined by Regulation D of the Securities Act of 1933, as amended and (ii) qualified purchasers as defined by the Investment Company Act of 1940, as amended.

Segregated Managed Accounts

There are minimum account size requirements with respect to account clients. These minimums vary according to the base currency in which the account is specified as follows:

US Dollar	US\$ 20 million
Euro	€ equivalent of US\$ 20 million
Sterling	GBP equivalent of US\$ 20 million

Lower account sizes may be accepted at the Firm's discretion.

Eligibility criteria with respect to each account client is determined prior to Liontrust's agreement to provide advisory services but minimum sophistication levels are required.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

The investment approaches adopted in respect of each of the funds and accounts managed are as follows:

Liontrust believes that an investment process must take advantage of recurring behaviour in investment markets to be consistently successful. The approach developed by Liontrust is designed to exploit the inaccuracy of profit forecasting made by company managers. Company managers make common mistakes in forecasting profit returns from investments. These errors create our investment opportunities since errors in company profit forecasts are magnified in stock markets as investors adopt unreliable company forecasts to value future profits.

The investment philosophy is based on the mistakes people make forecasting. People often deal with information emotionally and irrationally, making their forecasts unreliable. Investment decisions taken by company managers to support their forecasts often create profit expectations in the stock market that are unsustainable, particularly at key stages of a company's development.

Company managers' belief in their forecasts can be measured by looking at the amount of cash they spend to support their forecasts. Companies willing to spend large sums relative to their size are frequently too optimistic about their forecasts. When they are proved wrong, the misguided investment often causes profits to collapse. Companies that spend very little to meet their forecasts for growth often produce better than expected profits.

At the extremes of these forecasting biases, the following apparent contradictions can catch a lot of investors by surprise:

- More investment doesn't lead to more profit, and
- Less investment can lead to greater profit.

The change in valuation post such a 'surprise' is often dramatic and very rewarding if you can spot it before it occurs. The aim is to predict these profit surprises by examining a company's spending patterns and investors' expectations for company profits.

Liontrust believes the best way to exploit these investment opportunities is to focus on a company's cash flow. Cash flows reveal valuable information about the scale of a company's investment decisions. To get the best out of the inaccuracy of profit forecasting, Liontrust has developed a unique cash flow strategy. The best companies are those that are generating lots of cash and have conservative profit forecasts. The worst companies have very ambitious profits forecasts and are spending huge sums on operating assets such as equipment, property, stock or on other companies to attempt to achieve them.

Liontrust has created two cash ratios that, in combination, predict profit surprises that result from poor forecasting and investors' likely reaction to them.

The two cash ratios are:

- A company's cash flow relative to its enterprise value, and
- A company's cash flow relative to its operating assets.

These two ratios are combined by Liontrust to identify companies' investment needs in support of their forecast growth and the valuation investors place on that growth potential. Two lists of stocks are created:

1. Those with strong cash flows which are likely to beat investors' profit expectations, and
2. Those with weak cash flows which are likely to miss investors' profit expectations.

The most promising companies are researched thoroughly and the best investments for the portfolio are selected to maximise the investment returns.

Risk of Loss Factors

Investing in securities involves risk of loss that clients should be prepared to bear. Prospective clients (and prospective investors in clients) should consider the following factors before investing in any of the funds referred to in this Brochure. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in each of the funds. Prospective clients (and prospective investors in clients) are urged to consult their professional advisers and the fund prospectuses before deciding to invest in the funds.

There are significant risks associated with investments in the funds and each of the classes as applicable. Investment in a fund and each of the classes may not be suitable for all investors. Investors must accept the risks associated with such an investment including a substantial or complete loss of their investment.

The risks which an investor should take into account include risks that are fund specific i.e. they apply in respect of all classes of a fund (as applicable), and risks which are class specific and relate to the different currency or other rights of a class. Each prospective investor should carefully consider these risks before investing in a fund which include, without limitation, the following factors:-

Business Dependent Upon Key Individuals - The success of the funds is significantly dependent upon the expertise of the investment adviser and any future unavailability of their services could have an adverse impact on the funds' performance.

Concentration of Investments - Although it will be the policy of the investment adviser to diversify its investment portfolio, the funds may at certain times hold relatively few investments. Any fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Conflicts of Interest - Other clients of Liontrust may have similar investment objectives to a particular fund, although Liontrust, in particular in relation to the allocation of investment opportunities, will act fairly between all of its clients.

Securities and Other Investments of the Funds May Be Illiquid - Certain investment positions may be illiquid. Futures positions may be illiquid because, for example, some exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Similar occurrences could prohibit the investment adviser from promptly liquidating

unfavourable positions and subject the fund to substantial losses. In addition, the investment adviser may not be able to execute futures contract trades at favourable prices if little trading in the contracts involved is taking place. It is also possible that an exchange may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. Further, the factors relating to illiquidity of investment positions may also be applicable to an investor whose assets are used in any in specie redemption or withdrawal.

Investments in Unlisted Securities - The investment adviser may invest in unlisted securities. Because of the absence of any trading market for these investment, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly traded securities. Accordingly the ability of the investment adviser to respond to market movements may be impaired and the investment adviser may experience adverse price movements upon liquidation of its investments. Although these securities may be resold in privately negotiated transactions, prices realised on these sales could be less than those originally paid by the investment adviser. Settlement of transactions may be subject to delay and administrative uncertainties. Further companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Certain Securities Markets - Stock markets in certain countries may have a relatively low volume of trading. Securities of companies in such markets may also be less liquid and more volatile than securities of comparable companies elsewhere. There may be low levels of government regulation of stock exchanges, brokers and listed companies in certain countries. In addition settlements of trades in some markets is slow and subject to failure.

Hedging Transactions - The investment adviser may utilise financial instruments such as derivatives for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealised gains in the value of the investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the portfolio; (v) hedge the interest rate or currency exchange rate on any of the fund's liabilities or assets; (vi) protect against any increase in the price of any securities the investment adviser anticipates purchasing at a later date; or (vii) for any other reason that the Investment adviser deems appropriate. Such hedging transactions may not always achieve the intended effect and can also limit potential gains.

While the investment adviser may enter into such transactions to seek to reduce currency, exchange rate and interest rate risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance of the fund. For a variety of reasons, the investment adviser may not obtain a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the funds to risk of loss.

The success of the investment adviser's hedging strategy will depend in part, upon the investment adviser's ability correctly to assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the

hedging strategy will also be subject to the investment adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the investment adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the fund than if it had not engaged in such hedging transactions. For a variety of reasons the investment adviser may not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio holdings being hedged. Such an imperfect correlation may prevent the investment adviser from achieving the intended hedge or expose the fund to risk of loss. The investment adviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilisation of hedging and risk management transactions requires skills complementary to those needed in the selection of the portfolio holdings.

Swap Agreements – The investment adviser may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the fund's exposure to long-term or short-term interest rates, currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The investment adviser is not limited to any particular form of swap agreement if consistent with the fund's investment objective and approach.

Swap agreements tend to shift the investment exposure from one type of investment to another. For example, if the investment adviser agrees to exchange payments in Sterling for payments in dollars, the swap agreement would tend to decrease the fund's exposure to UK interest rates and increase its exposure to non-UK currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the fund. If a swap agreement calls for payments by investment adviser, the investment adviser must be prepared to make such payments when due. In addition, if a counterparty's credit worthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the investment adviser.

OTC Derivative Instrument Transactions - The investment adviser may invest a portion of its assets in investments which are not traded on organised exchanges and as such are not standardised. Such transactions are known as over-the-counter or ("OTC") transactions and may include forward contracts or options. Whilst some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in exchange traded derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. In respect of such trading, the funds are subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the fund.

The instruments, indices and rates underlying derivative transactions expected to be entered into by the investment adviser may be extremely volatile in the sense that they are subject to sudden fluctuations of varying magnitude, and may be influenced by, among other things, government trade, fiscal, monetary and exchange control programmes and policies; national and international political and economic events; and changes in interest rates. The volatility of such instruments, indices or rates, which may render it difficult or impossible to predict or anticipate fluctuations in the value of instruments traded by the fund, could result in losses.

Highly Volatile Instruments - The price of derivative instruments, including options are highly volatile. Price movements of forward contracts and other derivative contracts in which the fund's assets may be invested are influenced by, amongst other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause many of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The investment adviser also is subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearing houses.

Portfolio Turnover - Turnover of a fund's investments may be higher than the average for other more traditional portfolios and accordingly the level of commissions paid and other transaction costs are likely to be higher than average.

Uncertainties as to Valuation - Special situations affecting the measurement of the net asset value of the assets of the funds may arise from time to time. Prospective investors should be aware that situations involving uncertainties as to the valuation of such assets could have an adverse effect on the net asset value of the funds. In particular, the assets of the fund may be invested in securities which are not regularly traded on an exchange and the accuracy of the net asset value may be affected by the frequency of the valuations of securities provided by those funds.

Whilst the investment adviser will generally use the last available price in respect of each investment in order to calculate the net asset value, it reserves the right to use more recent valuations where this is considered appropriate. Such valuations may be based on an estimate of the more recent price of any unit or share in an underlying investment fund or other collective investment undertaking in which the fund invests obtained from or calculated on the basis of more recent information received from the underlying fund or undertaking or any of its service providers or agents. Valuations may be based largely or entirely on estimates where this is deemed appropriate by the directors/trustees.

In the event that a price or valuation estimate accepted by the fund in relation to an underlying investment subsequently proves to be incorrect or varies from a final published price, no adjustment to the net asset value or shares/units in issue will be made unless the directors/trustees deem it appropriate in the circumstances.

Item 9: Disciplinary Information

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction.

Item 10: Other Financial Industry Activities and Affiliations

Neither Liontrust nor any of its management persons is registered, or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Liontrust nor any of its management persons is registered, or has an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of any of the foregoing.

Liontrust is authorised and regulated by the FSA in the UK as a BIPRU €125k limited licence firm. Its Firm Reference Number ("FRN") is 518552. The authorisation that it holds means that the Firm is permitted to provide discretionary management and advisory services to professional clients and retail clients.

Liontrust Fund Partners LLP is authorised and regulated by the FSA in the UK as a UPRU €125k limited licence firm. Its FRN is 518165.

Both Liontrust and Liontrust Fund Partners LLP are indirect subsidiaries of Liontrust Asset Management PLC, a public company limited by shares, listed on the London Stock Exchange.

Liontrust International (Guernsey) Limited is authorised and regulated by the Guernsey Financial Services Commission ("GFSC") in Guernsey, Channel Islands with GFSC reference 109278. It is licensed to carry on Controlled Investment Business for collective investment schemes and general securities and derivatives.

Liontrust is appointed by Liontrust Fund Partners LLP and Liontrust International (Guernsey) Limited to provide investment advice to their funds. It is paid in accordance with the information contained in Item 5 Fees and Commission.

The Firm maintains a record of any potential conflicts of interest, including external appointments held by all partners and employees. This list is updated when necessary and completeness is confirmed on an annual basis. Except for the following, none of the relationships notified to the Firm by the individuals concerned create a material conflict of interest between the Firm and its clients or between clients.

Valuation item 10 C

In the event that investments are held which are not listed or dealt on any Recognised Exchange, such investments may be valued by "competent people" who are connected with the investment adviser and who may have a conflict of interest in relation to any such valuation. For example, where a performance fee is payable, if the value of the assets increases, the performance fee could increase. The Firm will ensure any conflict of interest which arises will be resolved fairly and in the interests of investors. When valuing securities of this nature the competent person has a duty to act with care and in good faith in valuing the relevant investment.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Liontrust recognises and believes that

- (i) high ethical standards are essential for its success and to maintain the confidence of its clients;
- (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and
- (iii) it has a fiduciary duty to its clients to act solely for their benefit. All personnel of the Firm must put the interests of Liontrust's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of Liontrust must also comply with all federal securities laws.

The Firm has in place a Code of Ethics which sets out the procedures in place governing personal trading. The Code of Ethics is available to clients or prospective clients (including prospective investors in fund clients) upon request and includes the following provisions:

- All personal brokerage accounts used by Partners and their spouses and dependent children ("related persons") must be notified to the Firm.
- Prior approval is required before a trade can be executed.
- Copies of contract notes are received by the Firm.
- Initial and annual holdings reports are submitted to the Firm by all related parties. These are checked back to the original approvals and contract notes where appropriate.

Inside information

Liontrust, in the course of its investment management and other activities, may come into possession of confidential or material non-public information about issuers, including issuers in which Liontrust or its related persons have invested or seek to invest on behalf of clients. Liontrust is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client.

Liontrust maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Liontrust is meeting its obligations to clients and remains in compliance with applicable law.

In certain circumstances, Liontrust may possess certain confidential or material, non-public information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Liontrust will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, Liontrust will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that Liontrust possesses such information), or not using such information for the client's benefit, as a result of following Liontrust's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Conflict of interest

The Firm may promote funds to clients in which related persons may also have an investment. The partners of Liontrust generally invest some of their personal funds in

some of the funds, and therefore, such persons hold the same securities as other investors in the funds. Liontrust is aware of the potential for a conflict of interest in cases where the Firm, a related person or any of their partners/employees, buys or sells securities recommended by the Firm to clients, and has established procedures intended to limit such conflicts. This is disclosed to the client (investor in a client) at the time of becoming a client or making an investment in a client. No other securities are bought or sold for client accounts in which the Firm's related persons have a material financial interest. Such activity is considered to be an alignment of interest between the related persons and the client.

In addition, Liontrust or its related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that Liontrust or a related person recommends to clients. Such practices present a conflict where, because of the information Liontrust has, Liontrust or its related person are in a position to trade in a manner that could adversely affect clients (e.g. place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting Liontrust's or its related person's objectivity, these practices by Liontrust or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed.

Personal account dealing

Liontrust requires its related persons to pre-clear all transactions in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients.

All of Liontrust's related persons are required to disclose their securities transactions and holdings on a quarterly basis. All of the Firm's related persons are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions.

Personal trading rules do not permit related persons to purchase securities for their own accounts at times when the funds or accounts managed are actively trading in such securities.

Item 12: Brokerage Practices

General arrangements

The rules to which the Firm is subject in the US and the UK forbids it from paying commission except where there would be a benefit to the client from doing so. Where any commissions are to be paid for research services receivable ("soft dollars", "soft commissions", such services would only be permitted if they:

- are capable of adding value to the clients' portfolios by providing new insights;
- represent original thought;
- have intellectual rigour; and
- involve analysis or manipulation of data to reach meaningful conclusions.

The SEC and the FSA forbid the payment of commission to brokers for research services which do not meet the requirements.

The Firm's investment approach is to use quantitative techniques when deciding upon securities to be traded for the funds and accounts it manages. Such techniques involve the use of published data rather than qualitative techniques such as the use of research notes and opinions.

The Firm maintains a list of brokers with whom it may deal for the funds managed. This list is reviewed at least on a quarterly basis and brokers are added or deleted according to the Firm's view of the quality and cost of the service provided. Brokers are used by the Firm at its own discretion.

Funds and accounts

Quantitative analysis is all performed by the Firm and as such no payments are made to brokers for research or other benefits to be paid for out of commissions or costs associated with each transaction.

All brokerage costs paid by the Firm are paid in respect of execution services received only. Brokers with whom the Firm trades are therefore selected on the basis of the following execution factors, with particular emphasis being given to the price:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Other considerations relevant to the execution of an order

The Firm is not incentivised to select a more expensive broker over another when executing trades.

When trading in collective investment schemes, the Firm will typically transact with the specific administrator for that particular fund and will trade at the prevailing net asset value of the fund.

Trades are pre-allocated on a client by client basis. Where possible trades will be bulked for execution and average pricing / client order trade randomisation ensures that pricing across clients is as equitable as possible.

Item 13: Review of Accounts

Each fund or account that Liontrust manages is subject to periodic review in order to ensure that it remains within the investment guidelines agreed with the client. The frequency of the review is determined by client requirements and can be summarised as follows:

Client	Frequency of review*	Reviewed by (state job title only)
Unregulated funds	Intra month	Operations team
	Monthly	Portfolio Risk Committee
Regulated funds	Daily	Operations team
	Monthly	Portfolio Risk Committee

The managed accounts are reviewed weekly by the investment operations team.

In addition all funds and accounts are reviewed on an informal basis on a daily basis. Further reviews may also be triggered by a notification of a change in a client's circumstances, such as an injection or redemption of capital.

The Firm reports to the boards of the funds on a quarterly basis or has a monthly call with the Trustees of the unit trusts. These reports comprise of analysis of risk and return drivers during the period in question, major asset allocation changes, benchmark or peer analysis as well as a review of any trading or operational factors.

Statements are sent to clients with segregated accounts (if so requested), on a monthly or quarterly basis by the Custodian. These reports contain a detailed analysis of the holdings as at the reporting date and transactions during the period. In addition the manager sends a report on either a monthly or quarterly basis which analyses the portfolios risk and return characteristics along with commentary on the market and the portfolio itself.

Item 14: Client Referrals and Other Compensation

Liontrust is not remunerated by any party other than its clients. The Firm receives no economic benefit for providing investment advice or other advisory services to its clients whether directly or indirectly.

Item 15: Custody

All segregated accounts managed by the Firm use external custodians and with whom the clients have a direct agreement. Liontrust does not send out account statements.

Liontrust is not required to provide custody services to the funds managed by the Firm.

Liontrust Fund Partners LLP handles client money with respect to the UK unit trusts in specific circumstances, such as where investor information is awaited prior to investment in the unit trusts. It has permission for this activity from the FSA.

Item 16: Investment Discretion

Liontrust has discretionary authority to manage accounts on behalf of all its funds and accounts.

As described in the “Advisory Business” section above, the regulated funds are subject to specific restrictions set out in the UCITS rules whereas the investment guidelines governing the Firm’s management of the unregulated funds are typically widely drafted and contain no specific limitations.

With the segregated accounts, clients may request from time to time that the Firm must not invest in specific assets or utilise specific investment techniques. Liontrust is able to customise its approach to each individual client.

Item 17: Voting Client Securities

Liontrust uses a third party to exercise voting rights on behalf of clients at meetings of all holdings. The voting is performed in accordance with agreed guidelines in line with the voting principles recommended by the National Association of Pension Funds (NAPF).

The NAPF policy is based on the Association of Investment Companies Code (AIC Code) which forms a comprehensive guide to best practice in certain areas of governance which suggest alternative approaches to those set out in the Combined Code on Corporate governance published by the UK Listing Authority.

The NAPF Guidelines are as follows:

- The chairman should be independent.
- The majority of the board should be independent of the investment manager.
- Directors should be elected for a fixed term of no more than three years. Nomination for re-election should not be assumed but be based on disclosed procedures.
- The board should have a policy on tenure which is disclosed in the report.
- There should be full disclosure of information about the board.
- The board should aim to have a balance of skills, experience, ages and length of service.
- The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.
- Director remuneration should reflect their duties, responsibilities and the value of their time spent.
- The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.
- Directors should be offered relevant training and induction.
- The chairman (and the board) should be brought into the process of structuring a new launch at an early stage.

It is Liontrust's policy to depart from these guidelines to protect the interests of its clients where appropriate. Any departure from these guidelines will be documented and agreed with the relevant fund manager as per internal procedures. Where Liontrust takes a decision not to support a management proposal it will, where practicable, seek to raise the issues with the company prior to voting.

In these circumstances, Liontrust will make a best efforts attempt to determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others:

- (i) whether the proposal was recommended by management and Liontrust's opinion of management;
- (ii) whether the proposal acts to entrench existing management; and
- (iii) whether the proposal fairly compensates management for past and future performance.

Liontrust's policy also requires that it identifies and addresses conflicts of interest between its related persons and its clients. If a material conflict of interest exists, Liontrust will determine whether voting in accordance with the guidelines is in the

best interests of the client or whether taking some other action may be more appropriate.

Liontrust endeavours to vote in all markets, wherever possible, unless there are certain technical reasons in overseas markets which prevent it from doing so. Liontrust will periodically publish an updated summary of the voting undertaken on behalf of its clients; further details are available on request.

As part of regular performance review meetings with its clients, Liontrust advises them on how it has discharged its stewardship responsibilities during the period under review. The format of the reporting and the information provided is dependent on each client's requirements.

Information on how the Firm has voted, together with a copy of its proxy voting policies and procedures, are available on request.

Item 18: Financial Information

Liontrust does not require or solicit pre-payment of any type of client fees in advance. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.