

Investors withdraw £1.1bn from Liontrust as UK budget concerns impact fund flows

Liontrust experienced a slump in assets under management over the summer as investors withdrew £1.1bn from its funds.

Every sector of the asset manager's operations witnessed net outflows in the second quarter of its fiscal year, with UK retail funds and managed portfolio services, the largest areas, seeing a £904m departure by investors, as reported by [City AM](#).

Rae Maile, research analyst at Panmure Liberum, commented: "We anticipated that the industry had a lacklustre quarter for flows and Liontrust has not escaped the general malaise, with September having proven particularly difficult,".

The £1.1bn in outflows reduced Liontrust's assets to a mere £26bn, a significant drop of £5.7bn compared to two years ago.

This disappointing performance led analysts at Berenberg to lower their price target for the company to 625 pence, while the group's share price fell three per cent to 513 pence this morning.

Shares in Liontrust declined more than three per cent in early trading following the update.

John Ions, Chief Executive, attributed the business's poor performance to uncertainty surrounding this month's budget, stating that speculation about tax changes "have impacted investor confidence and fund flows for the whole industry".

However, the company has been facing difficulties for a while now, having lost £900m in investor cash during the first three months of the financial year.

The firm's investment performance was also uninspiring, contributing only £62m to Liontrust's total assets over the quarter, with the group's institutional and international divisions actually losing money in the market.

"Given the lower assets under management and little sign of improving sentiment, we anticipate reducing forecasts by about 10 per cent," stated Peel Hunt analysts Robert Sage and Stuart Duncan.

Liontrust is scheduled to publish its half-year results on 21 November, with growing concerns that the company may adjust its dividend payout of 72 pence.

"We believe that fears with respect to Liontrust's dividend are misplaced, with an estimated 13.6 per cent yield on offer helping to soothe the continued wait," Maile added.

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