

# LIONTRUST EUROPEAN DYNAMIC FUND

Interim Report &  
Financial Statements (unaudited)

For the period:

**1 May 2023**

to

**31 October 2023**

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

LIONTRUST FUND PARTNERS LLP

**LIONTRUST** 

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\* 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 £27.7 billion in assets under management as at 30 September 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 six months to 31 October 2023 an investment in the Fund returned -1.7% (retail class) and -1.3% (institutional class). The MSCI Europe ex-UK Index comparator benchmark returned -6.9% and the return made by funds in the IA Europe ex-UK sector average, also a comparator benchmark, was -6.9%.

From the Fund's launch on 15 November 2006 to 31 October 2023, an investment in the Fund rose by 307% (retail class) and 350% (institutional class), compared to a rise of 149% by the MSCI Europe ex-UK Index and a 160% return from the IA Europe ex-UK sector comparator benchmarks.

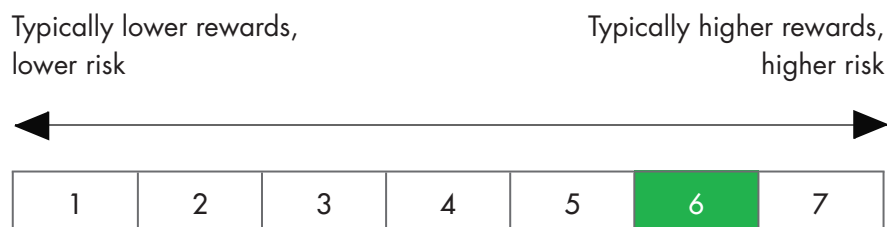
*Source: Financial Express, bid-to-bid basis, total return, net of fees, income reinvested, figures show performance up to 31 October 2023. The primary class post-Retail Distribution Review is the institutional class, whereas pre-Retail Distribution Review the bundled Retail class performance history 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 -6.9% in the six months to 31 October 2023.

The European Central Bank left its deposit rate unchanged during its October meeting, marking a notable shift from its 15-month run of rate hikes, reflecting a more cautious stance among policymakers, influenced by the gradual easing of inflationary price pressures and concerns about an impending recession. The decision follows a streak of ten consecutive rate increases since July 2022, which saw the deposit facility rate rise to an all-time record of 4%. However, the bank did not rule out further tightening. The European Central Bank (ECB) decision follows similar pauses to rate hike cycles from both the Bank of England and US Federal Reserve (Fed) during September, but forecasts from the Fed's rate-setting committee led investors to expect fewer rate cuts from current levels over the next two years.

Away from monetary policy, investors also grappled with some volatility-inducing newsflow over the period, ranging from a deadline to extend the US debt limit and avoid default, rating agency Fitch downgrading the US government's credit rating from AAA to AA+, citing unsustainable debt and increased political dysfunction, and renewed stress in the Chinese property market and underwhelming macroeconomic data out of China.

Within European equity markets, energy was by far the strongest sector over the period under review, returning 11% in sterling terms, benefitting in particular in September after oil prices rose as production was cut in Saudi Arabia and Russia. Other sectors to post a positive return over the six months were financials (+1.1%) and real estate (+0.4%). Among the weaker sectors were consumer discretionary (-1.5%), consumer staples (-1.2%) and communication services (-9.4%).

### Analysis of Portfolio Return

The Fund returned -1.3% (institutional income class) in the six months to 31 October 2023. The MSCI Europe ex-UK Index comparator benchmark and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, were both -6.9%\*.

The Fund has evolved over the course of 2023 and now has a more moderate exposure to value styles as greater balance has been introduced into the portfolio. While a year ago the Fund had a negative exposure to growth stocks, over the course of the last 12 months this negative bias has been eliminated as some growth stocks have since been included in the portfolio. The portfolio now is modestly positively exposed to both growth and value styles.

The performance of European value equities relative to their growth counterparts continues to be influenced by shifting investor expectations regarding interest rates. Although a peak in rates may now be close, investors have priced in a period of "higher for longer" rates, rather than a swift decline. This helped the MSCI Europe ex-UK Value Index outperform the MSCI Europe Growth ex-UK Index by 6.8 percentage points over the period under review. By definition, growth stocks are long duration; their valuation should be sensitive to a rising discount rate on their future assumed high growth. By contrast, value stocks are short duration.

Italian bank **UniCredit** (+31%) was the Fund's top performer, strengthening over the period after reassuring comments in June from its chief financial officer regarding stable defaults and better-than-expected cost of funding led to some earnings upgrades from analysts.

Danish jewellery manufacturer and retailer **Pandora** (+27%) rose after a positive update at its capital markets day in October, where the company announced new financial targets which were well received by the market. Pandora announced an EBIT (earnings before interest and taxation) margin target of 26-27% by 2026, an increase from c.25% in 2023. Furthermore, the company expects revenue to reach DKK 34-36 billion in 2026, up DKK 7-9 billion from the expectation of around DKK 27 billion for 2023.

In addition, Pandora noted the successful implementation of its Phoenix strategy which was launched in 2021 to focus on growth opportunities in brand, design, personalisation and markets, while also announcing it intends to scale up investments to accelerate revenue growth.

**Novo Nordisk** (+20%), the Danish pharmaceutical group behind top-selling obesity drug *Wegovy*, was also among the top performers over the period after lifting its annual sales forecasts twice over the period, following the strength of *Wegovy* and *Ozempic* volumes. The company also received a share price boost towards the end of the review period on the announcement of the decision to stop its semaglutide kidney drug trial early due to its results meeting a pre-specified efficacy criteria.

## Manager's Investment Report (continued)

### Analysis of Portfolio Return (continued)

**Mediobanca Banca di Credito Finanziario** (+1.5%) full-year results came in ahead of expectations, with 22% growth in net interest income to €1.8bn helping drive revenues to €3.3bn. In keeping with its new strategic plan running from 2023 to 2026, it will also conduct a share buyback scheme amounting to €200m, around 2% of its share capital.

Among the portfolio's largest detractors, German airline **Deutsche Lufthansa** (-33%) fell heavily despite reporting record profits for the second quarter, while also forecasting continuing post-pandemic travel demand and high ticket prices for the remainder of the year. The company indicated that capacity offered by its airlines would be at the lower end of previous guidance because of "persisting bottlenecks in the European air traffic system".

Swedish company **Evolution** (-31%), a leader in product innovation and advanced IT-solutions for video streamed live casinos, was also among the detractors. Over the period, the company released a lacklustre interim report covering the first six months of the year in which strong profitability was overshadowed by a slowdown in the North American market.

### 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, momentum efficiency 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.

The type of strong cashflow stocks we are focused upon in the current environment are particularly those with excellent momentum characteristics as identified by the investment processes proprietary secondary score system. This is an important style indicator which highlights the risk of a momentum crash and currently this risk is judged to be extremely low.

The investment process continues to highlight that value stocks should perform well. However, in the current environment we want to invest in value stocks which also show evidence of positive momentum. The process is clear that this is not an opportunity to buy exceptionally cheap contrarian value stocks with poor momentum. Instead, we have focused on the recovering value secondary score. This means investing in stocks which are not only in the top 20% of the European equity market as rated by key cash flow scores, but also are cheap in conventional valuations terms and showing some signs of recovery.

### Outlook

We continue to be constructive on the outlook for European equity markets. The MSCI Europe remains in a clear uptrend and valuations are reasonable. Furthermore, our measure of corporate aggression has fallen significantly, which is usually a positive sign for markets.

From a style point of view, we continue to expect that both value and momentum investment styles should perform well. Until its renaissance post Covid, value styles had endured a dreadful decade and currently the spread between the valuations of growth and value stocks – though less extreme than existed in mid-2020 – is still wide.

Furthermore, our measure of investor anxiety – a good barometer of the potential for value to perform – is not yet at the low levels that would cause us to be more cautious on value. High investor anxiety usually goes hand in hand with strong value performance.

## Manager's Investment Report (continued)

### Outlook (continued)

We are also positive on Momentum. Our Momentum Efficacy indicator is currently very constructive on Momentum suggesting that the likelihood of a momentum crash in Europe is de minimis. Seasonally the final quarter of the year is a strong period for momentum. We are ambivalent on growth stocks and have some exposure where cash flows and momentum are strong. However given that high quality growth stocks remain expensive relative to history we would be particularly wary of quality growth stocks with poor momentum.

The style picture is very similar in the US but with two exceptions. First, we believe the outlook for momentum styles is somewhat mixed - not suggestive of a momentum crash but less convincing than the momentum backdrop in Europe. Second, there is a significant difference between Europe and the US in the value of quality growth stocks. Whereas in Europe there is still an elevated premium in the valuation of this group in the US this premium has entirely vanished and in fact the group are looking cheap relative to their history suggesting an opportunity.

*\*Source: Financial Express, bid-to-bid basis, total return, net of fees, income reinvested, 31.10.2023. Please note that total return has been calculated at midday whereas the financial statements are at close of business.*

### James Inglis-Jones & Samantha Gleave

Fund Managers

November 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

TeamViewer  
Deutsche Post  
Logitech International  
Partners  
Deutsche Bank  
Cie de Saint-Gobain  
Evolution  
Hermes International  
Publicis Groupe  
Novartis

#### Sales

Heineken  
Deutsche Lufthansa  
Societe Generale  
Equinor  
Bank of Ireland  
BNP Paribas

## 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.

## 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  
14 December 2023

## Performance Tables (unaudited)

as at 31 October 2023

## Net asset value

Period end	Units in Issue	Net Asset Value (£'000)	Net Asset Value per unit (p)
<b>31 October 2023</b>			
B Income	2,466,757	7,869	319.01
B Income Hedged	170,238	212	124.55
I Accumulation	37,421,442	35,674	95.33
Institutional Income	166,587,056	530,698	318.57
Institutional Income Hedged	12,093,609	14,511	119.99
Retail Income	4,296,604	13,492	314.02
Retail Income Hedged	1,211,940	1,448	119.46
S Accumulation	285,771,340	320,968	112.32
<b>30 April 2023</b>			
B Income	2,070,678	6,783	327.57
B Income Hedged	143,924	181	125.74
I Accumulation †	3,262,803	3,190	97.77
Institutional Income	150,843,552	492,823	326.71
Institutional Income Hedged	12,986,093	15,694	120.85
Retail Income	5,124,670	16,566	323.27
Retail Income Hedged	1,312,135	1,584	120.74
S Accumulation ^	203,142,339	233,834	115.11
<b>30 April 2022</b>			
B Income	1,635,719	4,983	304.66
B Income Hedged	152,378	181	118.75
Institutional Income	98,690,578	299,876	303.85
Institutional Income Hedged	15,819,148	18,042	114.05
Retail Income	11,652,071	35,046	300.78
Retail Income Hedged	2,104,117	2,399	114.01
<b>30 April 2021</b>			
B Income	145,499	409	281.21
B Income Hedged#	32,078	33	101.48
Institutional Income	62,026,318	173,933	280.42
Institutional Income Hedged#	15,453,671	15,678	101.45
Retail Income	6,420,986	17,822	277.57
Retail Income Hedged#	2,636,048	2,675	101.47

# Launched on 6 April 2021

^ Launched on 12 August 2022

† Launched on 20 February 2023

# LIONTRUST EUROPEAN DYNAMIC FUND

## Portfolio Statement (unaudited)

as at 31 October 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>EQUITIES (93.07%)</b>	<b>881,581</b>	<b>95.32</b>
	<b>BELGIUM (3.65%)</b>	<b>29,400</b>	<b>3.18</b>
884,031	Bekaert	29,400	3.18
	<b>DENMARK (8.29%)</b>	<b>90,573</b>	<b>9.79</b>
643,316	Novo Nordisk	50,918	5.50
425,795	Pandora	39,655	4.29
	<b>FRANCE (29.34%)</b>	<b>250,276</b>	<b>27.06</b>
472,921	BNP Paribas	22,364	2.42
682,410	Cie de Saint-Gobain	30,535	3.30
211,798	Dassault Aviation	34,573	3.74
19,099	Hermes International	29,269	3.16
311,011	Ipsen	30,206	3.27
654,678	Publicis Groupe	40,887	4.42
682,327	Renault	19,640	2.12
1,365,908	Rexel	22,838	2.47
362,648	TOTAL	19,964	2.16
	<b>GERMANY (5.10%)</b>	<b>82,654</b>	<b>8.94</b>
299,642	Daimler	14,415	1.56
2,052,683	Deutsche Bank	18,498	2.00
479,416	Deutsche Lufthansa	2,749	0.30
717,127	Deutsche Post	22,906	2.48
1,909,016	TeamViewer	24,086	2.60
	<b>IRELAND (5.01%)</b>	<b>32,553</b>	<b>3.52</b>
4,427,994	Bank of Ireland	32,553	3.52
	<b>ITALY (5.40%)</b>	<b>59,240</b>	<b>6.41</b>
2,845,534	Mediobanca Banca di Credito Finanziario	27,921	3.02
1,521,941	UniCredit	31,319	3.39
	<b>LUXEMBOURG (2.41%)</b>	<b>17,367</b>	<b>1.88</b>
954,880	ArcelorMittal	17,367	1.88

## Portfolio Statement (unaudited) (continued)

as at 31 October 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
	<b>EQUITIES (continued)</b>		
	<b>NETHERLANDS (9.03%)</b>	<b>61,278</b>	<b>6.62</b>
70,317	ASML	34,624	3.74
1,093,264	Koninklijke Ahold Delhaize	26,654	2.88
	<b>NORWAY (1.79%)</b>	<b>0</b>	<b>0.00</b>
	<b>PORTUGAL (3.12%)</b>	<b>26,365</b>	<b>2.85</b>
1,391,002	Jeronimo Martins	26,365	2.85
	<b>SPAIN (7.58%)</b>	<b>73,197</b>	<b>7.91</b>
7,946,315	Banco Santander	23,987	2.59
6,769,265	CaixaBank	22,612	2.44
938,136	Industria de Diseno Textil	26,598	2.88
	<b>SWEDEN (9.15%)</b>	<b>72,025</b>	<b>7.79</b>
2,944,592	Atlas Copco	31,385	3.39
1,421,534	Epiroc	19,214	2.08
292,769	Evolution	21,426	2.32
	<b>SWITZERLAND (3.20%)</b>	<b>86,653</b>	<b>9.37</b>
432,475	Logitech International	27,860	3.01
405,450	Novartis	31,039	3.36
30,034	Partners	26,017	2.81
81,090	Sandoz	1,737	0.19
	<b>COLLECTIVE INVESTMENT SCHEMES (7.19%)</b>	<b>0</b>	<b>0.00</b>
	<b>IRELAND (3.59%)</b>	<b>0</b>	<b>0.00</b>
	<b>LUXEMBOURG (3.60%)</b>	<b>0</b>	<b>0.00</b>
	<b>DERIVATIVES (0.03%)</b>	<b>(49)</b>	<b>(0.01)</b>
	<b>Forward Currency Contracts (0.03%)</b>	<b>(49)</b>	<b>(0.01)</b>
DKK 1,505,879	Danish krone 1,505,879 vs UK sterling 175,721	0	0.00
€ 1,887,975	Euro 1,887,975 vs UK sterling 1,642,266	2	0.00
SEK 3,634,328	Swedish krona 3,634,328 vs UK sterling 271,192	(2)	0.00
CHF 101,728	Swiss franc 101,728 vs UK sterling 93,674	(1)	0.00
£ 1,763,945	UK sterling 1,763,945 vs Danish krone 15,164,431	(6)	0.00
£ 12,944,817	UK sterling 12,944,817 vs Euro 14,927,134	(59)	(0.01)
£ 1,556,074	UK sterling 1,556,074 vs Swedish krona 20,772,143	22	0.00

## Portfolio Statement (unaudited) (continued)

as at 31 October 2023

Holding/ Nominal value	Stock description	Market value (£'000)	Percentage of total net assets (%)
<b>DERIVATIVES (continued)</b>			
<b>Forward Currency Contracts (continued)</b>			
£ 1,368,945	UK sterling 1,368,945 vs Swiss franc 1,516,435	(5)	0.00
£ 798	UK sterling 798 vs US dollar 968	0	0.00
US\$ 21	US dollar 21 vs UK sterling 18	0	0.00
	<b>Portfolio of investments</b>	<b>881,532</b>	<b>95.31</b>
	<b>Net other assets</b>	<b>43,340</b>	<b>4.69</b>
	<b>Total net assets</b>	<b>924,872</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 2023.



## Financial Statements (unaudited)

**Statement of Total Return (unaudited)**

for the period ended 31 October 2023

	(£'000)	1.5.2023 to 31.10.2023 (£'000)	(£'000)	1.5.2022 to 31.10.2022 (£'000)
Income				
Net capital losses		(32,294)		(28,748)
Revenue	13,139		8,066	
Expenses	(3,568)		(1,845)	
Interest payable and similar charges	(1)		(6)	
Net revenue before taxation	9,570		6,215	
Taxation	(1,792)		(622)	
Net revenue after taxation		7,778		5,593
<b>Total return before distributions</b>		<b>(24,516)</b>		<b>(23,155)</b>
Distributions		1,685		(107)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(22,831)</b>		<b>(23,262)</b>

**Statement of Change in Net Assets Attributable to Unitholders (unaudited)**

for the period ended 31 October 2023

	(£'000)	1.5.2023 to 31.10.2023 (£'000)	(£'000)	1.5.2022 to 31.10.2022 (£'000)
<b>Opening net assets attributable to unitholders</b>		<b>770,655</b>		<b>360,527</b>
Amounts received on issue of units	317,874		161,728	
Amounts paid on cancellation of units	(140,826)		(125,078)	
		177,048		36,650
Change in net assets attributable to unitholders from investment activities		(22,831)		(23,262)
<b>Closing net assets attributable to unitholders</b>		<b>924,872</b>		<b>373,915</b>

The opening net assets attributable to unitholders for the current period do not equal the closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

## Financial Statements (unaudited) (continued)

### Balance Sheet (unaudited)

as at 31 October 2023

	31.10.2023 (£'000)	30.4.2023 (£'000)
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	881,605	772,865
<b>Current assets:</b>		
Debtors	24,353	23,761
Cash and bank balances	44,212	8,150
<b>Total assets</b>	<b>950,170</b>	<b>804,776</b>
<b>Liabilities</b>		
Investment liabilities	(73)	(2)
<b>Creditors:</b>		
Bank overdrafts	(125)	(385)
Distribution payable	–	(14,297)
Other creditors	(25,100)	(19,437)
<b>Total liabilities</b>	<b>(25,298)</b>	<b>(34,121)</b>
<b>Net assets attributable to unitholders</b>	<b>924,872</b>	<b>770,655</b>

### Accounting Policies

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 and Prospectus. 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 accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2023 and are described in those financial statements.

## Securities Financing Transactions (unaudited)

as at 31 October 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.

### Return and cost

The table below shows the net income earned by the Fund from securities lending activity during the period to 31 October 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	12	–	5	17
% of total	70%	0%	30%	100%
Cost	–	–	–	–

### Securities lending

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 31 October 2023. The income earned from securities lending are also shown for the period ended 31 October 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.

	Securities on loan		Income earned (£'000)
% of lendable assets	% of NAV		
0.75	0.69		12

## Securities Financing Transactions (unaudited)(continued)

as at 31 October 2023

### Securities lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 31 October 2023.

Counterparty	Counterparty's country of establishment	Securities Lending Amount on loan (£'000)	Collateral received (£'000)
BNP Paribas	France	720	817
Citigroup Global Markets Limited	UK	737	811
J.P. Morgan Securities Plc	UK	4,908	5,169
<b>Total</b>		<b>6,365</b>	<b>6,797</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.

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 31 October 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>				
CAD	-	-	4,774	-
CHF	-	-	117	-
EUR	-	-	601	-
GBP	-	-	263	-
HKD	-	-	13	-
JPY	-	-	144	-
USD	-	-	885	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,797</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.

## Securities Financing Transactions (unaudited)(continued)

as at 31 October 2023

**Collateral (continued)**

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 31 October 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	–	–	–	–	5,169	–	<b>5,169</b>
<b>Equities</b>							
Recognised equity index	–	–	–	–	–	1,628	<b>1,628</b>
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,169</b>	<b>1,628</b>	<b>6,797</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 31 October 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).

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 31 October 2023.

Issuer	Value (£'000)	% of the Sub-fund's NAV
J.P.Morgan Securities Plc	5,169	0.56
BNP Paribas Arbitrage (Euroclear)	817	0.09
Citigroup Global Markets Limited	811	0.08
<b>Total</b>	<b>6,797</b>	<b>0.73</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	Nil	I Accumulation	0.86	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 period. 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 £6,000 of net gains on disposals in the 2023-2024 tax year are exempt from tax (2022-2023: £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.

**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 have changed 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).

**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.



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