

LIONTRUST GF SF GLOBAL GROWTH FUND



***Source:** Liontrust, FE Analytics and Bank of New York Mellon, to 31.12.21. Sustainable Future Global Growth Equities composite, total return, gross of fees in GBP versus MSCI World Index. Although the strategy launched in 2001, composite data is only available from 31.12.08.

Past performance is not a guide to future performance. Please remember that, as with all investments, there are risks. The value of investments and income derived from them may go down as well as up and you may not get back the full amount invested.

The Liontrust GF SF Global Growth Fund launched in November 2019 and the Sustainable Future Global Growth Equities strategy has a track record that dates back to 2001. The fund managers, Simon Clements, Peter Michaelis and Chris Foster, use a thematic approach to identify key structural growth trends that will shape the economy of the future. The team then invests in a broad range of well-run companies from around the world that capitalise on these transformative changes to seek to generate capital growth for the Fund.

How the Liontrust GF SF Global Growth Fund is differentiated

THE FUND

- **Long track record:** Peter Michaelis and Simon Clements of the Liontrust Sustainable Investment team have been managing the SF Global Growth Equities strategy since 2001 and 2010 respectively. Chris Foster became co-manager in 2020.
- **Experienced team:** The 17-strong Sustainable Investment team has a total of more than 200 years of combined investment experience.
- **Strong performance of strategy:** On an annualised basis to end December 2021, the strategy has outperformed the MSCI World Index over three, five and 10 years, and since inception*.
- **Integrating ESG:** Central to our approach is the fact all the elements of sustainable investment are integrated within a single team. We do not have separate fund management and environmental, social and governance (ESG) divisions; instead, every team member is responsible for all aspects of financial and ESG relating to an investment decision.
- **Mitigating CO2 exposure:** Compared to the MSCI World Index, companies held in the SF Global Growth Equities strategy emitted 88% less carbon dioxide while 29% of the portfolio is invested in stocks involved in technology that directly cuts carbon emissions (at the end of December 2020).

INVESTMENT PROCESS

- The Fund is managed using a distinct, rigorous and repeatable investment process.
- The Liontrust Sustainable Investment team seeks to generate strong returns from investing in companies aiming to deliver profits through positive social and environmental impacts.
- The team invests in three transformative themes and 20 underlying themes within these, which are mapped to the United Nation's Sustainable Development Goals where relevant. The three core themes are Better resource efficiency, Improved health and Greater safety and resilience.
- In addition to the analysis on themes, the team also focuses on the Environmental, Social and Governance aspects of companies, which help to gauge their quality, business fundamentals to ensure companies have a competitive advantage and are expected to be or become profitable, and financial modelling to check companies are likely to be worth considerably more in the future.

The Sustainable Future investment process

The investment process is based on the belief that in a fast-changing world, the companies that will thrive are those which improve people's quality of life, make usage of increasingly scarce resources more efficient and help build a more stable, resilient and prosperous economy. Sustainable Future has a four-stage process to identify these companies



1. Theme: The investment process starts with a thematic approach in identifying the key structural growth themes that will shape the global economy of the future, such as the development of personalised medicine and the transition to a lower carbon economy.

Why is this relevant to investors? Many of these outcomes have been delivered by the power of capitalism and the creativity of businesses generating strong profit growth and investment returns. It is these innovative businesses in which the Liontrust Sustainable Investment team have invested for close to two decades, and we believe most investors underestimate the speed, scale and persistency of such trends within our economy.

We therefore look at the world through the prism of three mega trends — Better resource efficiency, Improved health and Greater safety and resilience — and 20 underlying themes within these trends.

Identifying emerging and long-term themes is often referred to as positive screening because of the team's focus on what they want to own rather than just what to avoid, and is one of three main approaches to managing environmental, social and governance (ESG) and sustainable investment funds. The second approach is engagement, also known as active ownership. In this case, fund managers engage with the companies they hold so they can influence management into changing their strategy or operational management.

The third approach is avoiding certain industries because of the negative effects of their products, such as tobacco companies and producers of weapons. The Liontrust Sustainable Investment team combines all three approaches in the investment process.



2. ESG management quality: If a company has significant exposure to a theme, the team verifies how sustainable the rest of its activities are. For each company, the team determines the key ESG factors that are important indicators of future success and assess how well these are managed, via the proprietary Liontrust Sustainability Matrix.

Every company held in the portfolio is given a Sustainability Matrix rating, which analyses the following aspects:

- **Product sustainability (rated from A to E):** This assesses the extent to which a company's core business helps or harms society and/or the environment. An A rating indicates a company whose products or services contribute to sustainable development (renewable energy) while an E rating indicates a company whose core business is in a conflict with sustainable development (such as tobacco).

- **Management quality** (rated from 1 to 5): This assesses whether a company has appropriate structures, policies and practices in place for managing its ESG risks and impacts. Management quality in relation to the risks and opportunities represented by potentially material ESG issues are graded from 1 (excellent) to 5 (very poor).

Companies must score C3 or higher to be considered further for inclusion in the portfolio.



3. Business fundamentals and valuation: Companies in which the team invests will have robust business fundamentals with a proven ability to deliver high returns on equity (RoE) through sustaining margins and asset turnover. Typically, these companies have a maintainable competitive advantage through scale, technology or business model.

The team evaluates the likely sales, earnings and other financial returns they expect to see from these companies over the next three to five years, integrating their view of their quality into these. Applying the relevant valuation multiple to these allows the team to derive a price target achievable in the next three years. When this shows significant upside, the investment is recommended as a buy and available to be included in the team's funds.



4. Stock selection and portfolio construction: The Fund invests in well-run companies whose products and operations capitalise on the transformative changes we have highlighted, may benefit financially from them and score well on ESG, business fundamentals and valuation.

The team believes identifying these powerful themes and investing in exposed companies can make for attractive and sustainable investments.



Meet the experienced fund management team

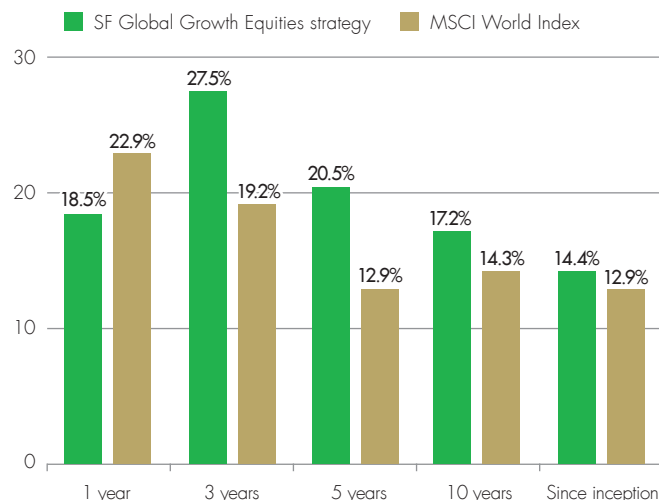


Peter Michaelis is Head of the Sustainable Investment team at Liontrust. Peter joined the company in April 2017 as part of Liontrust's acquisition of Alliance Trust Investments (ATI), where he was Head of Investment. In 2001, he joined Aviva Investors, where he was promoted to Head of Sustainable and Responsible Investment in 2005.

Simon Clements also transferred to Liontrust in 2017 having spent five years at ATI. Prior to this, Simon spent 12 years at Aviva Investors (previously Morley Fund Management) where, most recently, he was Head of Global Equities. In his early career, Simon worked as a Portfolio Accountant and Risk and Performance Analyst before joining Aviva Investors in 2000 to help develop its global equity and SRI propositions.

Chris Foster also transferred to Liontrust in 2017, after joining ATI through the management training programme. During his two-year graduate scheme, Chris completed rotations in Alliance Trust Savings, Fund Sales, and Equity Investments.

Annualised performance of the SF Global Growth Equities strategy*



Discrete years' performance (%)*

To previous quarter, 12 months ending:	Dec 2021	Dec 2020	Dec 2019	Dec 2018	Dec 2017
SF Global Growth Equities strategy (gross of fee return %)	18.5	33.9	30.6	2.1	19.8
MSCI World Index (%)	22.9	12.3	22.7	-3.0	11.8

*Source: Liontrust, FE Analytics and Bank of New York Mellon, to 31.12.21. Sustainable Future Global Growth Equities composite, total return, gross of fees in GBP versus MSCI World Index. Although the strategy launched in 2001, composite data is only available from 31.12.08.

Past performance is not a guide to future performance, investments can result in total loss of capital. Please refer to the Key Risks section for more information.

Our themes in action



Providing affordable healthcare globally: IQVIA

The core competency of drug companies is their ability to find and develop new drugs and treatments. From there, they need to monetise these treatments as efficiently as possible.

IQVIA is a Contract Research Organisation using the information it has about patients to help populate clinical trials. Drug development is about targeting therapies more accurately and drug companies want to find the patient population that is most likely to respond positively.

Accessing a digital database with a wealth of patient information helps IQVIA understand where patients and their doctors are, and allows it to design trials that costs less, take less time and have more chance of success.



Increasing financial resilience: PayPal

By understanding what is important to consumers and merchants, Paypal has risen to become the number one choice for online payment transactions.

A customer's priority when they transact online is to ensure their personal and financial information is safe and they are not exposed to fraudulent sellers. Merchants' priorities are for customer confidence in their purchase, and increased conversion rates.

The stats stack up here: figures show customer conversion at checkout is 90% with Paypal, compared to around 50% when merchants use their own payment platform.



Improving the efficiency of energy use: Daikin

One of our longest-standing investments is Japanese air conditioner manufacturer Daikin.

Daikin has a number of technologies that cut energy usage by more than 50% compared with traditional products. The ductless system is the key innovation, which pushes refrigerant rather than cold air around a building, ensuring significantly less energy is used.

The company has the number one market share globally, and with its products driving energy savings, our investment is having an important impact on usage around the world.



Who to contact for more information

📞 Client Services: +44 (0)20 3908 8746

✉️ international@liontrust.eu

🌐 liontrust.eu

in Liontrust

🐦 @Liontrustviews

🐦 @LiontrustHeroes

f /LiontrustHeroes

Key risks

Please remember that past performance is not a guide to future performance and the value of an investment and any income generated from them can fall as well as rise and is not guaranteed, therefore you may not get back the amount originally invested and potentially risk total loss of capital. Do remember that the value of an investment and the income generated from them can fall as well as rise and is not guaranteed, therefore, you may not get back the amount originally invested and potentially risk total loss of capital. Investment in the Fund involves foreign currencies and may be subject to fluctuations in value due to movements in exchange rates.

Disclaimer

Issued by Liontrust Fund Partners LLP (2 Savoy Court, London WC2R 0EZ), which is authorised and regulated in the UK by the Financial Conduct Authority (FRN 518165) to undertake regulated investment business. The Fund qualifies as an undertaking for collective investment in transferable securities ('UCITS') and has obtained recognition under the European Communities Directive for marketing in certain member states in the European Economic Area. This document does not constitute or form part of, and should not be construed as, an invitation to buy or sell shares and neither this document nor anything contained or referred to in it shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever. The value of shares and the income generated from them can fall as well as rise and are not guaranteed; investors may not get back the amount originally subscribed. Equity investments should always be considered as long term. Investors should not purchase the Fund referred to in this document except on the basis of information contained in the Fund's Prospectus. We recommend that investors who are not professional investors should contact their professional adviser. The Fund's Prospectus and Key Investor Information Document (KIID) are available from www.liontrust.co.uk or direct from Liontrust. All use of company logos, images or trademarks are for reference purposes only. 2022.01 [19/758]



www.carbonbalancedpaper.com
CBP007514



Liontrust uses Carbon Balanced Paper to reduce the carbon impacts of all our printed communications. This reduces Liontrust's carbon footprint and has a positive impact on carbon change. On 28 June 2021, World Land Trust certified that from May 2020 to June 2021, Liontrust had balanced the equivalent of 1,209kg of carbon dioxide, enabling World Land Trust to protect 720m² of critically threatened tropical forest.

Improving industrial and agricultural processes - Increasing waste treatment and recycling - Enhancing ESG management - Building healthier foods - Building better cities - Providing education - Improving auto safety - Increasing waste treatment and recycling - Enhancing ESG management