



## Liontrust Global Dividend Fund

### Q1 2022 review

Co-Fund Managers: James Dowey & Storm Uru

**The Liontrust Global Dividend Fund returned -2.6% in the first quarter, compared with -2.4% from the MSCI World Index and -1.1% from the IA Global Equity Income sector (both comparator benchmarks)\*^.**

American Express (+18%) was the top performer over the first quarter of the year. The company is gaining market share against the big two card networks Visa and Mastercard as card transactions migrate to electronic transactions. Digital wallets and online checkouts create a more level playing field than leather wallets. The burgeoning ranks of Amex members are increasingly focused on rewards, where American Express beats the big two hands down.

As commerce shifts online, merchants are pressured to reduce even the smallest payments frictions so accepting Amex is essential. Moreover, Amex is thriving while travel remains subdued. Its revenues and profitability are already above pre-covid levels and as travel recovers it will enjoy excellent operating leverage.

Rio Tinto (+27%) cemented itself as one of the big winners in the global economic rebound from the pandemic by delivering its highest-ever profits and announcing a bumper dividend in March. Rio's underlying earnings surged 72% from a year earlier to \$21.4 billion, with the company also announcing a record full-year dividend of \$16.8bn, boosted by higher iron ore prices and strong demand from top consumer China.

Rio Tinto is often identified as an innovator, but the company has the lowest cost iron producer and benefits from significant demand surges in iron ore because of the long-cycle development constraints for competitors to build extra capacity to meet demand.

Also, among the top performers was Nvidia (+15%), the designer of chips for artificial intelligence computing. Nvidia has held an unrivalled position within computer game graphics for the past 25 years via its GPUs, graphics processing units. However, the computational tasks required for artificial intelligence are similar to gaming and as such Nvidia has been able to position itself technologically as the performance leader by far in AI computing capabilities.

We view AI as a major General Purpose Technology (GPT), and as such the likely growth and breadth of AI applications across the whole economy means Nvidia has robust growth drivers for the years to come.

On the other side of the ledger, the detractors for the month were led by Meta Platforms (-32%) (formerly Facebook) after the company's earnings forecast for Q1 2022 missed expectations. We are

long-term investors and see price volatility in the short term as excellent buying opportunities and used this price weakness to build our position into a full weight in the Fund.

The company has the leading social media position across all verticals, enabling small businesses to advertise to consumers as commerce moves online. And just like in the past, we believe Mark Zuckerberg will again defeat Tik Tok in the race to build out short-form video capabilities and market share.

Estee Lauder (-24%) was another detractor over the period. The company owns a diverse portfolio of brands, distributed internationally through both digital commerce and retails channels. The company began in 1946 when Estee Lauder and her husband Joseph Lauder began producing cosmetics in New York City. Since launching the original Estee Lauder brand the company has built the company into a stable of leading premium skin care and makeup & fragrance brands.

Big is better in cosmetics, and Estee Lauder has the scale to invest heavily in R&D and then utilise innovations across the stable of brands with unique packaging. EL has a leading portfolio of more than 25 prestige brands and more than 10 different distribution channels to target different customer segments including Tom Ford, La Mer, and Jo Malone.

The company has terrific pricing power and strong structural end market drivers so we see the recent stock price weakness as a temporary dynamic after a period of very strong stock price performance.

We continue to believe that being invested in innovative global leaders equips us with the strong underlying fundamentals to deliver strong capital and income growth, and the resilience to deal with the challenges that are sure to be thrown our way. Meanwhile, our valuation discipline and strong bench of stocks in the form of our Global Innovation 200 watchlist gives us a toolkit that will help mitigate downside risks if volatility becomes extreme.

**Discrete years' performance (%)\*\*, to previous quarter-end:**

	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18
Liontrust Global Dividend C Acc GBP	8.3%	38.1%	5.0%	15.6%	-1.0%
MSCI World	15.4%	38.4%	-5.8%	12.0%	1.3%
IA Global Equity Income	11.8%	32.0%	-9.8%	8.5%	-1.4%
Quartile	4	2	1	1	2

**\*Source: FE Analytics as at 31.03.22**

**\*\*Source: FE Analytics as at 31.03.22. Quartile generated on 05.04.22**

For a comprehensive list of common financial words and terms, see our glossary at: <https://www.liontrust.co.uk/benefits-of-investing/guide-financial-words-terms>

---

**Key Risks**

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/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term.

Investment in the Fund involves foreign currencies and may be subject to fluctuations in value due to movements in exchange rates.

**Disclaimer**

This document should not be construed as advice for investment in any product or security mentioned, an offer to buy or sell units/shares of Funds mentioned, or a solicitation to purchase securities in any company or investment product. Examples of stocks are provided for general information only to demonstrate our investment philosophy. It contains information and analysis that is believed to be accurate at the time of publication, but is subject to change without notice. Whilst care has been taken in compiling the content of this document, no representation or warranty, express or implied, is made by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified. It should not be copied, forwarded, reproduced, divulged or otherwise distributed in any form whether by way of fax, email, oral or otherwise, in whole or in part without the express and prior written consent of Liontrust. Always research your own investments and if you are not a professional investor please consult a regulated financial adviser regarding the suitability of such an investment for you and your personal circumstances. [22/276]