



## Liontrust Global Innovation Fund: March 2022 review

Fund Managers: James Dowey & Storm Uru

**The Liontrust Global Innovation Fund returned 4.8% in March. The MSCI All-World Index comparator benchmark returned 4.1% and the average return in the IA Global sector, also a comparator benchmark, was 4.4%.**

Progyny (+33.1%), a health benefits management company specializing in fertility and family building solutions in the United States, performed strongly over the month after announcing its financial results for the three-and twelve-month periods ended 31 December 2022. In addition to reporting strong fourth quarter and full-year revenue figures, the company saw a rebound at its fertility clinics, with a return to levels not seen since 2019. We invest in Progyny because it drives better outcomes and lower costs within fertility care, which is a fast growing area of healthcare and an increasingly important employer-based health benefit for companies seeking to attract the best talent.

Nvidia (+14.0%) was another strong performer over the month, with shares trading higher over the month following several reports that the company is interested in using Intel for chip manufacturing. In addition, Nvidia shares are also seeing strength after chip manufacturing executives urged Congress to pass legislation that includes subsidies for the semiconductor industry. The legislation would include \$52 billion in incentives for chipmakers.

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 within artificial intelligence are similar to those in gaming and as such Nvidia has been able to establish itself as the unrivalled leader in AI compute power. 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.

Upstart (-29.6%) gave back some of its strong February performance. Upstart is certainly a volatile stock, but it is an outstanding business with a big long-term growth opportunity. The company is disrupting the 30-year practice of the binary FICO score (a method of quantifying and evaluating an individual's creditworthiness) as the banking industry's main tool for consumer credit assessment. It is making lending more efficient by lowering interest rates on loans and widening access to credit, through artificial intelligence analysis of borrowers.

Sea (-16.2%), the South East Asian low-cost ecommerce company, was also among the detractors for the month. Concerns have arisen over the near-term growth outlook for Sea's gaming business, Garena. However, gaming is always a volatile business driven by big hit titles (or lack of), and we invest in Sea for the opportunity in e-commerce and associated fintech. In e-commerce, Sea recently pulled out of its expansion into India, which gives us a bit more to think about. Sea's low cost of expanding into new countries due to its cross-border, cost-not-convenience, third party-based e-commerce

model means we are supportive of it giving it a go in difficult but potentially large new markets. Sea's Latin American expansion is proving successful, but it looks like India was a greater challenge.

Lastly, Lululemon (+16.3%) delivered a sales forecast for the year that exceeded average estimates, suggesting that the company is overcoming supply-chain issues that had disrupted operations earlier in the year. The athletic-wear retailer expects sales to reach as much as \$7.62 billion in the current fiscal year that ends next January. In addition, the company's outlook for the current quarter also surpassed market expectations.

**Top performers:**

Progyny (+33.1%), Costco (+13.0%), Lululemon (+16.3%), Nvidia (+14.0%), 2U (+28.9%)

**Bottom performers:**

Upstart (-29.6%), Wizz Air (-15.0%), Sea (-16.2%), Pinduoduo (-21.2%), Tencent (-9.7%)

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

	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18
Liontrust Global Innovation C Acc GBP	0.1%	42.2%	4.7%	5.0%	13.0%
MSCI AC World	12.4%	38.9%	-6.7%	10.5%	2.4%
IA Global	8.4%	40.6%	-6.0%	9.0%	2.7%
Quartile	4	2	1	4	1

\*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. The Fund may invest in emerging markets/soft currencies or in financial derivative instruments, both of which may have the effect of increasing volatility.

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