



## Liontrust China Fund

### Q3 2023 review

Fund manager: Ruth Chambers, assisted by Ewan Thompson

**The Liontrust China Fund returned -0.8% over the quarter, versus the IA China/Greater China sector average of 0.1% and 2.1% from the MSCI China Index (both comparator benchmarks)\*^.**

Chinese equities began the quarter positively supported by rising optimism for policy stimulus following the July politburo meeting, with stimulus directed towards consumption and housing. However, this enthusiasm petered out later in the quarter as a resilient US economy and surging yields reignited fears that much tighter monetary policy would eventually lead to economic weakness and recession next year.

Weaker equities came despite some positive surprises in Chinese economic data and further announcements of nationwide stimulus for the first time since 2015. US - China dialogue increased meaningfully and Biden and Xi look set to meet at the Asia-Pacific Economic Cooperation meeting in November. The MSCI China Index managed to end the quarter with a modest positive return of +2.1%, just ahead of both emerging and developed markets.

The Liontrust China Fund returned -0.75% during the third quarter. The dispersion in sector returns was again high, with the energy and consumer discretionary sectors generating positive returns of +8-12% while industrials, technology and utilities fell by 5-8%. Key positive contributions came from online games developer Netease, mining group CMOG and pharma company Wuxi Biologics. These were offset by weakness in some energy transition stocks including wind turbine manufacturing and lithium mining.

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

	Sep-23	Sep-22	Sep-21	Sep-20	Sep-19
Liontrust China C Acc GBP	-9.2%	-24.1%	-3.4%	22.6%	0.2%
MSCI China	-3.7%	-22.0%	-11.2%	27.3%	1.7%
IA China/Greater China	-11.4%	-19.7%	1.6%	26.8%	4.8%
Quartile	2	4	3	3	4

\*Source: FE Analytics as at 30.09.23

\*\*Source: FE Analytics as at 30.09.23. Quartiles generated on 09.10.23.

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>

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## 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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