

Cashflow Solution

November 2023 review

Liontrust European Dynamic Fund



James Inglis-Jones

Co-head of Cashflow Solutions Team



Samantha Gleave

Co-head of Cashflow Solutions Team

The Fund returned 5.3%* in sterling terms in November. The MSCI Europe ex-UK Index comparator benchmark returned 6.3% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 6.7%.

Global markets performed strongly in November as investors bet on a 'Goldilocks' scenario whereby cumulative policy tightening brings inflation under control without triggering a recession. Although interest rate cuts are now being priced in, the minutes of the European Central Bank's last meeting suggested it remains vigilant to upside inflation risks. Eurozone inflation for November was also lower than expected, giving support to European stocks.

Sector returns for the MSCI Europe ex-UK Index were largely positive in November with the exception of energy (-1.6%). The real estate (+15%), information technology (+13%) and industrials (+11%) sectors led the way with double-digit returns for the period.

Danish jewellery manufacturer and retailer **Pandora** (+15%) had another strong month, building on its impressive performance over the year to date. In its Q3 update, the company noted an acceleration in organic growth to 11%, while upgrading its growth guidance for the full year to +5% to +6%, previously +2% to +5%. Pandora stated that increased investments into the brand, as part of the next phase of its Phoenix strategy, is showing strong signs and driving greater consumer engagement.

Swiss-based global private equity firm **Partners Group** (+21%), Swedish industrial company **Atlas Copco** (+15%), French multinational **Saint-Gobain** (+15%) and Spanish clothing multinational **Inditex** (+15%) all performed strongly amid an environment of resurgent investor risk appetite despite no significant investor newsflow.

Although supply chain management company **DHL Group** reported a fall in Q3 earnings and trimmed its full-year forecast, investors had already priced this into its shares ahead of the

announcement. The quarterly results were largely seen as a robust set of numbers against a soft macroeconomic backdrop.

Food retail group **Royal Ahold Delhaize** (-6.1%) reported profits for the third quarter that missed expectations and the company also reduced its full-year EPS forecast. The Dutch company announced adjusted profit fell 16% to €839 million in Q3, citing weaker performance in the US. Ahold lowered its EPS forecast for the year to slightly below 2022 levels compared with a previous forecast that it would be at a similar level.

TeamViewer (-9.3%), the German remote access and remote control computer software company, fell after a shareholder halved its holding by placing shares equivalent to 7% of TeamViewer's share capital.

French biopharmaceutical company **Ipsen** (-8.2%) was also among the detractors for the period. While the company did not release an investor update over the period, its rating was cut to 'hold' from 'buy' by one analyst firm.

Positive contributors to performance included:

Partners Group (+21%), Deutsche Post (+16%) and Pandora (+15%).

Negative contributors to performance included:

TeamViewer (-9.3%), Ipsen (-8.2%) and Ahold (-6.1%)

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

	Sep-23	Sep-22	Sep-21	Sep-20	Sep-19
Liontrust European Dynamic I Inc	26.8%	-8.7%	42.8%	3.5%	-3.0%
MSCI Europe ex UK	19.0%	-12.8%	20.9%	-0.5%	5.8%
IA Europe Excluding UK	18.7%	-16.1%	22.4%	3.1%	2.2%
Quartile	1	1	1	2	4

*Source: Financial Express, as at 30.11.23, total return (net of fees and income reinvested), bid-to-bid, institutional class. Non fund-related return data sourced from Bloomberg.

**Source: Financial Express, as at 30.09.23, total return (net of fees and income reinvested), bid-to-bid, primary class.

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 does not predict future returns. You may get back less than you originally invested.

We recommend this fund is held long term (minimum period of 5 years). We recommend that you hold this fund as part of a diversified portfolio of investments

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 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.

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. 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.

Disclaimer

This document is issued by Liontrust Fund Partners LLP (2 Savoy Court, London WC2R 0EZ), authorised and regulated in the UK by the Financial Conduct Authority (FRN 518165) to undertake regulated investment business.

It 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. The investment being promoted is for units in a fund, not directly in the underlying assets.

This information and analysis 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, no representation or warranty is given, whether express or implied, by Liontrust as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified.

This is a marketing communication. Before making an investment, you should read the relevant Prospectus and the Key Investor Information Document (KIID) and/or PRIIP/KID, which provide full product details including investment charges and risks. These documents can be obtained, free of charge, from www.liontrust.co.uk or direct from Liontrust. 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. All use of company logos, images or trademarks in this document are for reference purposes only.