

Cashflow Solution

November 2023 review

Liontrust GF European Smaller Companies



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The Fund's A3 share class returned 7.0%* in euro terms in November. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 9.0%.

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 Index were largely positive in November with the exception of energy (-1.3%). The real estate (+14%), information technology (+14%) 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.

Norwegian Air (+25%) was also among the top performers over the month following the release of strong third quarter results. The European carrier reported higher-than-expected profits for the period of NOK 2.17 billion versus NOK 1.03 billion in the same period last year. Looking forward, the company stated that booking momentum for the fourth quarter was encouraging and predicted low single-digit percentage capacity growth.

Swedish cloud-based accounting software company **Fortnox** (+31%) bounced back strongly in November following a tough October as positive market sentiment drove the performance of a number of our holdings.

French wholesale electrical distributor **Rexel** (+15%), steel wire transformation and coating technologies company **Bekaert** (+12%) and UK-based online real estate property portal **Rightmove** (+16%) were also among the portfolio companies to benefit from the uptick in investor confidence.

London-based direct marketer of promotional merchandise company **4imprint** (-14%) was among the few detractors for the Fund over the month. While its trading update raised guidance on pretax profit for the year, its shares fell on comments that it has recently seen some weaker demand patterns indicative of a more cautious economic environment.

Positive contributors to performance included:

Pandora (+16%), Rexel (+15%), Bekaert (+12%), Fortnox (+31%), Serco Group (+11%)

Negative contributors to performance included:

4imprint (-14%), Ringkøbing Landbobank (-1.0%)

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

	Sep-23	Sep-22	Sep-21	Sep-20	Sep-19
Liontrust GF European Smaller Companies A3 Acc EUR	14.2%	-20.7%	59.1%	-1.9%	-6.7%
MSCI Europe Small Cap	14.0%	-26.9%	38.0%	0.2%	-1.8%

	Sep-18
Liontrust GF European Smaller Companies A3 Acc EUR	2.0%
MSCI Europe Small Cap	3.4%

*Source: Financial Express, as at 30.11.23, total return (net of fees and income reinvested).

**Source: Financial Express, as at 30.09.23, total return (net of fees and income reinvested). Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio (01.02.17). Investment decisions should not be based on short-term performance.

Key Features of the Liontrust GF European Smaller Companies Fund

Investment objective & policy ¹	The investment objective of the Fund is to achieve long term capital growth by investing primarily in European smaller companies. The Fund may invest in all economic sectors in all parts of the world, although it is intended it will invest primarily in equities and equity related derivatives (i.e. total return swaps, futures and embedded derivatives) in European companies (including the UK and Switzerland). The majority of the assets of the Fund (more than 85%) are expected to be invested in smaller companies (with a market capitalisation of less than 5 billion euros at the time of the initial investment). In normal conditions, the Fund will
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	aim to hold a diversified portfolio, although at times the Investment Adviser may decide to hold a more concentrated portfolio, and it is possible that a substantial portion of the Fund could be invested in cash or cash equivalents. The Fund may use FX forwards to hedge the Fund's currency exposures. The Fund has both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Fund.
Recommended investment horizon	5 years or more
Risk profile (SRRI) ²	6
Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to MSCI Europe Small -Cap Index net total return (the "Benchmark") by virtue of the fact that it seeks to outperform the Benchmark. However the Benchmark is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Benchmark.

Notes: 1. As specified in the KIID of the fund; 2. SRRI = Synthetic Risk and Reward Indicator. Please refer to the KIID for further detail on how this is calculated.

For a comprehensive list of common financial words and terms, see our glossary at:

<https://www.liontrust.co.uk/glossary>.

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.

The Fund may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.

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.

The Fund uses derivative instruments that may result in higher cash levels. Outside of normal conditions, the Fund may choose to hold higher levels of cash. Cash may be deposited with several credit counterparties (e.g. international banks) or in short dated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

There is no guarantee that a positive absolute return will be generated over any time period.

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

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