

# Global Fundamental

## Q4 2023 Review

### Liontrust China Fund



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**The Liontrust China Fund returned -10.6% over the quarter, versus the IA China/Greater China sector average of -8.5% and -8.3% from the MSCI China Index (both comparator benchmarks)\*.**

The China market continued to trend down this quarter. This was due to concerns remaining around the stability of the property sector, as well as a slow consumer recovery and weak economic data. A sharp step down also occurred at the end of the year following a surprise regulatory announcement on the gaming sector which outlined spending limits for users. This hit sentiment as fears of further harsh regulation resurfaced. However, the government quickly issued reassuring statements of support for the industry which allowed the affected stocks to stage a strong rebound.

The Liontrust China Fund returned -10.6% in the quarter. The portfolio was impacted by the gaming regulation announcement and positions the consumer discretionary sector were also impacted by weak consumer sentiment. Wuxi Bio, a company in the healthcare sector also released disappointing guidance for the coming year. This was somewhat balanced by outperformance of our positions in Taiwan, particularly MediaTek, which benefitted from increased earnings estimates after strong feedback on its AI enabled chips.

This quarter, we initiated a position in an e-commerce platform with strong growth overseas as well as a very competitive domestic position due to their foothold in value for money e-commerce. This was paid for with a reduction in other consumer discretionary positions as well as a reduction in the financials sector. We also initiated a position in a Chinese online travel company as domestic travel is recovering well post-Covid with a promising outlook for the coming year.

Going forward, a constructive case can be made looking at depressed valuations with a key trigger being prompt and robust easing from policymakers to help rebuild confidence and recharge the economy. The annual parliamentary meeting in March should give an idea of how the government sees the economy progressing and what stimulus measures might be enacted. A clear stabilisation of US and China geopolitical tensions would also provide further support;

**Past performance does not predict future**

the upcoming elections in Taiwan, and the US presidential elections later in the year may be impactful in this regard.

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

	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19
<b>Liontrust China C Acc GBP</b>	-22.2%	-15.5%	-16.7%	26.5%	17.0%
<b>MSCI China</b>	-16.2%	-12.1%	-21.0%	25.5%	18.7%
<b>IA China/Greater China</b>	-20.2%	-16.0%	-10.7%	33.5%	22.2%
<b>Quartile</b>	3	2	3	3	4

\*Source: FE Analytics, as at 31.12.23, primary share class, total return, net of fees and income reinvested.

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 any fund is held long term (minimum period of 5 years). We recommend that you hold funds 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.

Investments in emerging markets may involve a higher element of risk due to less well-regulated markets and political and economic instability. This may result in higher volatility and larger drops in the value of the fund over the short term.

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.

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