

# Cashflow Solution

January 2024 review

## Liontrust European Dynamic Fund



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**The Fund recorded a flat return in sterling terms in January. The MSCI Europe ex-UK Index comparator benchmark returned 0.4% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was -0.2%.**

Stock markets were mixed in January following signals from central banks that interest rate cuts may not arrive as soon as investors were hoping. Within the European market, information technology (+8.0%) and communication services (+1.9%) posted positive returns for the period, helped by strong performance from semiconductor stocks, while the healthcare sector (+2.3%) also notched a positive gain. Among the weaker sectors in January were materials (-5.2%), utilities (-4.3%) and energy (-3.4%).

The Fund's top performer over the month was **ASML** (+15%), the Dutch supplier of photolithography systems for the semiconductor industry. The sector has performed strongly recently as interest around artificial intelligence has driven demand for semiconductors and the products to make them. In addition to strong sub-sector performance, ASML reported good Q4 results in January, with order bookings more than tripling in the quarter, rising to €9.19 billion in the fourth quarter (from €2.6 billion).

Danish pharmaceutical company **Novo Nordisk** (+9.3%) announced that sales and profit are likely to surge following the success of its anti-obesity drug *Wegovy* and diabetes drug *Ozempic*. The drugmaker announced that full-year operating profit increased by 37% to DKK103 billion, while the company also said it expects sales growth this year of between 18-26%, driven by increased demand in *Wegovy* and *Ozempic*.

Shares in **Publicis** (+9.1%), the French advertising company, rose after fourth quarter revenue growth exceeded expectations. Publicis also announced that it plans to invest €300 million as part of the company's AI strategy, which it says should help secure its long-term future in the advertising space.

Swedish mining and infrastructure equipment manufacturer **Epiroc** (-11%) fell on the release of its fourth quarter and full-year earnings, with the company's hydraulic attachments business being negatively impacted in the fourth quarter. In addition, the company's operating profit within its Tools & Attachments division dropped, owing in part to the planned closure of an excavator attachments tools manufacturing site in Germany, which involves restructuring costs of SEK158 million.

**Logitech** (-11%), the Swiss maker of computer accessories and software, succumbed to profit taking following the release of Q3 results. The shares showed relative strength through the second half of 2023, but eased back in January despite robust Q3 operating results and an uplift to full-year guidance.

**Jeronimo Martins** (-10%), a Portuguese food distribution and grocery retailer, fell after its fourth quarter sales raised concerns about a deceleration in Poland – the company's main market.

**Positive contributors to performance included:**

ASML (+15%), Novo Nordisk (+9.3%), Publicis Group (+9.1%)

**Negative contributors to performance included:**

Epiroc (-11%), Logitech (-11%), Jeronimo Martins (-10%)

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

	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19
Liontrust European Dynamic I Inc	16.9%	0.7%	24.0%	20.1%	24.6%
MSCI Europe ex UK	14.8%	-7.6%	16.7%	7.5%	20.0%
IA Europe Excluding UK	14.0%	-9.0%	15.8%	10.3%	20.3%
Quartile	1	1	1	1	1

\*Source: Financial Express, as at 31.01.24, 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 31.12.23, 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.

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