

Cashflow Solution

April 2024 review

Liontrust European Dynamic Fund



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The Fund returned -1.0% in sterling terms in April. The MSCI Europe ex-UK Index comparator benchmark returned -2.1% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was -1.4%.

Shares in Europe fell in April as the prospect of interest cuts in the US weakened following higher-than-expected inflation readings. While cuts in the US appear to have been pushed back, economic data in the Eurozone was more encouraging and suggested that the ECB may continue on its plans to cut rates in June. In terms of sector performance, energy (+4.6%), real estate (+0.3%) and utilities (+0.1%) were among the positive contributors, while information technology (-5.6%), consumer discretionary (-4.8%) and materials (-2.6%) were a drag.

In a busy month of earnings releases for our portfolio companies, the top performer was Finnish marine and energy company **Wartsila** (+23%), which performed strongly on the release of robust Q1 results. Net sales fell 10% to €1.3 billion, primarily due to the lumpy nature of equipment sales, some of which are now expected to feed through in the second half of the year. However, services sales grew by 13%, order intake increased by 11% to €1.9 billion, and the company commented that it expects to see an improvement in the demand environment over the next 12 months.

On the final day of the month, **CaixaBank** (+10%) announced a 17.5% increase in net profit for Q1 due to higher loan revenue and solid performance from its insurance subsidiary. Slightly above analyst estimates, CaixaBank's net interest income rose 27.4% year-on-year in the quarter to €2.78 billion.

Atlas Copco (+6.9%) was also among the top performers after the Swedish manufacturer of industrial equipment reported stronger-than-expected Q1 order intake, while predicting that demand would remain at current levels in the near term.

Dutch payments company **Adyen** (-28%) was the biggest detractor over the month after it missed revenue estimates for Q1. Adyen reported net revenue of €438 million, marking a 21% increase from the previous year

and below average expectations. Looking forward, Adyen expects annual revenue growth to persist at a rate between the low and high twenties percentage range through to 2026.

Tenaris (-15%), the manufacturer and supplier of seamless steel pipe products, was also among the poor performers. The company's share price first took a hit mid-month following a ratings downgrade, and then fell further towards the end of the month after announcing a poorly received Q1 earnings update. Tenaris revealed a 17% year-on-year decrease in sales to \$1.4 billion. Despite this decline, the company also reported an increase in EBITDA for the period, reaching \$987 million.

Electronics manufacturer **Logitech** (-12%) fell after the company received a ratings downgrade.

Positive contributors to performance included:

Wartsila (+23%), Caixabank (+10%), Atlas Copco (+6.9%)

Negative contributors to performance included:

Adyen (-28%), Tenaris (-15%), Logitech (-12%)

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

	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
Liontrust European Dynamic I Inc	18.7%	8.2%	15.9%	54.9%	-8.3%
MSCI Europe ex UK	12.7%	8.6%	5.5%	33.5%	-8.3%
IA Europe Excluding UK	12.3%	6.5%	4.2%	39.6%	-9.4%
Quartile	1	2	1	1	2

* Source: Financial Express, as at 30.04.24, 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 31.03.24, 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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