

Global Fundamental

Q1 2024

Liontrust GF UK Equity Fund



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Fund Manager

The Liontrust GF UK Equity Fund returned 4.7% over the quarter, outperforming the 3.6% return from its comparator benchmark, the FTSE All Share Index, and the 2.9% average return from the IA UK All Companies sector, also a comparator benchmark. *

The UK market delivered positive returns over Q1, with particularly strong returns in March driven by the oil majors and defence-exposed names. Escalating geopolitical tensions provided support to the oil price and defence outlook, whilst markets started to price in a shallower and slower path of interest rate cuts by the Federal Reserve following headline economic data in aggregate holding up better than expected. Notably, the Bank of Japan increased interest rates for the first time in 17 years.

From a sector perspective, an overweight exposure to consumer discretionary and an underweight in financials were most supportive of the Fund's performance. An overweight in industrials weighed the most on performance.

Positive stock attribution

An overweight position in **NatWest** was the top positive contributor to performance in the quarter. Performance was supported by expectations for the end of year Bank of England base rate nudging up slightly, the new CEO's confirmation as permanent, and the outlook given for the year ahead being viewed as conservative.

The second leading contributor was our overweight in **4imprint**, which met upgraded guidance for 2023 and indicated that trading in 2024 was so far in line with expectations. Importantly, the company continues to expect market share gains.

Not holding **Rio Tinto**, **Glencore** and **Prudential** also contributed significantly to performance.

Negative stock attribution

Not holding **Rolls-Royce** was the most significant detractor from performance.

Centrica was a negative contributor to performance after having performed strongly in 2023. Results for 2023 came in ahead of expectations, but as gas prices have decreased from their highs, this has lowered shorter-term

earnings expectations. Centrica has become significantly more disciplined, and attention has turned to capital allocation priorities for excess cash.

Overweights in **Whitbread** and **PZ Cussons** also weighed on performance.

Whitbread’s Q3 FY24 print delivered early during the quarter demonstrated continued strong performance with no change to guidance. More recently there have been some weaker industry-wide prints for revenue per available room, and some concerns around potential supply growth in the UK from accommodation used for asylum seekers coming back online.

PZ Cussons’ poor results were predominantly driven by FX volatility in its Nigerian operations, alongside weaker volumes than expected. This resulted in a lowered profit outlook and significant dividend cut.

Outlook

We are mindful of upcoming elections in the UK and US, and growth headwinds in China. We remain focused on investing in companies that have structural growth tailwinds, are market share winners, are managed by teams capable of executing on their business plans to drive profit and cashflow growth and can adapt to the external environment.

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

	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
Liontrust GF UK Equity Z Acc GBP	9.9%	1.4%	5.1%	33.7%	-21.9%
FTSE All Share	8.4%	2.9%	13.0%	26.7%	-18.5%
IA UK All Companies	7.6%	-1.9%	5.4%	38.0%	-19.2%

Source: FE Analytics, as at 31.03.24, 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.

The Fund may invest in emerging markets which carries a higher risk than investment in more developed countries. This may result in higher volatility and larger drops in the value of the fund over the short term.

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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