



Liontrust Global Dividend Fund: May 2022 review

Fund Managers: James Dowey & Storm Uru

The Liontrust Global Dividend Fund returned -2.2% in May. The MSCI World Index comparator benchmark returned -0.3% and the average return in the IA Global Equity Income sector, also a comparator benchmark, was -0.2%*.

Dutch multinational banking and financial services company ING (+19.7%) was among the notable contributors over the month. The company focused on operating system innovation over a decade ago and has now built a leading software infrastructure offering for the Dutch bank. Enabling the company to expand digital financial services across its banking footprint quickly and effectively to meet customer expectations. Importantly, the company has moved mobile only customers from 17% of total customers to 51% in 2021.

By building out an in-house software offering, the Dutch conglomerate has a leadership position in Europe as it can build on-top of current digital infrastructure. In addition, unlike other incumbent European banks, ING focuses on Net Promoter Score (NPS) differentiating its customer proposition in an archaic industry.

LAM Research (+11.3%), the long-standing leader in the etching stage of the semiconductor manufacturing process, was another strong performer over the month, with the company announcing that its Board of Directors had approved a \$5 billion share repurchase authorization and a quarterly dividend of \$1.50 per share of common stock.

The long-term opportunity for the company is building out its customer support business group. This rapidly growing, high recurring revenue division specialises in digital monitoring of the installed base, reduces downtime of equipment in the field and performs periodic maintenance. Of the total revenue generation, almost 35% of sales is generated by support services that has grown by 50% over the last two years.

With the structural demand from the internet of things (IoT) and Cloud computing, management are struggling to scale to meet demand, however, as Lam's equipment spreads across the globe it will generate a higher proportion of its earnings from sticky service revenue rather than equipment sales.

Admiral (-7.5%), which positions itself as the low-cost leader in UK motor insurance, was among the detractors for the month. Admiral has a culture that treats customers well and values technology that reinforces scale advantages. The stock price weakness reflects a changing industry environment where industry participants can no longer offer significant discounts to on-board new customers – giving Admiral a competitive edge on an even playing field.

Admiral achieves its cost advantage through a lower fixed cost base and digital distribution channel enabling the company to position its insurance products significantly below competitors; just like GEICO and Progressive in the US, Admiral achieves cost supremacy through scale and a maniacal focus on driving costs lower.

Finally, BP (+12.2%) continued its strong share price performance as crude prices continued to hit new highs with the war in Ukraine and shortages in US gas inventories contributing to surging global demand for natural gas, causing prices to double or even treble in some countries.

An improving supply side dynamic in the oil and gas industry is not the reason we invested in BP, but we expect this to significantly aid BP's shift to an integrated energy company. BP's business transformation since Bernard Looney has taken over as CEO in 2020 is breath-taking and sets the company up to successfully achieve its transformation.

Positive contributors included:

ING (+19.7%), BP (+12.2%), LAM Research (+11.3%), Morgan Stanley (+6.5%), Volkswagen (+9.2%)

Negative contributors included:

Admiral (-7.5%), Apple (-5.8%), Roper Technologies (-5.8%), Alibaba (-6.0%), Moody's (-4.9%)

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

	Mar-22	Mar-21	Mar-20	Mar-19	Mar-18
Liontrust Global Dividend C Acc GBP	8.3%	38.1%	5.0%	15.6%	-1.0%
MSCI World	15.4%	38.4%	-5.8%	12.0%	1.3%
IA Global Equity Income	11.8%	32.0%	-9.8%	8.5%	-1.4%
Quartile	4	2	1	1	2

*Source: FE Analytics as at 31.05.22

**Source: FE Analytics as at 31.03.22. Quartile generated on 05.04.22

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 is not a guide to future performance. Do remember that the value of an investment and the income generated from them can fall as well as rise and is not guaranteed, therefore, you may not get back the amount originally invested and potentially risk total loss of capital. The MSCI World Index and IA Global Equity Income sector are comparator benchmarks.

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.

Investment in the Fund involves foreign currencies and may be subject to fluctuations in value due to movements in exchange rates.

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