



This is a marketing communication

Liontrust GF European Strategic Equity Fund

October 2022 review

Fund managers: James Inglis-Jones and Samantha Gleave

The Fund's A4 share class returned 1.6%* in euro terms in October. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned 6.2% and 0.8% respectively.

The chance to focus on Q3 earnings season provided a welcome break from a fairly bleak geopolitical and macroeconomic backdrop. Although the UK political scene saw huge upheaval, European events were more muted by recent standards, with the European Central Bank's latest policy decision gaining most attention. However, the decision to enact a second consecutive hike of 75 basis points was as expected and priced in by markets.

With company newsflow to the fore, the MSCI Europe index was able to register a solid bounce from this year's losses. From a sector perspective, the market rally showed a cyclical tilt, with only consumer staples (-2.0%) in negative territory in sterling terms. Energy (+12%) was the biggest riser. After four consecutive down months, the oil price began edging back up towards \$100 a barrel again as Opec reduced its production target by 2 million barrels a day. Industrials (+10%), IT (+7.50%) and finance (+7.1%) also recorded large gains.

Given this fairly broad-based bounce, the portfolio's risers were dominated by long book holdings while the short book suffered losses; overall, the Fund's participation in the market's rise was fairly proportionate to its cautious net exposure (c.20%).

Among the long-book's gainers, **Indivior** (+19%) rallied after the UK pharmaceuticals group raised full-year net revenue guidance when releasing Q3 results. Quarterly net revenue rose 24% to \$232m while operating profit increased 47% to \$56m. Its Sublocade treatment for opioid use disorder is growing rapidly, and exceeded \$100m in sales for the first time. It is strength in this product which drove the guidance upgrade, with net revenue for 2022 now expected to be \$890m – \$915m, up from \$840m – \$900m previously.

Rexel (+17%) upgraded 2022 financial guidance for the second time this year after sales growth accelerated in Q3 to 16% year-on-year on a same-day basis. This increase reflects a pass-through of rising production costs as well as 750 basis points of positive volume effect. The French distributor of electrical equipment says it is experiencing higher demand for electrification as a result of high energy prices. It has raised its full-year same-day sales growth guidance from 7% - 9% to around 12%, while its operating profit margin is expected to be 7.2% (compared with 6.7% previously).

Within the short book, the biggest detractor was a Swedish provider of cloud-based communications platforms, which rallied strongly after Q3 results significantly eased investor concerns around cash flow.

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

Past performance does not predict future returns

	Sep-22	Sep-21	Sep-20	Sep-19	Sep-18
Liontrust GF European Strategic Equity A4 Acc EUR	29.2%	36.8%	-14.9%	3.0%	2.6%
MSCI Europe	-11.0%	28.8%	-7.8%	5.7%	1.5%
HFRX Equity Hedge EUR	-4.0%	16.5%	-2.4%	-3.5%	-1.1%

*Source: Financial Express, as at 31.10.22, total return (income reinvested and net of fees).

**Source: Financial Express, as at 30.09.22, total return (income reinvested and net of fees). Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio (25.04.14). Investment decisions should not be based on short-term performance.

A performance fee of 20% is calculated and accrued at each valuation point. Payment is subject to the Fund's net asset value exceeding an Adjusted Prior Net Asset Value which is a High Water Mark adjusted by any new subscriptions or redemptions and a 4% hurdle per calendar year. No Performance Fee will be payable with respect to a Fund class in any Performance Period unless such class has recovered any accumulated underperformance for previous Performance Periods. Any performance fees are only payable on the positive difference between the NAV and the Adjusted Prior Net Asset Value. Details of the Fund's performance fee in the last financial year can be found in the Key Investor Information Document (KIID) which can be obtained free of charge from the Liontrust website.

Key Features of the Liontrust GF European Strategic Equity Fund

Investment objective & policy ¹	The investment objective of the Fund is to achieve a positive absolute return over the long term for investors through a portfolio of long, synthetic long and synthetic short investments primarily in European equities and equity related derivatives. The Fund may invest anywhere in the world but will primarily invest in European companies either directly or via derivatives. The Fund may use financial derivative instruments for investment purposes and for efficient portfolio management (including hedging). The Fund will take both long and short positions in derivatives meaning the gross exposure of the Fund will typically be greater than 100% of the net asset value of the Fund. The Investment Adviser will alter the ratio of long and short exposures in the Fund depending on the Investment Adviser's confidence in the investment process' ability to generate returns from the short positions. Where sufficient short opportunities can be found, the Fund will have an approximately equal weighting in long and short positions. At other times, the Fund will have a net long position i.e. more long positions than short positions held in the Fund. Where investments are held in a currency other than the base currency, the exposure to currency risk may be minimised by hedging. The Fund expects to provide a positive absolute return under all market conditions over the medium to long term. However, there is no guarantee this will be achieved over this or any other time period. Income from the Fund's investments is reinvested. The Fund has both Hedged and Unhedged share classes available. The Hedged share classes use forward foreign exchange contracts to protect returns in the base currency of the Fund.
Recommended investment horizon	5 years or more
Risk profile (SRR) ²	5
Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to MSCI Europe Index and the HFRX Equity Hedge (EUR) Index (the

	“Benchmarks”) by virtue of the fact that it uses the Benchmarks for performance comparison purposes. The Benchmarks are not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Benchmarks.
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Notes: 1. As specified in the KIID of the fund; 2. SRRRI = Synthetic Risk and Reward Indicator. Please refer to the KIID for further detail on how this is calculated.

For a comprehensive list of common financial words and terms, see our glossary at:

<https://www.liontrust.co.uk/glossary>

Key Risks:

Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.

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. The Fund may invest in emerging markets/soft currencies which may have the effect of increasing volatility.

The Fund may invest in derivatives. The use of derivatives may create leverage or gearing. A relatively small movement in the value of a derivative's underlying investment may have a larger impact, positive or negative, on the value of a fund than if the underlying investment was held instead.

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