



Liontrust European Dynamic Fund

December 2022 review

Fund managers: James Inglis-Jones and Samantha Gleave

The Fund returned 1.1%* in sterling terms in December. The MSCI Europe ex-UK index comparator benchmark returned -0.9% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 0.1%.

The primary financial markets narrative of 2022 remained intact in December, with the US Federal Reserve, Bank of England and European Central Bank all opting to raise interest rates by 50 basis points to combat inflationary forces.

Although in all three instances the margin of tightening has come down from 75 basis points at the prior policy meetings, the accompanying rhetoric remained hawkish. The ECB in particular made a point of warning against the expectation of an imminent pivot in rates, commenting that it expects “to raise interest rates at a 50 basis-point pace for a period of time”.

As European markets lost ground in the final month of the year, some more defensive areas held up best. Health care (+0.8%) and utilities (+0.8%) were two of the more resilient sectors; the Fund had exposure to strength in the former via **Novo Nordisk** (+8.9%).

The market’s best performing sector was financials (+1.5%), buoyed by the prospect of higher rates. The Fund’s top riser, **Bank of Ireland** (+17%), issued a short statement lifting guidance for 2022 growth in net interest income from 6% - 7% to 10%. Without releasing updates of their own, Fund holdings **Caixabank** (+5.8%) and **BNP Paribas** (+2.3%) also rose.

Overall, it was a relatively light month for portfolio newsflow, with few of the Fund’s largest share price moves being prompted by company announcements.

There were no significant investor updates from **Bekaert** (+10%) in December, but shares in the steel wire transformation and coating specialist continued to move ahead after November’s Q3 results.

AMSL (-7.9%) slid on rumours that the Netherlands was close to an agreement with the US to further restrict semiconductor equipment sales to China. ASML makes lithography machines which are used to manufacture semiconductors and it is already blocked from selling its extreme ultraviolet technology to China.

Positive contributors to performance included:

Bank of Ireland (+17%), Bekaert (+10%) and Novo Nordisk (+8.9%).

Negative contributors to performance included:

Aker (-11%), K+S (-10%) and ASML (-7.9%).

Discrete years' performance (%), to previous quarter-end:**
Past performance does not predict future returns

	Dec-22	Dec-21	Dec-20	Dec-19	Dec-18
Liontrust Special Situations I Inc	-11.2%	20.5%	-1.2%	21.6%	-2.1%
FTSE All Share	0.3%	18.3%	-9.8%	19.2%	-9.5%
IA UK All Companies	-9.1%	17.2%	-6.0%	22.2%	-11.2%

*Source: Financial Express, as at 31.12.22, 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 31.12.22, 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/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 holds a concentrated portfolio of stocks, if the price of one of these stocks should move significantly, this may have a notable effect on the value of the portfolio.

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