



This is a marketing communication

Liontrust GF European Strategic Equity Fund

September 2023 review

Fund managers: James Inglis-Jones and Samantha Gleave

The Fund's A4 share class returned 1.3* in euro terms in September. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned -1.6% and -0.9% respectively.

The European Central Bank continued along its rate hiking path raising the deposit rate by 25 basis points to an all-time high of to 4%, marking 10 consecutive rate hikes. Both the Bank of England and US Federal Reserve chose to pause their rate-hike cycles during September, but forecasts from the Fed's rate-setting committee led investors to expect fewer rate cuts from current levels over the next two years.

In terms of sector returns, energy (+7.3%) was a significant riser over the month, benefitting from higher oil prices after production was cut in Saudi Arabia and Russia. Communication services (+1.2%) and financials (+1.2%) also posted a gain in euro terms. The weakest sectors in European markets were information technology (-5.9%), consumer discretionary (-5.7%), utilities (-4.1%), and consumer staples (-3.6%).

The Fund's positive performance in September resulted from an exceptional return from its short book (c.37% NAV), which more than compensated for the Fund's 81% net exposure to a falling market. While the Fund's long book positions fell broadly in line with the market, the stocks in which it had short positions tumbled by an average of 9.5%. The Fund's short book made a positive performance contribution of 3.5% during September.

One of the best performing short book positions was a French renewable energy specialist that downgraded its 2023 earnings guidance due to the impact of a power cut in Brazil. A US designer and manufacturer of components for mobile phones also generated short book profits as its shares dropped after announcing a worse-than-expected loss in its most recent quarter. Another key contributor in the short book was a US manufacturer of wind turbine blades whose shares have been in a downtrend since releasing disappointing Q2 results in late July.

Although European markets were weak in September, we continue to be constructive on the . The MSCI Europe remains in a clear uptrend and valuations are reasonable. Furthermore, our measure of corporate aggression has fallen significantly, which is usually a positive sign for markets.

From a style point of view we continue to expect that both value and momentum investment styles should perform well. Until its renaissance post Covid, value styles had endured a dreadful decade and currently the spread between the valuations of growth and value stocks – though less extreme than existed in mid 2020 – is still wide. Furthermore our measure of investor anxiety – a good barometer of the potential for value to perform – is not yet at the low levels that would cause us to be more cautious on value. High investor anxiety usually goes hand in hand with strong value performance. With regard to the momentum factor, our proprietary indicator of momentum efficacy is currently very constructive, suggesting a minimal likelihood of a momentum crash in Europe.

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

Past performance does not predict future returns

	Sep-23	Sep-22	Sep-21	Sep-20	Sep-19
Liontrust GF European Strategic Equity A4 Acc EUR	3.7%	29.2%	36.8%	-14.9%	3.0%
MSCI Europe	19.2%	-11.0%	28.8%	-7.8%	5.7%
HFRX Equity Hedge EUR	2.5%	-4.0%	16.5%	-2.4%	-3.5%

	Sep-18	Sep-17	Sep-16	Sep-15
Liontrust GF European Strategic Equity A4 Acc EUR	2.6%	5.2%	0.7%	14.5%
MSCI Europe	1.5%	16.3%	1.8%	2.6%
HFRX Equity Hedge EUR	-1.1%	5.8%	-1.3%	-3.6%

*Source: Financial Express, as at 30.09.23, total return (income reinvested and net of fees).

**Source: Financial Express, as at 30.09.23, 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 (SRI) ²	4
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.

Notes: 1. As specified in the PRIIP KID of the fund; 2. SRI = Summary Risk Indicator. Please refer to the PRIIP KID 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 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.
- As the Fund is primarily exposed to smaller companies there may be liquidity constraints from time to time, i.e. in certain circumstances, the fund may not be able to sell a position for full value or at all in the short term. This may affect performance
- and could cause the fund to defer or suspend redemptions of its shares. In addition the spread between the price you buy and sell units 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.

Disclaimer

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