

# Cashflow Solution

January 2024 review

## Liontrust GF European Smaller Companies



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**The Fund's A3 share class returned 5.0%\* in euro terms in January. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned -0.9%.**

Stock markets were mixed in January following signals from central banks that interest rate cuts may not arrive as soon as investors were hoping. Within the European market, information technology (8%) and communication services (+3.6%) posted positive returns for the period helped by strong performance from semiconductor stocks, while the healthcare sector (+3.9%) also notched a positive gain. Among the weaker sectors in January were materials (-3.7%), utilities (-2.8%) and energy (-1.9%).

Marketing products manufacturer **4imprint Group** (+22%) was the top performer over the month after a trading update announced that full-year pre-tax profit will be at least \$140 million, slightly ahead of the higher end of analyst forecasts.

German workforce management company **ATOSS Software** (+22%) ended a strong month of share price performance with a robust full-year earnings release in which it also increased its sales guidance for the year ahead. The company jumped on the final day of the month after announcing full year revenue of €151 million, an increase from €113 million in the same period last year. ATOSS also expects revenues to reach €170 million in 2024, an increase from the €160 million previously forecasted.

**Norwegian Air Shuttle** (+19%) performed strongly after announcing that it now expects to report full-year operating profit of around Nkr2.2 billion, an increase from the Nkr1.8 billion to 2.0 billion the company announced in its third quarter earnings update. The improvement in forecast reflects stronger-than-anticipated traffic demand in November and December 2023, favourable changes in the price of jet fuel and compensation related to aircraft delivery delays.

Swedish video game maker **Paradox Interactive** (-10%) was among the detractors for the period. While there were no relevant investor updates over the period, the company did receive a downgrade rating from a broker.

In the same vein, glass packaging producer **Verallia** (-10%) fell despite there being no company updates in the month – Verallia did however receive a target price cut by one analyst, ahead of the company's quarterly results.

**Positive contributors to performance included:**

4imprint Group (+22%), ATOSS Software (+22%) and Norwegian Air Shuttle (+19%).

**Negative contributors to performance included:**

Paradox Interactive (-10%), Verallia (-10%) and Gestamp Automacion (-9.6%).

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

	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19
<b>Liontrust GF European Smaller Companies A3 Acc EUR</b>	7.0%	-17.3%	33.7%	7.4%	35.8%
<b>MSCI Europe Small Cap</b>	12.7%	-22.5%	23.8%	4.6%	31.4%

	Dec-18
<b>Liontrust GF European Smaller Companies A3 Acc EUR</b>	-19.9%
<b>MSCI Europe Small Cap</b>	-15.9%

\*Source: Financial Express, as at 31.01.24, total return (net of fees and income reinvested).

\*\*Source: Financial Express, as at 31.12.23, total return (net of fees and income reinvested). Discrete data is not available for ten full 12-month periods due to the launch date of the portfolio (01.02.17). Investment decisions should not be based on short-term performance.

**Key Features of the Liontrust GF European Smaller Companies Fund**

Investment objective & policy <sup>1</sup>	The investment objective of the Fund is to achieve long term capital growth by investing primarily in European smaller companies. The Fund may invest in all economic sectors in all parts of the world, although it is intended it will invest primarily in equities and equity related derivatives (i.e. total return swaps, futures and embedded derivatives) in European companies (including the UK and Switzerland). The majority of the assets of the Fund (more than 85%) are expected to be invested in smaller companies (with a market capitalisation of less than 5 billion euros at the time of the initial investment). In normal conditions, the Fund will aim to hold a diversified portfolio, although at times the Investment Adviser may decide to hold a more concentrated portfolio, and it is possible that a substantial portion of the Fund could be invested in cash or cash equivalents. The Fund may use FX forwards to hedge the Fund's currency exposures. The Fund has both Hedged and Unhedged share classes available. The Hedged share
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	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 (SRRI) <sup>2</sup>	6
Active/passive investment style	Active
Benchmark	The Fund is considered to be actively managed in reference to MSCI Europe Small -Cap Index net total return (the "Benchmark") by virtue of the fact that it seeks to outperform the Benchmark. However the Benchmark is 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 Benchmark.

Notes: 1. As specified in the KIID of the fund; 2. SRRI = 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>.

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## 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.

The Fund may, under certain circumstances, invest in derivatives, but it is not intended that their use will materially affect volatility. Derivatives are used to protect against currencies, credit and interest rate moves or for investment purposes. There is a risk that losses could be made on derivative positions or that the counterparties could fail to complete on transactions. The use of derivatives may create leverage or gearing resulting in potentially greater volatility or fluctuations in the net asset value of the Fund. 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. The use of derivative contracts may help us to control Fund volatility in both up and down markets by hedging against the general market.

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.

The Fund uses derivative instruments that may result in higher cash levels. Outside of normal conditions, the Fund may choose to hold higher levels of cash. Cash may be deposited with several credit counterparties (e.g. international banks) or in short dated bonds. A credit risk arises should one or more of these counterparties be unable to return the deposited cash.

There is no guarantee that a positive absolute return will be generated over any time period.

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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