

Cashflow Solution

February 2024 review

Liontrust GF European Smaller Companies



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The Fund's A3 share class returned 2.4%* in euro terms in February. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 0.1%.

The European market advanced in February, led by strong performance from consumer discretionary (+7.5%), information technology (+6.2%) and industrials (+6.0%) sectors, following a number of robust company earnings releases over the period. On the other side of the ledger, real estate (-7.0%), utilities (-5.7%) and consumer staples (-3.1%) were among the market's poor performing sectors. The European Central Bank maintained its stance on interest rates, with President Lagarde downplaying the chances of imminent cuts, reiterating that the bank does not want to run the risk of reversing any cuts they do make.

Norwegian Air Shuttle (+34%) was the top portfolio performer after reporting strong fourth quarter earnings that were ahead of analysts' estimates, while also announcing that it expects to increase its profits for this year versus 2023. The airline said its capacity – as measured by available seat kilometres – is expected to rise by 12% this year, while it expects 2024 operating profit of between 2.5 billion and 3.2 billion Norwegian crowns, up from 2.2 billion in 2023.

Danish jewellery manufacturer and retailer **Pandora** (+10%) saw organic growth of 8% in FY23, ahead of prior guidance of 5% - 6%, with investment across its value chain – as part of its Phoenix strategy which was received well by investors.

Sweden-based **Fortnox** (+25%), which offers internet-based business applications, rose sharply following the release of its Q4 and full-year results. The company reported an increase in operating profit for both the quarter and full year, with 2023 seeing an increase of SEK 208 million. Analysts also noted that Fortnox was able to add 16,000 new customers over the fourth quarter, ahead of consensus estimates of 13,000.

Bytes Technology Group (-15%) fell sharply on the news that its CEO tendered his resignation with immediate effect, after notifying the board that he made trades in company shares that hadn't been disclosed to the market.

Online gambling company **Betsson** (-9.5%) slumped after the company's strong performance towards the end of 2023 was overshadowed by a softer start to the year.

Positive contributors to performance included:

Norwegian Air Shuttle (+34%), Fortnox (+25%), Pandora (+10%)

Negative contributors to performance included:

Bytes Technology Group (-1.5%), Betsson (-9.5%), Atoss Software (-6.3%)

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

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

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

*Source: Financial Express, as at 29.02.24, 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 ¹	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 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) ²	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.
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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>.

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.

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