

Cashflow Solution

February 2024 review

Liontrust GF European Strategic Equity Fund



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The Fund's A4 share class returned 4.4%* in euro terms in February. The Fund's comparator benchmarks, the MSCI Europe Index and HFRX Equity Hedge EUR Index, returned 1.9% and 1.2% respectively.

The European market advanced in February, led by strong performance from consumer discretionary (+7.8%), information technology (+6.5%) and industrials (+6.4%) sectors, following a number of robust company earnings updates. On the other side of the ledger, real estate (-7.0%), utilities (-5.4%) and consumer staples (-2.8%) 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.

The Fund's long book performed strongly once again, returning 5.1% – ahead of the MSCI benchmark return. Although averaging around 32% of NAV for the month when European equities rallied solidly, the short book only offered a negligible headwind to returns, with the average position recording an almost flat return over the month.

Norwegian defence group **Kongsberg** (+25%) was the long book's top performer in February following the release of robust Q4 earnings. The company reported a fourth quarter operating revenues increase of 26%, with all areas of the business contributing to the strong growth.

Hermes International (+18%) rose after the French luxury design house reported strong sales for Q4, while also announcing plans of price hikes. Hermes reported better than expected sales for the final quarter of the year of €3.36 billion, marking an 18.5% increase at constant exchange rates, despite the high comparator previously reported sales in America and Asia. The company subsequently announced that it intends to increase global prices by 8% - 9%, expressing strong confidence in the Chinese market.

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.

Within the Fund's long book, **Bytes Technology Group** (-1.5%) 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** (-9.4%) slumped after the company's strong performance towards the end of 2023 was overshadowed by a softer start to the year.

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

	Dec-23	Dec-22	Dec-21	Dec-20	Dec-19
Liontrust GF European Strategic Equity A4 Acc EUR	1.4%	18.3%	32.9%	-10.0%	23.2%
MSCI Europe	15.8%	-9.5%	25.1%	-3.3%	26.0%
HFRX Equity Hedge EUR	4.7%	-5.2%	11.0%	2.9%	8.5%

	Dec-18	Dec-17	Dec-16	Dec-15
Liontrust GF European Strategic Equity A4 Acc EUR	-7.1%	4.2%	4.8%	6.1%
MSCI Europe	-10.6%	10.2%	2.6%	8.2%
HFRX Equity Hedge EUR	-12.3%	7.8%	-1.7%	-3.1%

*Source: Financial Express, as at 29.02.24, total return (income reinvested and net of fees).

**Source: Financial Express, as at 31.12.23, 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.

For a comprehensive list of common financial words and terms, see our glossary at:
<https://www.liontrust.co.uk/benefits-of-investing/guide-financial-words-terms>

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.

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