

Global Innovation

Q1 2024 Review

Liontrust Global Dividend Fund



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The Liontrust Global Dividend Fund returned 9.8% in Q1, ahead of the IA Global Equity Income sector average of 6.2% and marginally behind the MSCI World Index return of 9.9% (both comparator benchmarks).

By the end of Q1 2024, the Liontrust Global Dividend Fund had delivered a return of 115% since its strategy inception on 31st August 2017. This performance significantly surpassed the MSCI World benchmark by 15 percentage points and outstripped the average IA peer by 61 percentage points, ranking it second among all funds over this period in the IA Global Equity Income sector*.

Performance in Q1 was broad based but was buoyed by Nvidia, Lonza, and Eli Lilly, while Apple and Impax posed challenges.

The Fund enjoyed a surge in income, bolstered by several special dividends, resulting in a substantial quarter of income accumulation. Despite a strong start to the year, we anticipate income growth of 10-15% for the full year, aligning with our historical average.

After a challenging period for Lonza last year, the company's stock price rallied in Q1, benefiting from several positive catalysts. Emerging opportunities in the biotechnology sector, a new management team, and an improving order book all contributed to a shift in sentiment for the stock. We remain highly optimistic about Lonza's long-term prospects and maintain a substantial investment in the company even after this year's significant gains.

Eli Lilly continued to excel, with additional positive data points enhancing the perceived efficacy of GLP-1s across various weight-related illnesses. These pioneering treatments from Eli Lilly and Novo Nordisk represent the first 'super drugs' that should not only substantially reduce global obesity rates but also lessen the healthcare burden from numerous related conditions.

Meanwhile, Nvidia's share price continues to play catchup with its exceptional business growth. We believe that this is just the beginning of the journey, as enterprises transition from AI experimentation to deployment.

Nvidia's commanding market position and its ability to drastically reduce computing costs for cloud customers reinforce its strong pricing power.

The launch of Nvidia's new Blackwell architecture at its GTC conference marks a significant advance in computing performance. Crucially, the Blackwell system is considerably more energy efficient, addressing a critical emerging issue for the industry and ultimately the economy.

The more cyclically exposed part of the portfolio, notably Apple and Impax continued to underperform. However, as the interest rate cycle turns we expect these companies to drive the portfolio forward. Of note, Apple's new Vision Pro is an exceptional product and we highly recommend you try it out if you get a chance.

We continually reassess our perspectives on companies as the new technology cycle unfolds, focusing on those well positioned within the AI-driven technology stack. The most significant change in our thesis this year has been our reduced confidence in Google's ability to avoid the 'innovator's dilemma'. Although Google holds a favourable position in the AI stack, its core business, which generates most value for the company, faces substantial disruption risks over the next five years. Consequently, we have exited this position across all funds, and will monitor the actions of Google's management team before deciding our next steps.

Our recent visit to Silicon Valley underscored the intense competition within enterprise software, as last decade's software-as-a-service leaders strive to transition to the next technology cycle. It is rare for technology companies to lead in successive technology cycles, and this cycle will be no exception.

We have also identified other companies such as Adobe and Salesforce, previously favoured for their quality growth, as now being at risk of significant disruption. These companies are charging significantly more than new entrants offering cheaper, more agile products and services with lower-cost business models.

Looking ahead to Q2, our outlook for the Fund remains highly positive. The fundamental improvements within these companies are significantly outpacing their stock price performance, and we view periods of volatility as opportunities to enter new positions across our watchlist.

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

	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
Liontrust Global Dividend C Acc GBP	23.4%	-0.8%	8.3%	38.1%	5.0%
MSCI World	22.5%	-1.0%	15.4%	38.4%	-5.8%
IA Global Equity Income	13.3%	2.3%	11.8%	32.0%	-9.8%
Quartile	1	4	4	2	1

*Source: FE Analytics, as at 31.03.24, C accumulation share class, total return, net of fees and income reinvested. Fund inception date is 20.12.12; the current fund managers' inception and change of strategy date is 31.08.17.

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 any fund is held long term (minimum period of 5 years). We recommend that you hold funds 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.

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.

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 level of income is not guaranteed.

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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