

# Cashflow Solution

May 2024 review

## Liontrust European Dynamic Fund



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The Fund returned 2.6% in sterling terms in May. The MSCI Europe ex-UK Index comparator benchmark returned 3.5% and the average return made by funds in the IA Europe ex-UK sector, also a comparator benchmark, was 2.8%.

Global markets performed strongly in May as investors continued to anticipate interest rate cuts from central banks. Despite economic data showing that eurozone CPI increased to 2.6% in May from 2.4% in April, investors in Europe continue to expect a 25 basis point rate cut when the ECB meets in June. Sector returns for the MSCI Europe Index were largely positive in May with the exception of energy (-1.4%). The financials (+6.4%), utilities (+6.4%) and industrials (+5.2%) sectors led the way with strong returns for the period.

Having fallen sharply last month after receiving a ratings downgrade, electronics manufacturer **Logitech** (+24%) bounced back and was among the top performers in May after an encouraging Q4 earnings release. The electronic device maker reported a 5% increase in Q4 sales versus the same period last year to \$1.01 billion, translating into a 235% increase in operating income. Logitech delivered a prudent outlook, expecting fiscal sales of \$4.3 billion – \$4.4 billion, which was in-line with analysts' expectations.

Swiss bank **UBS** (+17%) was among the top performers in May, returning to profit after two straight quarterly losses, driven by its wealth management and investment banking divisions. The company reported net profit of \$1.8 billion in the first three months of the year, well ahead of analyst estimates. Its wealth management business posted new assets of \$27 billion, with revenues up \$500 million to \$6.1 billion, driven by the Americas, Switzerland and Asia-Pacific markets.

French carmaker **Renault** (+19%) performed strongly towards the end of the month following two separate ratings upgrades.

Greek lottery and sports betting operator **Opap** (-6.3%) fell throughout May, although it ended the month with a positive earnings update. The company reported a strong start to the year, with notable performance in its online segment and a successful revamp of its draw-based games portfolio.

**Bekaert** (-4.5%), the Belgian steel-wire company, was also among the detractors after announcing weaker than expected Q1 sales – a 14% decrease in consolidated sales compared to the same quarter the previous year. Looking forward, the company remains optimistic about achieving modest sales growth throughout the year, with a full-year sales target of €4.3 billion and EBIT of at least €400 million.

Swedish gaming company **Evolution** (-6.0%) continued its slide following a lacklustre earnings release last month.

**Positive contributors to performance included:**

Logitech International (+24%), Renault (+19%) and UBS Group (+17%)

**Negative contributors to performance included:**

Evolution (-6.0%), Opap (-6.3%) and Bekaert (-4.5%)

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

	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
Liontrust European Dynamic I Inc	18.7%	8.2%	15.9%	54.9%	-8.3%
MSCI Europe ex UK	12.7%	8.6%	5.5%	33.5%	-8.3%
IA Europe Excluding UK	12.3%	6.5%	4.2%	39.6%	-9.4%
Quartile	1	2	1	1	2

\* Source: Financial Express, as at 31.05.24, total return (net of fees and income reinvested), bid-to-bid, institutional class. Non fund-related return data sourced from Bloomberg.

\*\* Source: Financial Express, as at 31.03.24, total return (net of fees and income reinvested), bid-to-bid, primary class.

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.

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 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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