

Cashflow Solution

May 2024 review

Liontrust GF European Smaller Companies



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The Fund's A3 share class returned 4.1%* in euro terms in May. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned 5.8%.

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 (-1.8%). The financials (+6.3%), industrials (+5.3%), real estate (+5.1%) sectors led the way with strong returns for the period.

Buzzi (+16%), the producer of cement, ready-mix concrete, and construction aggregates was the Fund's top performer following the release of Q1 results which were in-line with expectations. Investors also reacted positively to the news of Buzzi announcing the start of a share buyback programme.

UK-listed reseller of computer software **Bytes Technology** (+15%) performed well after posting full-year results in-line with expectations. Having received the news that there would be no further misconduct following an investigation into undisclosed dealing by the company's former chief executive, Bytes announced revenue rose 12.3% year-on-year to £207 million, while adjusted operating profit climbed 12.2% year-on-year to £63.3 million. Bytes also proposed a final dividend of six pence per share, an increase of 17.6 per cent since 2023.

Belgian chemical specialist **Solvay** (+11%) saw its shares rise following the release of robust Q1 results. The company reported a smaller-than-expected decline in first-quarter profit, citing higher volumes and cost-saving efforts. Net sales slipped 11% to €1.20 billion, though the company said that it saw a positive volume impact for the first time in seven quarters and that prices decreased on lower energy and raw material costs.

Playtech (-9.7%), the world's largest supplier of online gaming and sports betting software, announced a solid start to the year, with strong performance of its business-to-business division driven by revenue growth in regulated

markets and tighter cost control. The company did however state that these strong volumes were partly offset by customer-friendly sporting results in Italy.

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.

Positive contributors to performance included:

Buzzi (+16%), Bytes Technology Group (+15%), Solvay (+11%)

Negative contributors to performance included:

Playtech (-9.7%), Atoss Software (-6.4%), Bekaert (-4.4%)

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

	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20
Liontrust GF European Smaller Companies A3 Acc EUR	16.4%	-2.6%	7.9%	70.2%	-21.6%
MSCI Europe Small Cap	10.2%	-9.1%	1.9%	61.2%	-18.1%

	Mar-19	Mar-18
Liontrust GF European Smaller Companies A3 Acc EUR	-2.3%	1.2%
MSCI Europe Small Cap	-1.3%	8.3%

*Source: Financial Express, as at 31.05.24, total return (net of fees and income reinvested).

**Source: Financial Express, as at 31.03.24, 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.

Notes: 1. As specified in the PRIIP KID of the fund; 2. SRI = Summary Risk Indicator. Please refer to the PRIIP KID 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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