

# Cashflow Solution

June 2024 review

## Liontrust GF European Smaller Companies



James Inglis-Jones

Co-head of Cashflow Solutions Team



Samantha Gleave

Co-head of Cashflow Solutions Team

The Fund's A3 share class returned -3.6%\* in euro terms in June. This Fund's target benchmark, the MSCI Europe Small Cap Index, returned -3.3%.

The European Central Bank became the second major central bank to cut interest rates in June, lowering its deposit rate from an all-time high of 4% to 3.75%, moving before both the US Federal Reserve and the Bank of England. While the move was widely expected, stickier-than-expected services inflation meant that the ECB was keen to point out that the path to any further rate cuts is heavily data dependent.

Elsewhere, the result of the European parliamentary elections caused French president Macron to announce a surprise election in France, which led the French market to fall sharply at the halfway stage of the month. Sector returns for the MSCI Europe Index were largely negative in June with the exception of information technology (+8.4%) and healthcare (+3.0%). The real estate (-5.0%), industrials (-3.4%), materials (-2.9%) and financials (-2.8%) sectors were the largest fallers for the period.

The Fund's top performer over the month was **Hemnet** (+11%), the largest property portal in Sweden. While there was no corporate newsflow during the month, the company continues to implement its share buyback programme.

Shares in **Games Workshop** (+7.5%), the UK-based tabletop games and miniatures retailer, rose after a trading update lifted profits guidance. For the year ending 2 June, the company expects core revenue to be no less than £490 million, while it also forecasts a pre-tax profit rise of no less than £200 million versus £171 million the previous year.

**Ipsos** (-12%), the French market research and consulting firm, was among the detractors as it was caught up in the market-wide sell off in France as the prospect of a far-right government and leftwing opposition rattled European financial markets.

Norwegian Air Shuttle (-1.1%) fell first on the release of traffic numbers for May, where yield figures fell short of average estimates. The company dropped again later in the month after an analyst lowered their price target, predicting that Q2 results may come in below expectations.

**Positive contributors to performance included:**

Hemnet (+1.1%), Games Workshop (+7.5%), Betsson (+3.5%)

**Negative contributors to performance included:**

Ipsos (-1.2%), Norwegian Air Shuttle (-1.1%), Wienerberger (-1.0%)

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

	Jun-24	Jun-23	Jun-22	Jun-21	Jun-20
Liontrust GF European Smaller Companies A3 Acc EUR	14.5%	9.0%	-9.9%	59.6%	-10.7%
MSCI Europe Small Cap	12.0%	6.7%	-17.7%	43.1%	-4.1%

	Jun-19	Jun-18
Liontrust GF European Smaller Companies A3 Acc EUR	-2.4%	2.3%
MSCI Europe Small Cap	-4.4%	9.8%

\*Source: Financial Express, as at 30.06.24, total return (net of fees and income reinvested).

\*\*Source: Financial Express, as at 30.06.24, 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 <sup>1</sup>	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
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	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) <sup>2</sup>	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>.

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## 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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